



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

GENERAL BUSINESS ADMINISTRATION PROGRAM

**EMPLOYEES' PERCEPTION TOWARDS
COMPENSATION AND BENEFIT SCHEMES:
THE CASE OF DASHEN BANK S.C.**

By

ANDUALEM SHIMELIS WORKNEH

JUNE, 2017

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL
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LIST OF ABBREVIATION

CWB	Counter Productive Work Behaviours
D.B.S.C	Dashen Bank Share Company
ESO	Executive Stock Options
E.C	Ethiopian Calendar
G.C	Gregorian calendar
HRM	Human Resource Management

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ABSTRACT

The main purpose of this research is to assess the Perception of Employees' towards the Compensation and Benefit Schemes in Dashen Bank S.C. The researcher used simple random sampling technique and 200 employees were selected from Head Office to participate in this study. Questionnaires were distributed to sample respondents and all questionnaires were returned. Interview questions also developed for Dashen Bank employee's compensation, benefit and relation manager. Data analysis was done using descriptive statistics like tables, frequency and percentage, in order to present the perception of the respondents. Findings showed that employees perceived the current compensation and benefit provided are inadequate, employees are participate in compensation and benefits decision, compensation and benefit Schemes do not depend on performance. Moreover, it is updated and communicated periodically to employees. It was recommended that the compensation and benefit Schemes should be revised periodically; taking into account the market conditions, the nature of the job and the employees' desire and needs. Adequate compensation and benefits has to be provided and offered to employees' based on their performance.

Key Words: *compensation and benefits; employee's perception*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Compensation refers to all forms of pay or rewards necessarily going to employees and arising from their employment (Dessler, 2011). The compensation received from work is, one of the basic reasons people seek employment. Compensation is one of the most important Human Resource Management functions and constitutes a significant portion of organization cash out flow. Compensation often equals up to 50% of cash out flow of organizations, for some service organization is even larger. It may be the major instrument used to attract employees as well as a way to motivate employees towards more effective performance (Ivancevich and Glueck, 2004).

Banking industry in the country is rapidly expanding in branch expansion, in technology and employee intake. The number of Private and Government Bank has grown significantly in recent times. It is believed that there is significant movement of individuals from one bank to another or out of banking industry. Staff turn overtakes place at all levels, driven by the desire to improve earnings and to move from rural toward urban areas. Constant staff turnover is a negative impact on an organization's capacity to operate efficiently and to manage long-term planning and development. To overcome this problem, attempt is being made to design Compensation and Benefit system that fit with general standards working environment, competitive remuneration, and reward system integrated with good organization, shared values, and beliefs of their organization that can attract, retain and motivate the desired man power. Recently, different banks are trying to make their Compensation and Benefit Schemes as attractive as possible.

In most cases, employees are willing and cooperative to do their job to the best of their abilities if they believe that Compensation and Benefit Schemes are relatively equitable to performance. In other words, Compensation and Benefit Schemes affects employee's decision to stay or leave an organization, to work effectively and accept additional responsibility (Bratton & Gold, 1995). The value employees give to the Compensation and

Benefit Schemes have an influence on human resources outcomes namely, performance, productivity, satisfaction, retention, and attraction. The inevitable needs to know the perception of employees towards the organizations, Compensation and Benefit Schemes in the D.B.S.C. is interested for me to undertake this study.

Previous studies focused on the relationship between Compensation and other Human Resources outcomes; like Satisfaction, Productivity, Performance, Attendance, Retention, Competitiveness and Motivation. Effective Compensation administration is desirable in an effort to increase employees' satisfaction. Moreover, Satisfaction with pay is important because as many researchers have found, if pay satisfaction is low, job satisfaction is low. Consequently, absenteeism and turnover will be higher and more costly. If pay is relatively good to performance the employees perform a higher quality and quantity of work (Ivancevich and Glueck, 2004).

This research is designed to assess the Employees' Perception towards the current Compensation & Benefit Schemes in D.B.S.C. at Head Office. Because the Compensation Strategy is same throughout the organization, data collected from employees is also intended to evaluate the degree to which the existing compensation and benefit packages. It is different from the previous studies in that the latter focus on the perception of employees towards compensation and benefit Schemes.

1.2. Background of the Organization

Dashen Bank was established in accordance with monetary and banking proclamation number 83/1994 and the commercial code of 1960. The bank started operation on September 20, 1995 with initial capital of birr 14,900,000 and 11 shareholders.

As viewed from the mission statement, D.B. is striving to provide efficient and customer focused domestic and International banking service by overcoming the continuous challenges for excellence through the application of appropriate technology.

As per the annual report of D.B. for the year ended June 2016, the paid up capital of the bank has reached 1,490,000,000 and its primary capital is raised to birr 2,000,000,000.

Since establishment, the bank has gone through many stage and development. D.B. is the second private bank in the country in both profitability and technological advancement. This was achieved by strong Compensation and Benefit Schemes. Currently the bank has more than 5500 employees.

1.3. Statement of the Problem

In a competitive environment, organizations need sustained high level of performance through their human resources to be competitive enough in the market and one of the most important challenge company's faces is improving level of employees' perception. As a result compensation and benefit scheme is designed to affect the perception of employees of a company. Best designed compensation and benefit schemes affect the motivation of the employees to work. If the management of a company put an effort in identifying the need of employees and succeed on satisfying the needs by providing relevant compensation and benefit program then the motivational level of employee will increase towards the best achievement of job related activities. (Alec, Cindy, Michael, & George, 2010).

Even though compensation and benefit are important in maintaining competitiveness by motivating and satisfying the need of employees to be productive and perform well, workers leave the organization due to the fact that they are not compensated enough; some are not willing to leave the organization because they are enjoying some benefit in terms of promotion. The loss of employees represents a loss of skills, knowledge and experiences which can create a significant economic impact and cost to the organization. Organization can compensate employees and assist the organization by improving employee retention (Chukwuma & Dr Obiefuna, 2014).

To provide Compensation and Benefit plan as per the needs of employees and to compete in the marketplace has maintained its employees and hold their skill personnel is an important part of the recruitment and retention. DBSC is pioneer in modernizing the banking sector in the country. However, it does not give sufficient compensation and benefit schemes to their employees this is manifested with a growing number of complaints from staffs. As indicated in the unpublished employees satisfaction survey document (2016 G.C) of Dashen

bank Share company staffing department on average 25 employees leave the organization per month (298 per year) and this constitutes 5% of the total 5959 employees of the organization. The insights from exit interviews indicate the primary reason cited for this is perceived unfair and uncompetitive compensation and benefit Schemes.

To mention some of the frequently reported complaints which are the researcher observed from the employees that the salary received from the bank is not competitive from the market, there is bias on the promotion; adjustment is not made within a reasonable time period, etc. These complaints may result in losing its current and potential employees.

According to the researcher's knowledge, the employees' perception towards compensation and benefit is not studied closely. Since dashen bank Share Company is huge private bank, human resource needs to investigate the implication of compensation and benefit schemes as a motivational technique to employees' perception to stay in the organization; given the fact that if employees are not motivated enough, high turnover becomes the end result. Therefore the aim of this study is to fill this particular gap.

Taking into account the view of scientific management, the problem of the study was to assess the perception of employees' towards the Compensation and Benefit Schemes in Dashen Bank S.C.

1.4. Research Questions

The perception of employees' towards Compensation and Benefit Scheme is not clearly known despite the organization effort to design Compensation and Benefit package that can attract, motivate and retain competent employees. In carrying out the study, therefore, an attempt was made to address and seek answer for the following basic questions:

- What is the perception of employees on the existing compensation and benefit schemes?
- Does the current compensation and benefit schemes is fair relative to other organization?

- Does the organization compensation and benefit schemes enhance better employees' performance?

1.5. Objectives of the Study

❖ General Objective

The general objective of this study was to know the perception of the employees' towards Compensation and Benefit Schemes.

❖ Specific Objectives

Benching the general objective, the study undertook the below listed specific objectives:

- To assess the existing Compensation and Benefit Schemes in Dashen Bank.
- To investigate employees' perception towards Compensation and Benefit schemes.
- To know the degree of compensation enhancing employees performance..

1.6. Scope\Delimitation of the Study

The researcher believes that it was appropriate to conduct the study in large scale. However, the limited time and other resources do not allow doing so. Hence, the study was confined only to Head Office for the years 2015/2016 G.C and this empirical research work is limited to study the perception of employees' towards Compensation and Benefit Schemes using 200 sample respondent's by using Simple Random Sampling Technique from Probability Sampling Technique and also Interview the Employee Compensation, Benefits and Relation Manager with regarding to the issue, the researcher focus on both Direct and Indirect Compensation and Benefit Package.

