



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**EMPLOYEES' PERCEPTION TOWARDS
COMPENSATION AND BENEFIT SCHEME IN
BAMACON ENGINEERING PLC**

BY

GOITOM TEKA WELDEMARIAM

June 2018

ADDIS ABABA, ETHIOPIA

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**GOITOM TEKA WELDEMARIAM
(ID # SGS/0238/2009A)**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Ato Goitom Abraham (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.

Goitom Teka

Name

St. Mary's University, Addis Ababa

Signature

June, 2018

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ABSTRACT

The major objective of this study is to assess the perception of current compensation and benefit practices of BamaCon Engineering PLC. Of the total of 1570 employees, 255 of them are permanent employees and the remaining are temporary workers. Hence, using a combined stratified and random sampling method, 60 % (154 employees) of the permanent employees are surveyed and 10 managerial staffs out of the 154 employees are interviewed. Accordingly, the major findings are: perception of employees towards compensation and benefits policy at BamaCon Engineering plc is influenced by their level of satisfaction towards the benefits that are being offered. Hence, the company shall increase employee's involvement in the compensation and benefits decision making process so as to realize institutional ownership across all employees. It is also required to properly communicate the compensation and benefits package to all employees in order the employees to be aware of the benefits that are available to them before tempted to leave their company. The current compensation and benefits being offered by the organization need to be revised not only to cope with existing living expense but also making sure of its attractiveness and ability to retain competent employees. The company shall also evaluate the effectiveness of its compensation and benefits package in motivating the employees in a regular basis.

Keywords: Compensation, benefits; Employee's perception,

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Compensation is the remuneration that employees receive for their service/contribution in the organization. Employee benefits are indirect compensations that organizations offer to their employees. Employee benefits are offered as a condition of employment in the organization and they may not be linked to their performance. Compensation and benefit policy of an organization should be clearly defined and communicated to all the employees and it should comply with all legal requirements. The compensation system of an organization needs to be equal, transparent and consistent. It should be able to attract, motivate and retain competent employees (Crawshaw, 2014).

Construction industry in Ethiopia has grown at a high rate over the past years. According to the Business Monitor International (BMI), an average growth rate of 10.7% is expected over the next 10 years in the construction sector. The industry has increased the country's employment level, which in turn lead to a decrease in poverty level. The major construction developments in Ethiopia are construction of roads, real estate developments, and condominium housing projects. Growth of the construction sector has led to the growth of industries such as cement, aluminum foils, tin, glasses, paints, wood and metal works. Ethiopia is expected to be the leader in growth of construction sector in the East Africa region. In The Ethiopia Economic Outlook 2016 report, BMI ranked Ethiopia's construction and infrastructure sector as the second fast growing sector in the world (K.Ahmed, 2010).

It is believed that there is significant movement of employees from one construction firm to another or out of the capital city in search of a better life or company which pays more in their field of profession. Staff turnover takes place at all levels, driven by the desire to improve earnings and to move from rural toward urban areas.

Constant staff turnover creates chaos on firm'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, compensation and reward system integrated with good institutional governance and shared values and beliefs of their organization that can attract, retain and motivate the desired man power.

In most cases employees are willing and cooperative to do their job to the best of their abilities if they believe that pay is relatively equitable to performance. In other words, compensation and benefits affects employee's decision to stay or leave an organization, to work effectively and accept additional responsibility (R.Mangel, 2000). The value employees give to the compensation and benefit package have an influence on human resources outcomes namely, performance, productivity, satisfaction, retention, and attraction. The inevitable need to know the perception of employees towards the organizations compensation and benefit policy in BamaCon Engineering PLC is what initiate to conduct this study.

Previous studies focus on the relationship between compensation and other human resources outcomes like satisfaction, productivity, performance, attendance, and retention. Effective compensation administration is desirable in an effort to increase employee 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 turn over will be higher and more costly. If pay is tied to performance, the employee performs a higher quality and quantity of work. Pay policy that strengthen the instrumentality between attendance and pay are likely to motivate attendance. Organization pay level places a direct influence on voluntary turnover; employees tend to compare their pay with level available in other organization. People stay or leave organization for several reasons but the conventional wisdom is that people who are satisfied with their job (i.e. perceived pay, supervision, promotional opportunity and work environment as positive) will stay, and those who aren't will leave (William, 1987).

This thesis is conducted to evaluate the employees' perception towards the current compensation and benefit policy as well as practices and the associated problems in Bamacon Engineering PLC and forward plausible recommendations for better standards of working environment, competitive remuneration, compensation and reward system integrated with good institutional governance and shared values and beliefs of their organization that can attract, retain and motivate the desired man power.