1.7. Significance of the Study

The study was significant for the Organization's improvement through Compensation and Benefit Schemes, by depth understanding of incentive schemes which influence employees' performance.

To the management of D.B.S.C., the findings were expected to provide answers to the fundamental question of why employees stay and what would cause them to leave and to help the company formulate appropriate compensation and benefit policies and strategies to enhance employee and company performance.

For the researcher, it enables to wide up more knowledge on the issue of compensation and benefit package.

To other researchers, the result of the study was serving as literature to throw more light on the employee perception on compensation and benefit. The outcome will further serve as secondary data for future research on the topic.

1.8. Organization of the Study

The study was organized in five chapters. The first chapter dealt with introduction: background of the study, background of the Organization, Statement of the problem, Objectives, Significance, and Scope of the study. The second chapter contained review of related literature. Chapter three is dealt with research Design and Methodology of the study. Chapter four also focused on presentation, analysis and interpretation of the data collected through questionnaire and interview. Finally Summary, Conclusion, Recommendation and limitation of the study will be given in Chapter Five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Concept of Compensation

Compensation is designed to encourage performance of individual's regardless of the different type incentives form used. Its play an active role in pushing forward individual's capacity and moving abilities, motivating them to develop their skills, and balance between organization requirements and the individuals' needs which enhance the organization performance efficiently and effectively (Marwan, 2012).

Compensation can have a direct impact on employee retention. While employers may use employee incentives and monetary rewards to retain employees, there are ways to complement compensation that have a much greater impact. Based on the type of compensation, along with the terms and conditions of an employee compensation package, an employer can boost employee retention (Dessler, 2011).

Employees are the backbone of an organization. The attainment of organizational objectives largely depends on the motivation of employees to work. Among other things employees are motivated to work when they are provided a fair financial and non-financial compensation for service rendered to the organization. Compensation refers to any factor which may be financial or non-financial that enables or motivates a particular course of action .Adequate incentives have been found one of the means through which organization can adopt to motivate employees and increase their workers' performance (Olubusayo,2014).

Well-designed compensation system enables organizations to attract qualified employees required and retain and motivate the existing work force towards goal achievement. The most obvious reward employees get form work is pay (Decenzo and Robbins, 1999).

On the contrary, if compensation is not tied to work, employees are likely to look for better paying job. Moreover, where employees are dissatisfied with the type of compensation, their contribution towards goal attainment tends to be lower. In severe cases, pay dissatisfaction may lower performance, causes strike, increase grievance, and leads to forms of physical or

psychological withdrawal ranging from absenteeism and turnover to increased visit to dispensary and poor mental health (Werther and Davis, 1996).

The objectives of compensation system is to create a system of reward that is equitable to employers and employees alike, so that employees are attracted to work and motivated to do good job for the employer. Through effective compensation Werther and Davis (1996) has identified the following seven objectives: Acquire qualified personnel, retain current employees, ensure pay equity, reward desired behaviour, control cost, comply with legal considerations, and facilitate understanding.

2.2. Types of Compensation

There is potentially a very large number of compensation that could be utilized. Organizations use different incentives schemes to motivate employees. Compensation are designed to get the maximum performance from the employees and help retain the most productive among them. Compensation are divided into direct (financial) and indirect (non-financial) compensation (Luthans, 2003).

2.2.1. Direct (Financial) compensation

Financial compensation is regarded as variable payments made to employees or a group of employees on the basis of the amount of output or results achieved. Alternatively, it could be payments made with the aim of pushing employees' performance towards higher targets. And it could also be defined as compensation other than basic wages or salaries (Ugwu and Coker,2012).

Employees are to work smarter and harder with the hope of receiving financial compensation over and above their normal pay. Financial compensation has been proved to be effective in improving work quality and reducing project time and cost (Najimu, 2010).

Money ,whether it is in the form of wages, piecework or any other compensation pay, bonuses, stock options, company-paid insurance, or any of the other things that may be given to people for good perception, is important. The way to ensure that money has meaning, as a reward for accomplishment and as a way of giving people pleasure from accomplishment, is to base compensation as much as possible on employees' perception (Pamela, 2015).

There are major components of a salary structures to use it as a motivating factor. These are the job rate, which relates to the importance the organization attaches to each job; payment, which encourages workers or groups by rewarding them according to their performance; personal or special allowances, associated with factors such as scarcity of particular skills or certain categories of information professionals or librarians, or with long service; and fringe benefits such as holidays with pay, pensions. (Forson, 2012).

Payment by Result is historically the most widely used compensation scheme, it reward employees according to the number of items or units they produce or the time they take to produce them. This scheme has been criticized due to its tendency to reward quantity of output rather than quality which can lead to reduced quality of the product or service. There is a great need to modify and evaluate the effectiveness of this scheme if it is to retain the impact of productivity. And skills-based pay is an input-based payment system in which employees receive pay for the skills or competencies which they acquire. This system gives the employees an opportunity to influence their pay by acquiring more skills that lead to pay increases. Skills-based pay encourages multitasking and flexibility, which in turn enables the organization to respond faster and more effectively to the needs of customers (Carolina, 2010).

There are compensations like commissions which are given based on a percentage of total sales. Used typically with sales people, commissions intended to act as an incentive and a means of recognizing achievement (Armstrong, Michael, Taylor and Stephen, 2014).

This scheme is claimed to increase employees' commitment to their company by linking pay to profit, and hence improve the level of mutual interest. Profit sharing also encourages the thought of everyone being on the same team; the employees have the same goals and are rewarded equivalently. From the employee's point of view profit sharing has disadvantage on the fact that pay levels may decline if the company do not meet its profit expectations (Carolina, 2010).

Gain-sharing on the other hand is the payment of cash sums to employees related to the financial gains made by the company because of its improved performance (Armstrong, Michael, Taylor and Stephen, 2014).

There is a rapid and immediate impact on the individual's efforts that motivate the individual to increase production and improve performance. The individual gains several psychological and social benefits as a result of enhancing his purchasing power to satisfy his needs of goods and services. But financial incentives alone are not sufficient unless assisted by other types of incentives. Their effects are limited to satisfy the biological needs of individuals and have a little impact after it reaches the limit of needs. Therefore individuals are not seeking to increase production for additional financial gains, thus cannot be financially motivated to contribute in increasing production except for a certain amount based on their efforts (Marwan, 2012).

2.2.2. In-direct (non-financial) compensation

Compensation of this type relies on increasing an employee's sense of satisfaction in his or her work. It is based on Management's recognition that an employee's work is valuable to the business as a whole, and providing employees with the feeling that the project undertaken is inherently meaningful (Najimu, 2010).

Non-financial compensation schemes are aimed at moral motivation to serve in the interest of the community. Usually it attracts certain kind of people who readily identifies the mission of the organization. It could be in the form of participate in decision-making, certificates of thanks and appreciation, training and parties for distinguished employees. (Ugwu and Coker, 2012).

Non-financial incentives are those related to aspects of psychological needs, the increased attention to this aspect came after the emergence of human relations theories. Those incentives are based on respect of a human being who has feelings, hopes and aspirations. It could be in the form of participate in decision-making, training, certificates of thanks and appreciation (Marwan, 2012).

Special opportunities, for instance the chance to experience special training, favored assignments, flexible working conditions and mentorship can be considered as non-financial incentive to employees.

Recognition is one means of employee incentive which relatively low cost but high impact means to reward to employees. It is a return on an employee's effort. This recognition could be done and expressed through a host of simple gestures such as holding annual dinners, luncheons at which high achievers or performers are celebrated.

Recognition is the demonstration of appreciation for a level of performance it can be confidential or public, causal or formal. It is always in addition to pay. Recognition and appreciation of job effort to employee increase individual's satisfaction and loyalty to work, enhance more cooperation with colleague (Marwan, 2012).

Excellent motivation can be achieved when an individual share his/her achievements with others and recognized and celebrated. If employers rely only on financial incentive to recognize contribution and achievements, it is possible that objective of employees will become modified to secure only the financial aspects and this in turn will lead to a degraded culture of the organization. Recognition will be cost effective way of enhancing achievements and enable people to feel involved in the company culture, if it is used correctly.

According to (Carolina, 2010) there are different types of recognition.

- Verbal and Written Recognition: - are for example expressions of admire or a personal gratitude note. This kind of recognition costs nothing and it makes people feel good.
- Work-Related Recognition: - it could be educational and training opportunities, lateral or vertical career opportunities, a special project assignment, and work equipment.
- Social Recognition: - This could be pizza parties, dinners and articles in newsletters.
- Financial Recognition: - such as; cash, stock options and stock grants.