1.2. BACKGROUND OF THE ORGANIZATION

Among the fastest construction firms mainly doing business in the capital city, Addis Ababa comprising a huge number of manpower is BamaCon Engineering PLC. IT was established in 2001, in Addis Ababa, Ethiopia with the name of the owner and general manager as "Girma Gelaw Building Contractor". In 2003, the firm registered with the ministry of infrastructure and changed its name to BamaCon Engineering PLC.

BamaCon is headquartered in Addis Ababa where all of its operations are carried out. The company has an average annual turnover of 209,717,003.67 (Ethiopian Birr) and a total of 1570 employees in 2018. The firm has successfully completed major construction projects such as office buildings, factory building, multipurpose building and apartment buildings over the last 10 years. BamaCon has a future plan of expanding its construction work to other cities in the country. The company is in the process of ISO certification and carries out its projects according to designs and specifications requirements and ensures that the work will be completed on time, in high quality and in cost-effective manner.

Over the past years, the company has developed a wide client base and some of its major clients includes; Adika Tour and Travel, Ambassador, OMEDAD, ENAT Real Estate and GERETTA Consult plc. The company is striving to be a leading construction firm in the country and aims at improving its operations and performance to overcome the competitive pressure in the construction industry. Some of the competitors of BamaCon are; NB Engineering plc, Astu Construction plc, AfroTSION Engineering, JAMBO Construction plc, Tigat Engineering plc and NATEY Construction plc.

1.3 STATEMENT OF THE PROBLEM

Compensation and benefit policy of an organization needs be adequate in attracting, motivating and retaining competent employees. It should enable employees cope with the cost of living and improve their performance and productivity. Compensation system should be designed and implemented in a way that is equitable, transparent and consistent. Organizations need to inform their employees about the compensation and benefits packages that are available within the organization (Crawshaw, 2014).

Pay levels is one of the most important factors potential recruits consider when selecting alternative employment opportunities and the amount of total compensation received by employees relative to their opportunities they may have a clear effect on attraction and retention (R.Mangel, 2000). Different strategies may be designed to do the same like improving the working condition, good employee-management relationship, attractive compensation system, promotion opportunities; etc.

With an increasingly dynamic work force who desire more information about pay and benefit practices, it will be essential to communicate and make them participate in the decision making of compensation and benefit policy. Such activities lead employees to contribute their maximum efforts for the achievement of organizational objectives. When setting pay rates, compensation managers must take into consideration the employees' perception of fair, equitable compensation (K.Ahmed, 2010).

However, according to studies conducted on some Ethiopian companies by different researchers, organization's benefit and compensation policy is generally not consistent with above mentioned good practices despite their adequate understanding of the concept. The major noted problems are only few employees are participating in decision making process and some employees show a positive reaction to the overall compensation policy, while major employees are not happy and show their sorrow and its unfairness orally as well as in a written form (Bayisa, 2007).

The value employees give to the compensation and benefit package have an influence on human resources outcomes namely; performance, productivity, satisfaction, retention, and attraction (R.Mangel, 2000). During the period working in the company as Senior Management staff, the researcher witnesses there were grievances, high turnover rates, project sites were not delivered to owners at their scheduled time, employees were demotivated and it was reported that the compensation and benefit packages of BamaCon Engineering PLC was inadequate.

Therefore the above mentioned comments which were not based on scientific research methodologies initiated the researcher to conduct this study. Since the company has not been conducted a research regarding its employee's perception towards the organization's compensation and benefits policy and its impact on the above mentioned human resource outcomes despite the critical need for company's sustainable competitiveness and growth. And the researcher also believes this study may pave a way for further researches to go through the problem widely in the future and as a consequence the study outcomes may suggest remedies in retaining employees in the company and employee's turnover rate will be minimized as some key factors for continual success of the company.

1.4. RESEARCH QUESTIONS

The perception of employees towards compensation and benefit policy and its impact on human resource outcomes are not clearly known in BamaCon Engineering PLC despite the organization effort to design compensation and benefit package that can attract, motivate and retain competent employees. In carrying out this research, an attempt was made to address and seek answer for the following basic research questions:

1. What is the perception of employees towards compensation and benefit policy?
2. Which type of compensation and benefit packages are perceived most favorably or least favorably?

3. What are the possible areas of improvement for sustainable competitiveness and growth of the company?

1.5 OBJECTIVE OF THE STUDY

The general objective of the research is to determine the position of employees' perception towards the current practices of compensation and benefit policy as well as its impact on human resource outcomes in Bamacon Engineering PLC.

The specific objectives are:

- To examine the compensation and benefits package currently in place in the organization.
- To examine the perception of employees towards the compensation and benefit policy of the company.
- To examine the influence of such perceptions on the human resource outcomes.
- To identify the type of benefits that most and least favored by employees.
- To identify the possible areas of improvement for sustainable competitiveness and growth of the company.

1.6 OPERATIONAL DEFINITION OF TERMS

Compensation: The total of all rewards provided employees in return for their services.

Benefits: Additional financial rewards other than base pay include paid vacations, sick leave, holidays, and medical insurance etc.

Equity: Workers' perceptions that they are being treated fairly. Compensation must be fair to all parties concerned and be perceived as fair.

Perception: the process by which people select, organize, interpret, retrieve, and respond to information from the world around them

Policy: General guidelines that focus organizational actions

Organization: Bamacon Engineering PLC.

1.7 SCOPE OF THE STUDY

The study examines the perception of employees towards compensation and benefit policy in BamaCon Engineering plc. Who are found in Addis Ababa, Ethiopia only, it doesn't include those employees working out of Addis Ababa project sites. In addition, only permanent workers are considered to collect data for the research. In this research, both qualitative and quantitative methods of data collection are used as part of descriptive research design.

1.8 ORGANIZATION OF THE RESEARCH REPORT

This report is organized into five chapters. Chapter one deals with introduction, chapter two deals with review of literature, chapter three deals with research methodology, chapter four deals with data analysis and interpretation, and the final chapter, that is chapter five contains summary, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. COMPENSATION SYSTEM

“Compensation is the reward employees receive in exchange for their performance. It is concerned with wages and salaries, pay raises, and similar non-monetary exchange for employee’s performance” (Holt, 1993). For an organization to achieve its objectives, it needs to attract, motivate and retain competent employees. This can be done by providing a fair and consistent compensation to all employees.

According to Bernadine, 2007, compensation refers to all forms of financial returns and tangible benefits employees receive as part of employment relationship. Employee’s motivation, satisfaction, morale, performance and productivity are influenced by the remuneration they receive.

In order to use compensation as an effective motivational tool, Human Resource managers must consider four major components of a pay structures in an organization these are: (a) Job rate, which is the importance the organization attaches to each job; (b) Payment, which encourages employees by rewarding them according to their performance; (c) Personal or special allowances and (d) Fringe benefits (Popoola and Ayeni, 2007).

Through effective compensation organizations can achieve the following objectives: acquire qualified personnel, retain current employees, ensure pay equity, reward desired behavior, control cost, comply with legal considerations, and facilitate understanding (Werther and Davis, 1996).

2.2. TYPES OF COMPENSATION

In general, there are two types of compensation: These are categorized as financial and non-financial.

2.2.1. FINANCIAL COMPENSATION

Financial compensation includes direct compensations, which is paid to employees in the form of wages, salaries, bonuses, and commission in exchange for their performance and indirect compensation in the form of insurance plans (life, health, social assistance), Retirement benefits, educational assistance, employee services, and paid absence for vacation, holydays, sick leave, etc. (MondeyandNoe,1990)

2.2.2. NON- FINANCIAL COMPENSATION

Non-Financial compensation includes any satisfaction which employees receive from the job, such as the need for recognition, responsibility, personal growth and the like or from environment in which they work including comfortable working condition, competent supervision, pleasant work companion and other related physical and social needs of Employees (MondeyandNoe,1990).

2.3 FEATURES OF A COMPENSATION SYSTEM

Compensation system refers to the sum total of monetary and non-monetary benefits offered to employees in return for their contribution to the organization. Every organization must have a compensation system that is understandable, workable and acceptable. According to Armstrong (2008), an organizational compensation system includes anything employees value and desire that an employer is able and willing to offer in exchange for employee's contribution.

According to Cole (2002), a compensation system can best be considered as a mechanism by which an organization plans how to attract, retain, reward and motivate its employees. It should provide a fair reward to those performing specified roles, and an incentive for employees in keeping pace with inflation.

Every organization is expected to build an effective compensation system in order to sustain in the competitive world. A fair and equitable compensation helps in maintaining good industrial relations by providing monetary and non-monetary benefits to all the employees. A fair compensation system always helps the organization in enhancing the satisfaction, productivity, performance, attendance and retention of employees (Dr.Ponduri SB and Dr.Aravind Soudikar).

Well-designed compensation system enables organizations to attract qualified employees and retain and motivate the existing work force towards goal achievement (Decenzo and Robbins, (2001). In designing compensation system, the amount to be paid and the organizations ability to pay must be considered. Some of the factors that influence compensation system design process are; employee participation, skilled based pay, pay secrecy, pay review, market rate, monetary versus non-monetary compensation.