- Symbolic Recognition: - It includes T-shirts, sculptures, coffee mugs and jackets. The importance does not lie on the monetary worth but on what the recognition symbolizes
- Tangible Recognition: - consists of gift certificates, meal tickets, trips, merchandise and tickets to entertainment events.

Recognition, whether it is cash or non-cash has an advantage over base pay and variable pay because it can be used at any time. Companies can immediately reward and acknowledge something of importance that was not necessarily planned, such as unexpected and outstanding achievements of individuals and teams. Non-cash recognition can be especially meaningful to the recipient since it can be customized or personalized. Non-cash recognition also gives the company a possibility to distinguish themselves from other employers due to the fact that this type of recognition cannot be imitated by other companies. (Carolina, 2010)

Promotion is a movement of a position in which responsibilities and presumably prestige are enhanced. And empowerment is also the process which enables employees to set their own work goals and solves problems within their sphere of responsibility and authority can be considered as incentives (Khan & Gautam, 2014).

2.3. Compensation Strategy

A Compensation Strategy is a plan that dictates how employees are paid and rewarded for their work. These ideas are based on the current market for people with the same skills and the overall available funding a corporation is able to expend on payroll. Compensation strategy is also a means of motivation and incentive that increases the value of general payroll systems Compensation strategy is the method by which organizations attract and retain top talent. This system offers pay packages and annual rewards for ongoing loyalty to a business. It allows a firm to remain competitive with other organizations and helps companies set forth a strong impression of the goals they want to achieve. By generating a compensation strategy, organizations make a show of the skills they value and the type of personnel they want to attract. Creating a diverse pay range encourages employees to work hard and attain higher levels within the business to achieve more accolades and greater compensation. (Shpetim, 2012).

Incentive compensation strategy refers to commissions, rewards and bonuses awarded to employees who exceed expectations. It is considered part of the overall compensation strategy but is referred to as a talent management and retention policy. This framework is driven by the concept that people work harder to get better compensation.

2.3.1. Keys to an Effective Compensation Strategy

1. Budget Allocation

The strategy should include the organization's approach to allocating compensation dollars into salary and benefits. This strategy will determine how much of the total compensation budget will be spent on salary and what percentage will be spent on benefits and other incentives (Chappra, 2006).

2. Benefit Package

Many organizations use benefit packages, in addition to salary, to attract and retain employees. Their goal is to be competitive with health, retirement, tuition reimbursement and other benefits because they understand that it can be the determining factor for a job candidate who is deciding whether to accept a position with an organization, or an employee who is considering leaving (Chappra, 2006).

3. Performance Management System

It is important to have a structured performance management process to ensure employees are meeting corporate objectives and are assessed on a regular basis. This process should include development of annual goal annual performance appraisals and a structured process for coaching and mentoring employees. Compensation strategies can positively influence employee engagement and improve employee productivity (Chappra, 2006).

2.3.2. Compensation Strategy Alternatives

Compensation is an expense in the sense that it reflects the cost of labour (Dessler, 2011), often governed by compensation policies. As organization differ in size and purpose, so do in pay level.

Mathis, Robert and Jackson (2003) have identified three alternative strategies. These are:

- 1) **The high-pay-level strategy:** under this strategy organizations choose to pay higher than the Average pay level that the market pays. The assumption is that a higher salary or wage will enable organizations attract and retain competent employees and this, in turn enhances Employee's productivity.
- 2) **The low-pay-level strategy:** In this alternative, the organization pays a minimum salary or wage to employees. This may be because a poor financial condition or the work doesn't require highly qualified personnel.
- 3) **The comparable-pay-level strategy:** This strategy requires organizations to follow "equal Pay for equal work". In this strategy employees are paid based on comparable value of jobs they are performing within the company and/or the market.

2.4. Benefits

Benefits are paid for being member of the organization. It provides protection against health and accident related problems and ensures income at the end of one's work life. For example, in United States legally required benefits includes social security, unemployment compensation, and workers compensation; private programs includes health care, life and disability insurance. Retirement income is provided through pension and saving plan (Randal, 1998).

Benefit programs also includes pay for time not worked (for example, vacation, holydays seek leaves and absence pay, breaks and wash up and clean up time. According to Randal (1998), benefits provide firms the opportunity to attract and retain valued employees.

He identified several reasons why organizations pay much money into benefit programs. These include:

- Attracting good employees
- Increase employee morale
- Reduce employee turnover
- Increase job satisfaction
- Motivate employees
- Enhancing the organizations image among employees and in the community
- Make better use of compensation Dollars

2.4.1. Benefit Administration Issues

Although organizations tend to view indirect compensation as a reward, recipients do not always see it that way. This causes organizations to become concerned with their package of indirect compensation and benefits and how they administer (Randal, 1998). The issues include:

2.4.1.1. Determining the Compensation and Benefit Packages

The compensation and benefit packages should be selected on the bases of what is good for employees as well as the employer. Often knowing employees preference can determine which benefits should be offered. There are series of internal and external factors that influence compensation and benefit decisions (Randal, 1998).

2.4.1.2. Communicating the benefit packages

Providing benefit flexibility is good not only because it gives employees what they are more likely to want but also it makes them aware of the benefit they are gaining and thereby not only increase their morale but also their commitment to the organization. If employees have no knowledge of their benefits there is a little reason to believe the organizations benefit program objectives will be attained (Randal, 1998).

Communicating the benefit packages and providing employees with benefit flexibility increase the positive impact of indirect compensation. To communicate total compensation to employees, some organizations use annual benefit summary to provide a detailed list of costs incurred by the organization to retain, train, support, and reward a member of that organization (Randal, 1998).

Communication is a major element in this entire compensation and benefits decision process. Many employees are unaware of employer efforts. Also, many employees do not understand how their usage patterns ultimately affect cost. Hence, employee education is a major gap that remains to be filled in most organizations. Finally, tomorrow's systems will be highly dependent on an effective understanding and acceptance of compensation policies. With an increasingly educated workforce who desire more information about pay and benefit practices, it will be essential to communicate far more effectively than today as cited by (Schliemann, 1987).

The most technically sophisticated payment plan can generate desired employee reactions or exactly the opposite. The actual effect depends on whether the rationale for the payment plan is understood and accepted and whether employees' perceptions of the facts upon which the rationale is built (e.g., the company's financial health, the pay of employees in other jobs or organizations) are the same as the perceptions of those charged with seeing that the payment plan has the intended effects. (Day, 2011).

2.5 Employee Pay Perception

Employees' pay perceptions are important in organization and it will impact the organization talent and business outcomes. But unfortunately, employees often have a negative view of their pay (Dunn and Martin, 2014).

Employees usually do comparison regarding pay, and based on this comparison they made their perception. Employees feel unhappy or dissatisfied if they feel they are being paid less than their friends. Managers should effort so that employees believe their compensation is directly related with their performance and they had paid accordingly. Thus employee pay perception could be improved if they get right pay information at time from their supervisor or managers. Pay satisfaction is an important component of overall job satisfaction of employee. Employee job satisfaction highly influence by the compensation and its component. (Dunn and Martin, 2014).

Pay knowledge is the key of employee pay perception. If an employee's has limited pay knowledge, then they don't know how compensation system works, how they can earn more by giving better performance in organization (Diekmann, 2015). Employee pay perception depends on the pay information and communication, how clear or timely pay information organization provide to employee. When workers believe they receive pay communication on time, they create more positive perception towards organizational procedures, distributions, interpersonal treatment, and information (Day, 2011). If employees receive continuous pay information, their perception about pay system will be more positive. High pay knowledge leads to more pay satisfaction and perceived pay effectiveness at the organizational level (Sweins, Kalmi, & Hulkko, 2009). Pay knowledge can be improve by shifting communications to focus on themes, helping employees to find information according to their preferences, and enabling managers to have actionable pay conversations, organizations can significantly improve the delivery of pay messages. These improvements also increase the impact of communication strategies on employees' pay perceptions. (Dunn and Martin, (2014) Pay perception is also based on perceived fairness of compensation. Fairness is required in all organization decision, and the absence of fair policy lead to feelings of dissatisfaction and to perceptions of discrimination. Study found that pay satisfaction is depends on actual pay but it more depends on whether employee perceive pay

policy as fair (Jawahar and Stone, 2011). Employee perceptions of unfairness are being related by many negative factors. These factors are generically called Counterproductive Work Behaviours (CWB) that is pay fairness as important pillar of pay perception. If employee feel that benefit is distributed fairly they feel more motivated, but in lack of pay fairness employee feel less motivated and dissatisfied (Okpara, 2006).

However apart from pay fairness, Performance based pay was an important dimension affecting pay perception. It is an important factor influence the overall pay satisfaction of employee. Organization need to tightly link the pay and performance, because employee want pay equitable their performance level and should be improve with the performance improvement (Mone & Kim, 2008). Pay system have essential feature pay equity. Employee feel discrepancy if they found their pay is not equal to their contribution in the job. Pay perception is also differing on basis of sex, education and experience. Female has negative perception about pay and promotion policy of the organization as compare to male. Because male are more satisfied with organization pay and promotion (Okpara, 2006). Employee perceive pay policy ineffective if they found difference between individual objective and organization objective .Thus pay information, transparency in pay policy want pay to be linked with performance (Diekmann, 2015). To improve the pay perception of employee improvement is required in current compensation policy in form of better rewards system, performance bonds, introduction of employee stock option plan, other benefits based on performance.

2.6. Compensation Policy

Compensation policy is derived from organizational strategy and its policy on overall human resource management. In order to make compensation management to work effectively, the organization should clearly specify its compensation policy, which must include the basis for determining base compensation, incentives and benefits and various types of perquisites to various levels of employees. The policy should be linked with the organizational philosophy on human resources and strategy. Organizations needs develop policies as general guidelines to provide for coordination, consistency, and fairness in compensating employees. (Dessler,1994).

There should be a written policy on compensation related matters including the determination of what, when, and how they pay and related issues computed. According to (Dessler,1994) other compensation policies includes the amount of vacation and holyday pay, overtime pay policy, method of payment(i.e. weekly, biweekly, monthly) etc.

2.7. Employees Attitudes toward Compensation and Benefits

Supposedly, increasing levels of benefits should be satisfying to most employees. However, recent data (Schiemann, 1987) indicates that employee attitudes toward benefits have not kept pace with increases in employer contributions to benefit plans.

2.7.1. Attitudes towards Pay

According to Morgan & Schiemann, (1986) employee attitudes toward pay show decreases in favourable pay ratings among managers, exempt, and non-exempt employees. These downturns are attributed to diminishing pay increases (due to lower inflation and lower merit increases); poor pay for performance relationships, and poor employee understanding of how pay is determined. Moreover, organizations are facing a problem with their performance appraisal.

A recent study shows that the standards against which employees performance are judged are vague and highly subjective. Hence, the lack of clarity and objectivity of the criteria used to measure the performance of the employees creates role ambiguity, confusion and frustration among the workers to undertake their job. As a result, the majority of the respondents questioned the legality and appropriateness of the current form used to measure the performance of workers to undertake administrative decisions. Hence, at least, employees do not perceive that their performance is measured; they believe that the performance record does not reflect their true performance. (Zelalem Bayisa, 2007).

Another problem is the lack of good communication regarding the relationship between the appraisal and subsequent pay. Furthermore, annual appraisals without continual supervisory feedback are unlikely to be effective in establishing accurate feedback regarding a subordinate's location in the performance distribution. Still another cause of low pay for

performance ratings is the relatively small spread in merit increases. (Teel, 1986 as cited by Schiemann,1987).

2.7.2. Attitudes toward Benefits

Attitudes toward various benefits differ substantially. The most favourably rated benefits are profit sharing, savings plans, and stock purchase plans. The least favourably rated benefits are pensions, disability (short and long term), and sick leave (for some job groups). Although 84% of employees rate medical benefits as the most important benefit they receive, only 67% rate health insurance favourably. Moreover, 60% or fewer rate dental, sick leave, and disability insurance favourably (Day, 2011).

Furthermore, some of the most expensive benefits (pension and health related benefits) are not rated most favourably; in fact, pension plans are rated favourably by only half of the employees having retirement programs (White & Becker, 1980 as cited by Schiemann, 1987). Schiemann (1987) stated that historically, these ratings do not vary dramatically across job groups, sex, or different age groups. Females and older employees (with higher tenure) are somewhat more favourable than their counterparts, but they do not differ substantially in the benefits that they rate most favourably. With respect to tenure, newer employees (those with tenure under one year) rate their benefits most favourably, followed by periods of declining ratings, which then turn upward after 15 or so years of service. The favorable ratings during early years probably reflect a "honeymoon" period, and the more positive ratings of longer tenured, older employees reflect greater usage patterns (for health benefits), more accrued benefits (e.g., vacation, savings, stock), and a realization that they will probably be with this organization until retirement (and therefore, some rationalization of benefit quality).

Thus, it appears that employers are not receiving the value in employee satisfaction with benefits that current expenditures might warrant. Some of the most expensive benefits are the least favourably rated. In surveys conducted by Holt.Davis.H (1993) across organizations in various industries, pensions and health coverage are the two benefits that employees most want to see improved. Clearly something is wrong given that these two

benefits represent the largest and fastest growing expenditures for most employers (Schiemann, 1987).

2.1. Employee Attitude towards Retention and Commitment

There are company costs related to employees' turnover. Separation costs which include HR staff supervisors' time and salaries to prevent separations, exit interview time, unemployment expenses, and legal fees for separations challenged, etc.

Replacement cost: includes recruiting and advertising expenses, search fees, HR interviewer and staff time and salaries, employee referral fees, relocation and moving costs, supervisors and managerial time and salaries, employment testing costs, reference checking fees-pre-employment medical expenses etc.

According to a study by (Melkamu, 2014) it is better for management to find solution that helps maintain and retain its talented and qualified employees. Consequently, reducing turnover could result in a significant savings to an organization. Employee turnover rates provide a valuable means of benchmarking the effectiveness of HR policies and practices in organizations. A reward strategy is critical to addressing the issues created by retention as well as providing a means of influencing behaviour. Rewarding people through career development is associated with the process of talent management, which deals with the recruitment and retention of talented people and their career progression but is also associated with providing rewards through the working environment (Armstrong, 2007).

Organizational commitment has been defined as a psychological link between the employee and the employing organization that make it less likely that the employee will voluntarily leave the organization (Michael, 2013).

Organizational commitment is considered to be a linkage of the individual to the organization. It is relative strength of an individual's identification with and involvement in a specific organization. (Saimir & Jonida, 2013) Highly organizationally committed employees are assumed to engage in more citizenship activities, display higher job performance and other similar desirable behaviors. (Chukwuma & Dr Obiefuna, 2014).

Research has shown that commitment to the organization and job satisfaction are important contributors to employee retention and reduced intent to quit.

According to a study made by (Catherine.R, 1997) finds that employee motivation will imply organizational commitment. Highly committed employees will endeavor to meet an organization's goals and interests.

Based on the findings of (Chung & Chih-Jen, 2013), employee commitment is linked mostly to work values, work motivation, and work involvement.

2.2. Role of Company Incentive Schemes in Enhancing Employees Performance

Incentives force employees to behave in certain ways on any given day; they may choose to work as hard as possible at a job, to work just hard enough to avoid a warning and punishment. Organization use different and variety of incentives to reward employees in order to get work performance, but an organization need to consider using the best employee incentives to get the desired results (Falola Hezekiah Olubusayo, 2014).

Individual employee is motivated by different incentives or benefits and it is important to know how they are motivated and what can satisfy them in order to encourage them to have right attitudes to work which will invariably enhances employee performance and organizational productivity. Intrinsic motivators are critical in meeting a person's needs, because they describe a pattern of how an individual may behave (Marwan, 2012).

In competitive environment organizations are forced to consider strategies that will help them become more innovative, productive, and efficient in the industry by considering the need to remain competitive. By using innovative compensation strategies such as incentive programs which are developed with an attempt to align individual motivation and goals with the objectives of the organization. Using Incentive programs with other innovative work practices including flexible job assignments and employment security has positive impact on performance (Reddy & Karim, 2013).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter deals with the research design, Population and Sampling Techniques, Source of data & data collection tools used, data collection procedure, Validity & reliability and ethical consideration.

3.1. Research Design

A research design is a set of advance decisions that makes up the master plan specifying the methods and procedures for collecting and analyzing the needed information (Burns & Bush, 2003). Saunders, Lewis and Thornhill (2007) indicate that research design is the general planning about how the researcher will go about answering his or her research questions.

The research design used may vary from research to research. The type of research employed for the purpose of this study is descriptive in nature, because the researcher has no control or effect on the variables of the study. It will intend only to investigate the extent to which perception of employees' towards Compensation and Benefit Schemes.

Descriptive study is helpful when a researcher wants to look into a phenomenon or a process in its natural contexts in order to get its overall picture instead of taking one or some of its aspects and manipulating it in a simulated or an artificial setting. Thus, descriptive study was intended only to investigate the extent to which perception of employee towards compensation and benefit from a holistic perspective in its natural settings. Moreover, in order to achieve the intended objective, both quantitative and qualitative methods were chose. Hence, the convenient research designs considered suitable for this study was descriptive case Study.