The objectives of a compensation system are to create a system of reward that is equitable to employers and employees, so that employees are attracted to work and motivated to do good job for the employer. Organizations need to review and updated their compensation system in order to ensure it is achieving its purpose.

2.3.1 EMPLOYEE BENEFITS

Bratton and Gold (2009) define employee benefits as that part of the total reward package provided to employees in addition to base or performance pay. Employee benefits focus on maintaining or improving the quality of life for employees and providing a level of protection and financial security for workers and for their family members.

Recently, employee benefits have been seen as one of the mostly used strategies by most organizations in attracting and retaining competent employees (Ashatu Hussein). Employee benefits include any benefits that employees receive in addition to direct compensation. They are indirect compensation because they are usually extended as a condition of employment and are not directly related to performance (John Wiley & Sons, 1982).

Many employees prefer indirect compensation due to the fact that they are not subjected to taxation. Employers also prefer indirect compensation since it helps them in satisfying employees interest. Employee benefits may; mitigate fatigue, discourage labor unrest, satisfy employee objectives, aid recruitment, reduce turnover, and minimize overtime costs (William B. Werther & Keith Davis).

Benefits can act as noteworthy substitutes for wages. Employers may choose to offer fringe benefits since workers can have high tendencies for them. As a result, it can lead to decreasing the turnover rate as effectively as a similar valuable increase in wages (H. Dale-Olsen, 2006). Woodbury also found that workers think of benefits as substitutes for wages. They are willing to exchange wages for more benefits. This can increase job satisfaction if the worker's income tax rate reduces by decreasing wages (S. Woodbury, 1983). Benefits are the additional non-cash items or service that have financial value and serve to make the employee's salary go further. Some benefits like sick pay and holiday pay are often legally mandated, whereas other benefits are discretionary" (Crawshaw, Budhwar & Davis, 2014).

According to Pittsfield, benefits made available to employees are regarded as an addition to wages and salaries. Benefits may be direct benefit which includes profit-sharing, sick pay, pension schemes, etc. and indirect benefits which include welfare amenities, social and recreational facilities, etc. Employee benefits should protect and promote wellbeing of employees. Some of the major benefits that organizations offer are; insurance (Life, Disability, Health), unemployment insurance, workers compensation, pension plans, payment for time not worked, severance pay, maternity leave, family and medical leave, annual vacation and others (Education grant, Tax exemptions, Loan scheme, Travel insurance, etc.)

Employee benefits have become an integral part of employee's total income. The value of these benefits to both employers and employees however, depends on the employees' awareness of this costly part of employees' total compensations. Awareness refers to the employees' clear understandings about the fringe benefit packages in their work places (Danhowar & Lust, 1996).

The major objective of benefit packages is to offer employees with benefits that are valuable enough to encourage them to stay longer with the company (Sinclair, Leo, & Wright, 2005). Employee benefit program must; satisfy real needs, must meet individual employee needs, comply with legal requirements, have a wide range, be flexible to cope with changes in the environment. The benefit programs of an organization need to be communicated to employee through employee handbooks, brochures, employee calendars and employee meetings, so that they can have knowledge about the type and range of benefits being offered. (<http://www.busineaaknowhow.com>)

2.3.2 COMPENSATION AND BENEFITS POLICY

Employee compensation and benefits policy refers to a set of beliefs and guiding principles which are consistent with the objectives of the organization. It guides the administration of monetary and non-monetary benefits (McGraw Hill, 1993). An organization need to clearly specify its compensation and benefits policy and make sure that it is linked with its business and HR strategy. Employee needs, employer needs and government regulations are some of the factors that influence compensation and benefits policy.

Compensation policy is a collection of rules that governs the administration of salary and benefits to employees. Organizations should have a written compensation policy which includes the basis for determining base salary, incentives and benefits of employees in the organization. According to Gary Dessler (1994), compensation policies also include the amount of vacation and holyday pay, overtime pay policy, method of payment (i.e. weekly, biweekly, monthly) etc.

Compensation and benefits policy should (<http://www.study.com/academy/lesson>):

- Provide employees with clearly defined and equitable strategies,
- Define company compensation and benefit opportunities;
- Comply with legal requirements, and
- Communicate the value of the benefits to current and future employees.

Schliemann, (1987) in his article mentioned that organizations aim at maximizing their labor output by minimizing labor cost. Employee compensation and benefits package play a strategic role in raising organizational performance and profitability (R. Mangel, M. Useem, 2000).