In order to conduct this study first the researcher focus on the major problem by taking some initial theory as a background to the problem identified then it focus on the underlying causes problem not just their symptom and link each a problem identified to both relevant

theory, evidence, conceptual issues raised by other writers/experts after this by gathering information from employees in both by primary data(questionnaire and interview) and secondary data(organization document and different books) it was present, analysis and interpreted by using different tools like frequency, percentage and table. Finally,the researcher recommended the organization based on the data gathered from employees.

3.2. Population and Sampling Techniques

Sample size determination is a process of selecting a sufficient portion of the population for the purposes of generalizing the findings. The aim of using sampling method according to is to adequately manipulate the large number and reduce the cost of producing the questionnaire to the entire population. The researcher use the formula for estimating the sample size provided by Yaro Yamane (1969) which was cited in Obasi and Ekwueme (2011) and cited again on Belaynew asrie, Electronic commerce (2012). Out of 450 employees of DB located in head office the researcher were select total of 200 employees.

$$n = \frac{N}{1 + N(e)^2} \quad n = \frac{450}{1 + 400(0.05)^2} = 200$$

Where n = sample size N= population 1 = constant

e = error estimate (0.05%) at 95% confidence interval.

Out of 400 employees of DB located in head office the researcher were select total of 200 employees.

Sampling techniques can be divided into two types, Probability or Representative Sampling and Non-probability or Judgmental Sampling (Saunders, Lewis and Thornhill, 2007). Probability Sampling is a selection of sampling techniques in which the chance or probability of each case being selected from the population is known. While, Non-Probability Sampling is a selection of sampling techniques in which the chance or probability of each case being selected is not known.

In order to conduct this study, the researcher selected employees of DBSC on the bases of simple random sampling method by simply selecting from different work unit. The sampling units are accessible, easy to measure and cooperative. The researcher personally was contact the employees of DBSC in head office. The researcher expected respondents were give a short explanation about the purpose of the study and request was made to them to fill up the questionnaire with correct and unbiased information. The target populations of the study were including employees and managers (director) of the human resource management department in head office.

3. 3. Source of Data and Data Collection Tools Used

The objective of the study was assessing Employees' Perception towards Compensation and Benefit in D.B.S.C. For the purpose of this research, both primary and secondary sources of data were utilized in order to generate both quantitative and qualitative data.

Primary data are information that has not been published. In other words, it is the first-hand-data. The methods for collecting primary data are questionnaire and interview. Most of the researchers choose to use primary data instead of secondary data due to it more credibility as it is based on the target population. Considering this the researcher collected primary data by distributing structured questionnaires for the employees of DBSC and interview compensation, benefit and employees' manager.

On the other hand, secondary data are information that has been published or available to public. Secondary data can be collected from books, newspapers, journals, and electronic sources such as website, E-journals and etc. Secondary data are less time consuming and costly compared to primary data. This is because the information is collected from previous study by other researchers. The researcher collected secondary data for complementing the data obtained from the primary source. The secondary data is collected from different human resource documents, books and internet and DBSC internal and external published documents.

3.4. Data Collection Procedure

The researcher adopts three methods in collecting data for the study. First the relevant literatures are reviewed to get adequate information on the topic. Second, objectives and research questions are formulated to show the direction of the study. Third, data gathering tools are developed in order to collect the necessary data that was be needed to conduct the research.

3.5. Data Analysis Method used

First, the researcher collected the data by distributing questionnaires to employees of Dashen Bank S.C at Head Office. by taking a sample questionnaire for ten employees to check whether the question are clear or not. After that, collected data was rearranged, edited and calculated in order to become complete data that is needed for this study. Descriptive data analysis was mainly used to analyze the data collected through the Questionnaire was carried out through quality assessment checklist and data has analyzed according to the objective of the study and framing the different sections of the questionnaire and the variables under each construct through statistical data analysis method whereas the interview data were presented and analyzed through summarized text. The data were present into descriptive statistics such as table, percentage and frequency.

3.5.1. Validity and Reliability of Instruments

3.5.1.1. Validity

Validity refers to the extent to which a test measures what we actually wish to measure .The questionnaire was adapted by reading different research thesis and literature review which is written by different scholars carefully. Some adjustments were made based on the research advisor's comment. Overall it has been designed to reflect information collected and presented in the literature review by taking a pilot test.

Pilot testing allows assessing the question's validity and the likely reliability of the data. It also enables the researcher to know whether the design of data collection instruments is successful in meeting the research objectives and in obtaining meaningful responses. Therefore, pilot test was conducted and this validation was made to get some evidence on

whether the content of the items was relevant in helping to answer the research questions as well as to check the clarity of the questions.

3.5.1.2. Reliability

A reliability test is used to assess consistency in measurement items. If a research tool is consistent, stable, predictable and accurate, it is said to be reliable. The greater the degree of consistency and stability in an instrument, the greater its reliability (Bhattacharjee,2012).defined reliability as the degree to which the measure of a construct is consistent or dependable. Internal consistency reliability test was used to determine reliability of the questionnaire by calculating Cronbach’s Alpha which is used to measure the internal consistency of the measurement items. If a coefficient alpha is between 0.6 and 0.7 it indicates that there is fair reliability, Higher Alpha coefficients indicate higher scale reliability. (Joseph & rosemary, 2003).

As shown in table below Scale Reliability Cronbach Alphas coefficients for pay and benefit is 0.783, for attitude towards benefit is 0.80 and fairness of compensation & benefit is 0.78. This study also demonstrates high internal consistency and the total Cronbach alpha coefficient is 0.789. Therefore, this study demonstrates high reliability.

Dimension	Alpha coefficient for Dimension
Pay and benefits	0.783
Attitude towards benefits	0.803
Fairness of compensation & benefits	0.781
Compensation & Benefit related to performance	0.789
Reliability of total scale	0.789

Source: Own computation,

3.1.6 Ethical Considerations

As this study utilized human participants of D.B.S.C., certain issues were addressed. The consideration of these issues is necessary for the purpose of ensuring the privacy as well as the security of the participants. These issues will identify in advance so as prevent future problems that could have risen during the research process. Among the significant issues that will consider included consent, confidentiality and data protection.

In order to secure the consent of the selected participants, the researcher relayed all important details of the study, including its aim and purpose. People who participated in the research will give an ample time to respond to the questions posed on them to avoid errors and inaccuracies in their answers. The respondents will give a waiver regarding the confidentiality of their identity and the information that they did not wish to disclose. The confidentiality of the participants will also ensure by not disclosing their names or personal information in the research. Only relevant details that helped in answering the research questions will include.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with presentation, analysis and interpretation of data gathered from employees of the D.B.S.C. by using questionnaire and interview. Data was collected and analyzed in order to assess the root causes of Employees' Perception towards Compensation and Benefit Schemes. As stated under the methodology part, to collect the data from employees, questionnaires were prepared and distributed to selected Head Office employees and interview Manager of Compensation, benefit and employee's relation. In this study, 200 questionnaires were distributed to the respondents and all questionnaires were returned.

The questionnaire was structured in a 5 point Likerts' Scale format. A highly structured question format allows for the use of closed questions that require the respondent to choose from a predetermined set of responses or scale points. This involves the use of special rating scale that asks respondents to indicate the extent to which they agree or disagree with a series of mental belief of the statements about a given subject (Strongly Agree = 5, Agree = 4, Neutral = 3, Disagree=2 and Strongly Disagree = 1).

When presenting the results, strongly agreed and agreed responses were combined, as with strongly disagreed and disagreed responses were also combined for the percentages. The first section in this chapter deals with general profile of respondent's and the second section deals with the analyses of data related to Compensation & Benefit. The results are presented in the form of tables. This study was both quantitative and qualitative method.

4.1: GENERAL PROFILE OF RESPONDENT'S

Under this section, the researcher collected information about the general background of the respondents. The researcher collected personal information of respondents like age, gender, marital status and educational background, year of service (experience) in the organization.

Item	Alternative	Frequency	Percentage (%)
I (sex)	Male	120	60%
	Female	80	40%
	Total	200	100%
II (Age)	18-30	100	50%
	31-40	60	30%
	Above 40	40	20%
	Total	200	100%
III (Work experience)	Less than two years	20	10%
	2-5 years	60	30%
	6-10years	110	55%
	Above 10years	10	5%
	Total	200	100%
IV (Education level)	Primary school	-	-
	High school completed	5	2.5%
	Diploma	10	5%
	First degree	165	82.5%
	Second-degree(postgraduate)	20	10%
	Other (please specify)	-	-
	Total	200	100%
V (marital status)	Single	135	67.5%
	Divorce	-	-
	Married	65	32.5%
	Total	200	100%
VI Position (responsibility)	Top level management	-	-
	Middle level management	10	5%
	Clerical staff	158	79%
	Non clerical staff	32	16%
	Other(please specify)	-	-
	Total	200	100%

Source, Author's survey (2017)

Based on the data obtained from the respondents, from the above table **ITEM I** shows that the distribution of the respondents by gender, and it is clear from the table that 60% which account 120 of the respondents are male while the remaining 40%(80) are female. This implied male's employment in D.B. is relatively high than female employees. This shows the organization to constitute a natural experiment suited to this application since, thought they can generate significant change in number of women in the position and also the organization decision acquire are establish a possible causal link between the change in the general composition of management and the subsequent response of other female and male workers.

Based on the data obtained from the respondents, from the above table **ITEM II** shows the distribution of the respondents by age, accordingly, most of the respondents are between 18-30 years old with the frequency of 50%, while 30% which is account 60 of the respondent is between 31-40 years. Among the age bracket between above 40 years has the lowest frequency consisting 20%. As to the press release of National Youth Policy, young age range is 14-35. Thus it can be said that majority of the respondent engaged in the industry as employees are young aged, this implies young age are willing to work energetically and face challenges that's their jobs may brought them and In most situation adult are very eager and have a good tendency to interact new technology and change. Also the others respondents are matured enough to implement the safety and health policy of the company.

Based on the data obtained from the respondents, from the above table **ITEM III** Indicated that 55% (110) of the respondent they worked in the organization for the year between 6 up to 10, 10% (20), 30%(60) of the respondent worked for less than two year and two up to five years respectively, the remaining 5% (10) of the respondent worked more than ten year. From this date it is possible to say most of D.B. employees are experienced. This helps the organization to dedicate workers produce higher quality work which result in a significant cost savings for the organization, punctuality seems to be a given for older workers, pride in a job well done and efficiency and confidence to share their recommendation and idea by adding organizational skill and its allow the bank to do their tasks in short period of time with effectiveness and efficiently.

Regarding Educational level of the respondents, it is clear from the above table **ITEM IV** shows that 2.5% , 82.5% and 5% of the respondents have high school completed ,first degree and diploma holder respectively. While the remaining 10% of the respondent are post graduate (2nd degree) holder. This implies that D.B.S.C. depends on at least high school completed so as to undertake its main activities this helps the organization beyond the value that educated employees add to client relationship, well informed, knowledgeable workers enhanced company leadership and also well-educated employees are more goal oriented, better work performance, accept more responsibility and accountable for what they are doing. Moreover, this allows the organization to implement advanced technology and works to depend on skilful arrangement. Organization can benefit from the dynamic perspective and innovative thinking of high performers.

The above table **ITEM V** also shows the distribution of Marital Status of the Respondents and indicated that many of the respondents comprising 67.5% are single. 32.5% are married but there is no any employees are divorced. As stated earlier in age distribution most employees are young and some of them are not ready for taking this kind of responsibility.

From the above table **ITEM VI**. Indicate that 79% and 16% of the respondent are clerical staff and non-clerical staff respectively. While the rest 5% of the respondent are middle level managers. From this data, most of the employees are in the position of clerical staff of the organization. This enables the organization to know updated information about the financial performance of the organization and it is good for forecast (determine) the coming (future) financial and other banking works for the customers by using advanced and digital system technology.

4.2. ANALYSIS OF DATA RELATED TO COMPENSATION & BENEFIT

A. compensation and benefit

Table 4.2a Respondents' Opinion on Issues Related to compensation and benefit

No	Compensation and benefit		SA	A	N	D	SD	Total
1	The compensation and benefit distributed matches with my work experience and education I have	frequency	-	-	-	120	80	200
		Percentage	-	-	-	60%	40%	100%
2	The current compensation and benefit package is motivating and provide an incentive for better performance.	frequency	-	15	10	110	65	200
		Percentage	-	7.5%	5%	55%	32.5%	100%
3	The current Compensation and Benefit Schemes being offered by my organization are adequate to cope with the ongoing cost of life	frequency	-	-	-	180	20	200
		Percentage	-	-	-	90%	10%	100%
4	The Compensation and Benefit Schemes updated and communicated periodically	frequency	8	142	-	50	-	200
		Percentage	4%	71%	-	25%	-	100%
5	Dashen Bank has fully implementing the compensation and benefit Policy.	Frequency	-	180	20	-	-	200
		Percentage	-	90%	10%	-	-	100%

Source, Author's survey (2017)

As it can be seen from the table above, respondents were asked to reflect their opinion whether employees believed that Compensation and Benefit distribution in the organization ensured there was match with experience and education. The finding indicated that the majority of the respondents 120(60%) disagree, the rest 80(40%) strongly disagree. This implies that the bank didn't give all of its compensation and benefit by matching experience and education level of employee's. This may cause the banks to loss highly qualified and experienced employees and also it is difficult to attract best, educated, energetic and dedicated employees.

When asked whether compensation and benefit package in the organization ensured there was motivated for better performance the finding indicated that the majority of the respondents 110(55%) and 65(32.5%) of the respondent disagree and strongly disagree, 15(7.5%) is agree while the remaining (10)5% neutral with the statement. This implies D.B. didn't to motivate a highly performed employee to do more in next time based on the performance. This doesn't help the organization to stay their employees. Employees' willingness to stay on the job largely depends on compensation packages of the organization therefore to ensure employees optimal performance organizations need to consider a variety of appropriate ways to compensate the employees to get the desired results.

As presented in the above Table 4.2a, 180(90%) of the respondents are disagree with the current compensation and benefit cope with the ongoing cost of life, the rest 20(10%) are strongly disagree. This result indicates that the majority of the respondent did not believe with this idea. This implies that Compensation and Benefit are not given by assessing the current living standard of the employees.

When asked whether Compensation and Benefit Schemes in the organization ensured, there was updated and communicated periodically. The finding indicated that 8(4%) strongly agree and 142(71%) agree with periodically updated and communicated while the remaining 50(25%), are disagree. From the above data the majority of the respondents are agree. This indicates that the bank are read the heartbeat of the employees and solve any problem by discussing with each other this is a good benefit for the bank to take their priority in the current market with every aspect.

Hence, Compensation packages entail some basic features that tend to make employees satisfy on their job amongst which includes salaries, bonuses, incentives, allowances, promotion, recognition. However, to avoid wrong perception and controversy by the employees, Compensation system must be clearly updated and communicated to employees with job measurement which will drive the much needed performance in the employees. Here Also question was designed for compensation, benefit and employee relation manager to know about whether there is Compensation and Benefit manual, procedure and policy or not in D.B. S.C and it is periodically updated. To this question, the Manager explained that Dashen Bank has formulated own strategic and standardized

Compensation and Benefit manual, procedure and policy. In addition to this regarding the benefit top management bodies are revised periodically by assessing the current economic factors like inflation and living standard of our employees by balancing/by using cost based analysis. The Manager added, the bank revised its Compensation and Benefit Schemes with recent periods by g the competitor and current man power benefit. So Dashen Bank reviewed their policy, procedure and manual periodically with attractive Compensation and Benefit Schemes

As presented in table above, 180(90%) of the respondents agree with that D.B. has fully implement the compensation and benefit policy, while the rest 20(10%) there is no idea(neutral) on such issue. so this result indicates that in D.B., the policy related with compensation and benefit are clearly stated for all employees and fully implemented. This allows the employees to deliver any question for the Organization and it creates a good relation to the employees if all policies are implemented. Employees' pay perceptions are important in organization and it will impact the organization policy and implementation process.

Again here the researcher raised a question for the Manager whether or not the organization strictly implements Compensation and Benefit programs as per the manual, policy and procedure. The Manager has appreciated the interview questions and he confirmed that the organization strictly implements Compensation and Benefit program as per the manual. Rather there is a very good practical implementation of everything with the manual, policy and procedure. He also added that the organization has been considered as best bench mark from and among the banking sector for other companies to implement their policy, manual and procedures per the bank and government rules and regulations.