Organizations need to communicate to employees about the compensation and benefits package being offered and must allow them to participate in the compensation and benefits decision making process. Employees are often unfamiliar with the value of their benefit packages. This is either in monetary terms or relative to the benefits received by others in the labor market. Research also shows that employees usually underestimate the value of their benefits (M. Wilson, GB. Northcraft, and MA.Neale, 1985).

It is assumed that taking part in the process of choosing benefits will lead to a better understanding of the values of the benefits according to employees' opinion (JS. Rosenbloom, GV Hallman, 1986). Benefits may also enhance benefit satisfaction by making employees more conscious and aware of the nature and worthiness of their benefits (B. Beam, J. McFadden, 1988). If employees can participate in the process of selection, they can have a better insight into what they get and a more positive perspective of the package.

2.3.3 EMPLOYEES PERCEPTION TOWARDS COMPENSATION AND BENEFITS

Today, organizations are facing difficulties in providing competitive compensation and benefit packages for employees in a cost effective way (B. DiFiore, J. Simmons). The way employees perceive the compensation and benefits policy of their organization will have impact on their morale, loyalty, motivation, productivity and performance and the attainment of organizational objectives largely depends on the motivation of employees to work and to their good perception of the organization.

According to Dulebohn and Werling (2007), the organizations ability to motivate workers and retain desired employees is largely influenced by compensation offered. Employee attitudes toward pay show decreases in favorable pay ratings among managers, exempt, and nonexempt employees. This is due 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 (Morgan & Schiemann, 1986).

Organizations are struggling to offer benefit packages so as to meet employees' expectations and preferences. In this respect, the key to positively influencing employees is for the employers to offer benefits that employees view as important (Weathington, & Tetrick, 2000).

Benefits offered by a company need to be positively perceived and valued by employees so that to have the intended influence on employee's behavior and attitudes (Iles, Mabey, & Robertson, 1990). If the benefit is not positively valued by the employee, it falls within the employee's "zone of indifference" and the presence or absence of such benefit in the workplace have little effect to that employees (Kroeger, 1995). A benefit will be valued more highly if employees have accurate knowledge of the benefits offered to them (Tremblay, Sire, & Pelchat, 1998).

Employees who have accurate view of their benefit coverage seem to have higher valuation of the benefits they receive and are satisfied with their benefit packages than employees who are less informed of their benefits (Dreher et al., 1988). Employee's attitude towards various benefits offered differs from employee to employee. For example; younger employees prefer health and life insurance while older employees prefer pension plans and provident fund and women employees prefer benefits like maternity leave than the other benefits offered. In some cases employees may not be aware of the benefits that are available to them (Benefit Trends, Dallas L. Salisbury, Employee Benefit Research Institute). To overcome this and other problems, organizations need to continuously asses their employee's attitude towards compensation and benefits policy.

Compensation and benefits offered by the organization can have a dramatic effect on employees' attitudes to their job and the organization in which they work (Lincoln 1990). Thus, the rewards are used as a key tool to record behavior and activities in order to attract and retain the most competent employees and keep them satisfied and motivated (Bellenger, Wilcox et al. 1984, Bratton and Gold 2003, Rynes, Gerhart et al. 2004).

Benefits are not linked with employee performance and for this reason some employees may perceive them as a part of the organizations social responsibility action. For employee benefits to be effective motivational tools, they must be properly administered. Adam (1999) argued that employee's perception of his pay in relation to other employees of similar status could affect the satisfaction, which he gets from the job. From his work, when there is a discrepancy between what he gets and his efforts in relation to what employees of similar status gets, the employee become dissatisfied with the job. Employee satisfaction is influenced by how much is received and how much the individual thinks should be received and also it is affected by comparisons with what happens to others. When an employee believes that someone else is making more money than that person really makes the potential for dissatisfaction increases.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 RESEARCH DESIGN

For this research paper, a descriptive research design which is used to describe characteristics of a population or phenomenon being studied is used to determine the perception of employees towards the compensation and benefit policy and its impact on human resource outcomes at BamaCon engineering plc. Descriptive research design is used and data are collected through survey and interview questions.

3.2 POPULATION, SAMPLE SIZE AND SAMPLING TECHNIQUE

This research covers a population of 255 (including only permanent workers) employees at BamaCon Engineering Plc. Sampling is defined as the process of selecting a number of individuals for a study in such a way that the individuals selected represent the large group from which they were selected (Mugenda and Mugenda, 2003). For this study stratified and random sampling method is used.