B. Attitude towards benefit

Table 4.2b Respondents' Opinion On Issues Related to attitude towards benefit

No	Attitude towards benefit		SA	A	N	D	SD	Total
1	The amount of pay I currently received is comparable to what I think(perceive)it should be	frequency	15	24	5	150	6	200
		Percentage	7.5%	12%	2.5%	75%	3%	100%
2	I participate in compensation and benefit decision	Frequency		160		40		200
		Percentage		80%		20%		100%
3	The compensation and benefit policy of your organization clearly identified all compensation and benefit that employee offered	Frequency	17	97	4	53	47	200
		Percentage	8.5%	48.5%	2%	26.5%	23.5%	100%
4	My organization uses employees feedback to make improvements in compensation and benefit	Frequency	14	26	10	120	30	200
		Percentage	7%	13%	5%	60%	15%	100%

Source, Author's survey (2017)

As it is easily observed from the above Table 4.2b, 150(75%) of the respondents are disagree on the amount of pay compare to perception 24(12%) is agree. 15(7.5%) is strongly agree 5(2.5%) is neutral while the remaining 6(3%) of the respondent are strongly disagree. This implies D.B., didn't read the feeling of employees, Employees usually do comparison regarding pay, and based on this comparison they made their perception. Employee feel unhappy or dissatisfied if they feel they are been paid less than their friends in other similar organization the effort of employee to take other responsibility will decrease. So employee believes their compensation is directly related with their performance and they had paid accordingly. Thus employee pay Perception could be improved if they get right pay information at time from their supervisor or managers.

From the above table, (160) 80% of the respondent agree on that employee are participate on the decision of Compensation and Benefit in the organization while the remaining (40)20% are disagree. This implies D.B.S.C. gives more of its employees to participate in decision making chance in different times. So involving employees in the decision making process not only empowers them to the success of an organization, but also saves time and money in increased productivity and reduced outsourcing that it helps the employees reduce performance deficiencies caused by lack of ability reduced than lack of motivation to

perform. So giving more responsibility to employees in the work place the process is not only relieves stress on management rather closely related to democratize workforce. We know that actively engaging workers in decision making process increase overall company moral. Many companies have a distinct separation of power between management and workers however, active employees involvement lower that gap, opening the lines of communication between supervisors and employees. as functional participation in decision making process ,employee understand their idea are important contribution to the company, and gives them the power to influence the outcome of their work, leading to increase job satisfaction and a positive attitude ,not only toward their position but also to the company itself. There are many benefit involving employees in decision making of your company because the associated feel they are a valued part of team, able to make better day to day decision, feel stronger bond of responsibility for making the decision and they will focus future oriented problem solving rather than blaming their current problem on management.

According to the results in the above Table, 17(8.5%)of the respondents replied that is strongly agree (97)48.5% is agree while 4(2%) is neutral 53(26.5%) is disagree while the remaining (47)23.5% of the respondent are strongly disagree this implies that D.B. Cleary stated all benefit for the employees this allow the employee to know how it's get benefit on time While deciding the compensation policy of organization manager must consider some important factors such as impact of labour union, employee perception of pay, employees' cost of living, government laws, organization capacity to pay, demand and supply position of wage market and employee productivity and fairness.

As we can see from Table 4.2b, majority 120(60%) disagree that they are not used employees feedback for improvement 26(13%) is agree 10(5%) of them are indifferent about it while the remaining 30(15%) are strongly disagree. This implies that D.B. didn't use employees feedback to improve the compensation and benefit this may create dissatisfaction in the employees. On the other hand feedback acceptable management is ready to change and ready to learn from the other. So D.B. will try to get a feedback from their employees.

Regarding to this issue, also the Manager has replied as top Managements and HRM department has taken in every day effort of the best practices of desirable improvement by

accepting employees' feedback to making effective decisions and providing attractive compensation and benefit Schemes. Both are interdependent and decisive factor in their organizational context. He continued his responses with magnifying his organizations' current strength that should be kept up and built on to improve his organization's compensation and benefit Schemes. He also added some hung-up that refrain his organization from doing better are the external factors which are beyond the organization capacity to decide at and take control on. In this regard, he mentioned like the competitor and new entrants to the sector, economic factors that affect the organization compensation and benefit.

C. Fairness of compensation and benefit

Table 4.3c Respondents' Opinion On Issues Related to fairness of compensation and benefit

No	Fairness of Compensation and benefit		SA	A	N	D	SD	Total
1	The compensation and benefit policy at the bank are focus on the real need of employee	Frequency	52	123	-	-	25	200
		Percentage	26%	61.5%	-	-	12.5%	100%
2	The amount of salary and benefit I received is fair relative to other banks	Frequency			40	40	120	200
		Percentage			20%	20%	60%	100%
3	Compensation and Benefit adjustment /increment is made within a reasonable or logical time period	Frequency		85	9	101	15	200
		Percentage		42.5%	4.5%	50.5%	7.55	100%
4	In your organization the type of compensation its provide based on employee option	Frequency		20	10	90	80	200
		Percentage		10%	5%	45%	40%	100%

Source, Author's survey (2017)

When asked whether employees believed that the compensation and benefit policy in the bank was focused on the real need of the employee, 52(26%) and 123(61.5%) of the respondent strongly agree and agree on the policy while the remaining 25(12.5%) is disagree on the policy. This implies the bank wanted to keep employees based on the interest. When any organization keep their employees interest, it allow the organization achieve its goal with all aspects.

As it is indicated in the above table 60% (120) of respondents responses is strongly disagree on the salary and benefit in D.B is not fair relative to other banks., while the remaining 20% (40) , 20% (40) of respondent's responses neutral and disagree respectively. This indicate in D.B., the salary package are not balance with other organization. The researcher has concluded that employees generally have negative perception about pay if they don't have right pay information. And these negative perceptions affect the business implication.

Obviously it is extremely useful to refer recent salary surveys when determining salaries. The surveys lend tremendous credibility and fairness to the process of determining compensation and benefit. So in salary decision time the organization is sure that surveys are somewhat current. Reference them to find the salaries for the job roles that are the closest match to the roles you are deciding the compensation. The closer you can match the role to the type of services, experience and job title.

With regards to compensation and benefit adjustment in a reasonable time period 85(42.5) of the respondent agree on the issue 9(4.5%) of the respondent are not an idea (neutral) 101(50.5%) is agree while the remaining 15(7.5%) of the respondent is not agree on the issue .the majority of employees are disagree with this . As we know in today dynamic change of the banking industry most of commercial banks in Ethiopia are adjust their employees compensation and benefit within a short period of time this periodical adjustment of benefit is unquestionable issue for any banks management group but, here in D.B., it is observed those benefit are not adjust periodically this create a dissatisfaction on the employees to stay in the organization because of this the bank are loose most of experienced employees. On the other hand its increase cost of recruitment and training of new employees.

As presented in the above Table, 90 (45%) of the respondent's response that it is disagree 80(40%) is strongly agree 10(5%) is neutral and the rest 20(10%) is agree with providing of compensation based on employee option.. This implies the employees are feel a high dissatisfaction on the Compensation and Benefit option this dissatisfaction affects the organization performance. So, satisfaction in the organization is important to move the organization one step forward. Hence, Understanding factors affects employee job

satisfaction is crucial for the bank to make the organization confident that employees are able to do their job for building good public image and generate profit. So, any concerned body are very important to encourage employees for better job performance by giving appropriate option for Compensation and Benefit to perform their job. Appropriate benefit in the work place increased state of motivation on employees.

D. compensation and benefit related to performance

Table 4.4d Respondents' Opinion On Issues Related to fairness of compensation and benefit

No	Compensation and benefit related to performance		SA	A	N	D	SD	TOTAL
1	In your organization and benefit offer to the employee based on the employee performance	Frequency		170	2	28		200
		Percentage		85%	1%	14%		100%
2	The compensation and benefit package available in my organization keep a balance between employee's contribution and cost of the employer	Frequency		153		47		200
		Percentage		76.5%		23.5%		100%

Source, Author's survey (2017)

As revealed from the table (170)85% of the respondent are agree (2)1% of respondent are no idea (neutral) the remaining (28)14% of the respondent are disagree. The majority of respondents are agree with this idea. This implies employees are done their jobs dedicatedly because he/she knows get a good benefit if they perform better. Designing compensation policy for current workforce is a challenging task. Today's workforce is diversified, they desire more challenging works and want performance based compensation.

According to the above data, (153)76.5% of the respondent replied that is agree on cost of employer and contribution of employees are balance while the remaining (47)23.5% of the respondent replied that disagree about the balance between cost of employer and contribution of employees. From this data, the researcher observed that in D.B., Compensation and Benefit are comparatively equal to the employee contribution.

Finally, regarding the question raised about evaluation of effectiveness of the compensation and benefit program, the Manager responded that the Compensation and Benefit evaluation takes place at the end of the first, second, third and fourth quarter of the fiscal year by

discussing with the branch manager and other stakeholder. After that the department present all issue raised by managers and other stake holders to the concerned body (Top Management) then based on the feedback the top management announce the correcting action and amendment (if any) to the all staff with internal communication mechanisms like Outlook & Memoes.

CHAPTER FIVE

SUMMARY, CONCLUSION &RECOMMENDATION

In this final chapter, the major findings of the study are summarized and conclusions are drawn based on the results of the study, recommendations are suggested.

5.1. Summary of Major Findings

- When we see the respondents by gender, most of the respondents are Male.
- In terms of age most of the respondents are between 18-30 years old.
- Regarding to work experience majority of the respondents worked in the organization for the year between 6 up to 10 year.
- Regarding to Educational level of the respondents, it showed that majority of respondents are first degree holder.
- With regards to Marital Status majority of the respondents are single but there is no any employees are divorced.
- In terms of position, most of the respondent is Clerical Staff.
- Majority of the respondents disagree on compensation and benefit distribution in the organization ensured there was match with experience and education level.
- Regarding to compensation and benefit package in the organization ensured there was motivated for better performance the finding indicated that the majority of the respondents are disagree and strongly disagree.
- Majority of the respondent disagree with the current compensation and benefit cope with the ongoing cost of life.
- With regards to compensation and benefit package in the organization ensured there was updated and communicated periodically the finding indicated that majority of the respondent are strongly agree.
- According to the implementation more than fifty percent of the respondents agree with that Dashen Bank has fully implemented the compensation and benefit schemes.
- When we observe from the data, most of respondents are responded strongly disagree on the Salary and Benefit in Dashen Bank, is fair relative to other banks.

- With regard to compensation and benefit adjustment/incrimination logical time period majority of the respondents agree on Dashen bank is increment on logical time period.
- As presented in the given data, majority of the respondent' is disagree on the provision of compensation and benefit schemes based on employees option.
- According to the results in the table, most of the respondents is strongly agree with the organization clearly identified all compensation and benefit.
- From the given data the majority of the respondent are disagree on the bank are used employees feedback for improvement.

5.2 CONCLUSIONS

Based on the Major Findings, the following conclusions were drawn.

The study looked at the overall perception of employees towards compensation and benefit in Dashen Bank S.C. The first research objective is to investigate employees' perception towards the existing compensation and benefit schemes. The study revealed that most of the employees are poorly motivated or negatively perceived. Since non-management employees take the larger number to the responses, it is concluded that non-management employees are poorly satisfied with the existing compensation and benefit schemes of the company as a result employees responded negatively to the compensation schemes adopted by the company.

The second objective is to investigate Does the current compensation and benefit schemes is fair relative to other organization. There are different compensation scheme employed in the company. The main financial incentives are bonus, financial gifts when employees put extra effort in the job and non-financial incentives such as friendly working environment, recognition and appreciations and appropriate social security. Majority of the respondents agree that those schemes are not equitable from the other similar organization. Other kinds of motivational technique analyzed are not employed by the company such as further education and trainings, promotion and financial incentives when they work professionally.

With regards to the objective which examine the effectiveness of compensation and benefit schemes in Dashen Bank in enhancing employees' performance, the majority of the employees were not satisfied with the compensation and benefit schemes, this might lead to a problem of employee turnover. Employees are not doing their best to the company. They don't consider that the company is the best of all possible organizations for which to work. This has a negative impact to work motivation and performance.

The researcher therefore concludes from the findings that the perception of compensation and benefit on employee productivity is of paramount important to the company.

5.3 RECOMMENDATIONS

Based on the findings of this study, there are recommendations forwarded for better improvement of employees' perception towards compensation and benefit.

- The management of the company should try as much as possible to adopt good and positive different kind of motivational techniques to increase the moral of the workers towards performance.
- The management needs to develop rightful compensation and benefit scheme that meet their work effort so as for employees to perceive the compensation as a motivational factors. And need to achieve satisfaction of employees with the compensation and benefit scheme.
- The company should seek for various ways of improving employees' performance in their company by finding out the effect, causes or problems associated the compensation and benefit scheme which will help them to identify those things that motivate their staff and apply them properly.
- Company management should run a test compensation and benefit scheme, evaluate results and review the scheme and obtain feedback which will help to boost staff performance after identifying the compensation and benefit scheme which motivates employees most.
- Management should purposefully need to work on employee retention mechanisms. The company cannot go far with unmotivated employees'. If employees are not doing their best to the company and they don't consider that the company as the best of all

possible organizations for which to work, Implies employees losing motivation and commitment to the work and the company.

- Management has to make sure employees share in the company's success. Employee performance, and motivation can all be tied to how invested a worker feels in his or her company. Human resources of the company should focus on employee compensation and benefits is to foster employee identification with the organization's success and satisfaction of employees with the compensation and benefit scheme.

5.4. LIMITATION OF THE STUDY

The limitation faced by the researcher while conducting this research was time and conducted this research with few respondents limiting the subject area and the generalization of the study. The researcher may have biases in selecting sample because it may need in-depth level of research and sufficient funds. In addition, since it is not possible to incorporate all factors of compensation and benefit in one study, only specific factors are included in this study.

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Appendix I

Questionnaires Distributed to Respondents

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MA-GENERAL BUSINESS ADMINISTRATION

This questionnaire is designed to collect first-hand information for a project conducted in partial fulfillment of Master Degree in General business administration under the title of "Employees' perception towards Compensation and Benefit in the case of Dashen Bank S.C (DBSC)". Your genuine response is highly valuable to conduct this study and then to arrive at legitimate results. I hereby request you to fill these questionnaires and give it back at the earliest time possible. Any information you present will keep absolutely confidential and will be used for academic purpose. I would like to thank you in advance for your effort and precious time to fill the questionnaires.

Section "A" General Profile of Respondents

1. Sex

Male

female

2. Age

26-30 31-40 Above 40

3. Marital Status

Single Divorce Married

4. Education Background

Primary school undergraduate (1st degree)

High school completed post graduate (2nd degree)

Diploma other (please specify).....

5. Please specify your current position in the company

Top level management

Clerical staff

Middle level management

Non-clerical staff

Other (please specify).....

6. How long have you been working in the company

Less than two years

6-10years

2-5 years

Above 10 years

B. DATA RELATED TO COMPENSATION & BENEFIT

A. compensation and benefit

No	Compensation and benefit		SA	A	N	D	SD	TOTAL
1	The compensation and benefit distributed matches with my work experience and education I have	frequency						
		Percentage						
2	The current compensation and benefit package is motivating and provide an incentive for better performance.	frequency						
		Percentage						
3	The current Compensation and Benefit Schemes being offered by my organization are adequate to cope with the ongoing cost of life	frequency						
		Percentage						
4	The Compensation and Benefit Schemes updated and communicated periodically	frequency						
		Percentage						
4	Dashen Bank has fully implementing the compensation and benefit Policy.	Frequency						

B. Attitude towards benefit

No	Attitude towards benefit		SA	A	N	D	SD	TOTAL
1	The amount of pay I currently received is comparable to what I think(perceive)it should be	frequency						
		Percentage						
2	I participate in compensation and benefit decision	Frequency						
		Percentage						
3	The compensation and benefit policy of your organization clearly identified all compensation and benefit that employee offered	Frequency						
		Percentage						
4	My organization uses employees feedback to make improvements in compensation and benefit	Frequency						
		Percentage						

C. Fairness of compensation and benefit

No	Fairness of Compensation and benefit		SA	A	N	D	SD	TOTAL
1	The compensation and benefit policy at the bank are focus on the real need of employee	Frequency						
		Percentage						
2	The amount of salary and benefit I received is fair relative to other banks	Frequency						
		Percentage						
3	Compensation and Benefit adjustment /increment is made within a reasonable or logical time period	Frequency						
		Percentage						
4	In your organization the type of compensation its provide based on employee option	Frequency						
		Percentage						

D. compensation and benefit related to performance

No	Compensation and benefit related to performance		SA	A	N	D	SD	TOTAL
1	In your organization and benefit offer to the employee based on the employee performance	Frequency						
		Percentage						
2	The compensation and benefit package available in my organization keep a balance between employee's contribution and cost of the employer	Frequency						
		Percentage						

Appendix II

Interview Questions

Posed to the manager Compensation, Benefit and Employees relation

1. Is there any structured like Manual, Procedures and policy that can help the company to administer the compensation and benefit? And periodically updated?
2. Do you believe your organization strictly implements compensation and benefit programs as per the manual, policy and procedure?
3. What is the measure you have been taken to improve compensation and benefit package?
4. How do you evaluate the impact of training and development your organization provides to its employees?

DECLARATION

I, the undersigned declare that this thesis is my original work, prepared under the guidance of Goitom Abrham (Asst. Professor). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

Signature & Date

ENDORSMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

Advisor

Signature & Date