Sample size determination is conducted as follows: For a finite population, the following formula can be used to determine the sample size (Krejcie and Morgan, 1970);

$$S = \frac{X^2 NP (1-P)}{d^2 (N-1) + X^2 P (1-P)}$$

Where:

S= required sample size

X=Z value (1.96

for 95% confidence level)

N=Population size

P=Population proportion (expressed as decimal) assumed to be 0.5 (50%)

d=Degree of accuracy (5%), (margin of error)

In this study, a sample size of 154 is selected using Krejcie and Morgan table for determining sample size.

Table 3.1: Sample Size Determination for Finite Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
Note: N is Population size; S is Sample size									

Source: (Krejcie and Morgan, 1970)

3.3 SOURCE OF DATA

The data of the research relies both from primary and secondary sources, these are believed to be the main sources of gathering information.

The secondary sources of data that the researcher used are different relevant books, senior thesis works, available documents, organizational chart, Construction magazines, company manuals, and electronic retrievals.

3.3.1 TOOLS OF DATA COLLECTION

The primary data are collected through questionnaire and face-to-face interview. Specifically speaking, questionnaires are designed and distributed to selected staff members of BamaCon Engineering PLC. Based on their educational background and job positions they acquired in the organization. Besides, structured interview is held to top management officials of the company, and to selected staffs. Furthermore, consultation with human resource management experts and practical observation are included to cross check the collected data.

3.4 PROCEDURES OF DATA COLLECTION

For producing empirical research, there are two methods of data collection: Qualitative and Quantitative. These two methods have their own strength and weakness. The qualitative method permits researchers to study selected issues in detail. Approaching fieldwork without being constrained by predetermined categories of analysis contributes to the depth, openness, and detail of qualitative inquiry. This method, however, typically produces a wealth of detailed information about a much smaller number of people and cases, which in turn increases understanding of the cases and situations studied but reduce generalization.

The quantitative method, on the other hand, requires the use of standardized questionnaires so that the varying perspective and experiences of the people can fit a limited number of predetermined response categories, to which numbers are assigned. The advantage of quantitative method is to measure the reaction of many people to a limited set of questions.

Thus, it facilitates comparison and statistical aggregation of the data, which in turn gives a broad and generalized set of findings presented succinctly and parsimoniously.

In order to avoid their respective disadvantage, one important way to strengthen a research design is to use both qualitative and quantitative methods. Hence, the kinds of research strategies adopted in this study are qualitative and quantitative ones. While structured interview is designed for the qualitative one, questioner survey is distributed for the quantitative. Moreover, literature review and practical observations are used to strengthen the research strategy technique.

3.5 RELIABILITY AND VALIDITY OF MEASURES

3.5.1 Reliability

Reliability test was conducted to check the internal consistency of 26 items. For the pilot survey 20 questionnaires were distributed and the data obtained was used to perform Cronbach's Alpha test. The following table shows the Cronbach's Alpha Value;

Table 3.2: Cronbach's Alpha Value

Item	Cronbach's Alpha Value	No. of items
Satisfaction towards the benefits offered	0.788	3
Participation in the compensation and benefits decision	0.705	5
Statements regarding compensation and benefits policy	0.756	6

(Source: Survey results, 2018)

Reliability is an assessment of sameness across all the items. The Cronbach Alpha test is used for internal reliability of the instrument (Sekaran 1992). While calculating the Cronbach alpha reliability the coefficient reliabilities from 0.6-0.7 are acceptable according to Sekaran. the coefficient over 0.8 are considered good. Thus accordingly the result gained is acceptable and reliable.

3.5.1 Validity

The author has developed the instruments based on the relevant literature reviews. And get the instruments reviewed by subject experts. Appropriate time scale for the

study has been deployed; taking into account the characteristics of the study; appropriate methodology was chosen, the most suitable sample method for the study was selected. Therefore, the above procedures followed make the measure to be valid and reliable.

3.6 DATA ANALYSIS METHODS

The primary data collected through questionnaire was analyzed using Statistical Package for Social Science (SPSS) version 16.0. This statistical program ensures accuracy and simplifies data interpretation. In analyzing the data, descriptive analyses was employed. Thus, frequency count, percentage, mean, mode and median were used to analyze the data collected through the distributed questionnaire. On the other hand the data collected through interview were analyzed qualitatively. And thus the responses were analyzed using narration. Hence, both qualitative and quantitative data analysis approaches were used.

3.7 ETHICAL CONSIDERATIONS

The researcher can ensure that the entire process of the research was performed under ethical guidelines. To make sure all selected participants are well aware of the research objective, process and the outcome, they were provided with all research related information. This included the physical and emotional risks associated with the research. Participants were entitled to know about timeframe, scope, involved parties, implications as well as contributions of the research. Also participants were reasonable capacity, maturity and free to respond the questions without condition, hesitation, pressure or force. Participants were fully respected and there was no obligation to fulfill our research requirements and they were free to stop participating at any point.

Thus, the researcher can ensure that the nature of the research was honest, open and friendly with no intention to harm participants, especially psychological and emotional harm. All information provided was kept confidential. The information collected from the survey was solely used for the research and only the researchers had access to the survey. The information obtained from the survey was analyzed based on the theoretical and practical approaches of the research.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 RESPONSE RATE

This study examines the perception of employees towards the compensation and benefit policy with reference to BamaCon Engineering plc. located in Addis Ababa, Ethiopia. A total of 154 employees participated in this study and all completed and returned the questionnaires distributed. Thus, the response rate is 100%. This makes the research report reliable and generalizable.

4.2 RESPONDENTS' DEMOGRAPHIC CHARACTERISTICS

Table 4.2: Respondents according to Gender, Age, Designation, Experience and Salary level

VARIABLE	CATEGORY	RESPONDENTS(N=100)	
		FREQUENCY	PERCENT (%)
GENDER	Male	101	65.6
	Female	53	34.4
AGE	<25	0	0.00
	25-35	33	21.4
	36-45	69	44.8
	>45	52	33.8
DESIGNATION	Project Manager	30	19.5
	Office Engineer	31	20.1
	Site Engineer	31	20.1
	Others	62	40.3
EXPERIENCE	0-1 yr.	2	1.3
	1-2 yrs.	34	22.1
	3-5 yrs.	52	33.8
	>5 yrs.	66	42.9
SALARY LEVEL	<3000	4	2.6
	3000-5000	30	19.5
	5000-7000	44	28.6
	>7000	76	49.4

(Source: Survey data, 2018)

The above survey data shows that majority of the respondents (65.6%) were male and only 34.4% of the respondents were female. This indicates that the company has more male employees than female employees.

As can be inferred from the survey data, majority of the respondents were in the age range of 36-45. 52 of the respondents were above the age of 45 years and 33 of them were in the range of 25-35 age.

Based on their position, majority of the respondents have designations other than the ones specified in the questionnaire. 30 of the respondents were project managers and a total of 62 respondents were office and site engineers.

Regarding their experience, majority of the respondents have been working at the company for more than 5 years. 52 respondents have been working for 3-5 years, 34 respondents have been working for 1-2 years and only 2 of the respondents are new employees to the company.

With regard to salary level , more than half of the respondents have salary level above 7000, 44 respondents have salary level between 5000-7000, 30 of the respondents has salary level between 3000-5000 and only 4 of the respondents have salary below 3000. This indicates that the lowest salary offered by the company is below 3000 and the highest salary offered is above 7000.

4.3 DESCRIPTIVE ANALYSIS

As can be seen in the following 14 Tables below, the respondents were asked to comment on the major research questions. To mention some, they were asked to show their views on the level of satisfaction towards their current salary, regarding the fairness and equitability of the current compensation system of their organization, which type o compensation system they prefer most, its effect on employee morale, satisfaction and productivity. Moreover they were requested to give their opinion on the equitability of their compensation system with comparable companies, which of the benefits they have been received so far, which one they prefer most, their level of satisfaction and how compensation and benefit instruments are developed in their firm, whether the policy is periodically updated

and communicated to them, through which means they are aware of their benefits and lastly how do they rate their salary, are answered and summarized in the following tables.

Table 4.3.1: RESPONDENTS' RATING OF THEIR CURRENT SALARY

How do you rate your current salary/wage?	No. of respondents	Percentage, (%)
Most favorable	11	7.1
Favorable	59	38.3
Unfavorable	23	14.9
Most unfavorable	6	3.9
No opinion	55	35.7
Total	154	100.00

(Source: survey data, 2018)

According to the survey data; 38% of the respondents favored their current salary, and 7% of them rate their current salary level is most favorable. However, 36% of the respondents have no opinion and 18% of the respondents rated their salary level as unfavorable and most unfavorable, thus it can be inferred that more than half of (54%) of the respondents rate their salary as unfavorable. For this reason the company needs to improve its current salary package.

Table 4.3.2: Fairness and equitability of the current compensation system

Is the current compensation system equitable with comparable	No. of respondents	Percentage, (%)
Strongly Agree	11	7
Agree	59	38
Neutral	55	15
Disagree	23	4
Strongly Disagree	6	36
Total	154	100.00

(Source: survey data, 2018)

According to the survey data, 45% of the respondents agree that the compensation system is fair and equitable with comparable companies, however 40% of them do not agree on its equitability with other firms in the construction industry and also 15% of them do not have opinion, they are indifferent. Thus it can be deduced that majority of the respondents (55%) do not agree on the equitability and fairness of the compensation system with other comparing companies. Therefore, the company needs to work on making its compensation system fair and equitable.

Table 4.3.3: Preferred compensation system

What type of compensation system do you prefer	No. of respondents	Percentage, (%)
Fixed pay system	28	18.2
Balance and debt system	21	13.6
Variable pay system	69	44.8
No opinion	36	23.4
Total	154	100.00

(Source: survey data, 2018)

According to the survey data, majority of the respondents prefer variable pay system. 28 and 21 of the respondents preferred fixed pay and balance and debt system, respectively. 36 of the respondents had no opinion with regards to the type compensation system. This indicates that the company needs to adopt a variable pay system.

Table 4.3.4: Response on Effect of Current Compensation on Human Resource Performance

Do you agree that the current pay system enhances employees moral, satisfaction and productivity?	No. of respondents	Percentage, (%)
Strongly Agree	7	5
Agree	63	41
Neutral	20	13
Disagree	56	36
Strongly Disagree	8	5
Total	154	100.00

(Source: survey data, 2018)

From the survey we can see that, near half of the respondents (46%) agree that the current compensation system of the organization enhances employee morale, satisfaction and productivity. However, almost more than half (54%) of the respondents do not think that the compensation system enhances the employee's morale, satisfaction and productivity.

Table 4.3.5: Equitability of compensation system is equitable with other comparable organizations

Is the current compensation system is equitable with other comparable organizations	No. of respondents	Percentage, (%)
Yes	38	24.7
No	32	20.8
No opinion	84	54.5
Total	154	100.00

(Source: survey data, 2018)

According to the survey result, majority of the respondents (84) have no opinion about the compensation system being equitable with other comparable organization. This may be due to the fact that the respondents are not aware about the compensation system of other organizations. Only 38 of the respondents think that the compensation system is equitable with other comparable organizations and 32 think that the compensation system is not equitable with other comparable organizations. Employees need to be aware of the compensation system of other companies in the industry.

Table 4.3.6: Respondents' Views on Benefits Received

Which of the benefits have you received so far?	No. of respondents	Percentage, (%)
Insurance	17	11.0
Paid leave	68	42.2
Provident fund	0	0.0
Pension plan	0	0.0
Legal advice	0	0.0
None	42	27.3
No opinion	27	17.5
Total	154	100.00

(Source: survey data, 2018)

The survey data shows that majority of the respondents have received benefits in the form of paid leave and only 17 have received insurance benefits. The benefits packages provident fund, pension plan and legal advice have not been received by any employees. 42 of the respondents have not received any of the benefits listed and 27 of them have no opinion regarding the benefits offered. The company needs to make the benefits available to employees.

Table 4.3.7: Best Favored Benefits by Employees

From the benefits you have received which of them do you best favor?	No. of respondents	Percentage, (%)
Insurance	20	13.0
Paid leave	70	45.5
Provident fund	0	0.0
Pension plan	0	0.0
Legal advice	0	0.0
No opinion	27	17.5
Total	154	100.00

(Source: survey data, 2018)

From the survey data paid leave is the best favored benefit offered to employees. Next are insurance benefits. The benefits provident fund, pension plan and legal advice are not favored by any of the employees and the company needs to make these benefits available to employees. 27 respondents have no opinion. The company should offer more benefit packages that are favored or desired by the employees.

Table 4.3.8: Respondents' Level of Satisfaction towards the Benefits Offered

Please indicate your level of satisfaction towards the benefits being offered?	No. of respondents	Percentage, (%)
Highly satisfied	81	52.6
Satisfied	30	19.5
Average	28	18.2
Dissatisfied	7	4.5
Highly dissatisfied	8	5.2
Total	154	100.00

(Source: survey data, 2018)

From the survey data we can see that majority of the respondents are highly satisfied with their benefits offered and 30 of the respondents are satisfied with it. 28 respondents' level of satisfaction towards the benefits they received is average; whereas 15 of them are either dissatisfied or highly dissatisfied. The employees are satisfied with the benefits that they are receiving which is mostly paid leave and insurance benefits.

Table 4.3.9: Respondents Understanding on How the Compensation and Benefit Instruments are Determined?

Do you have a clear understanding of how the compensation and benefit instruments are determined?	No. of respondents	Percentage, (%)
Yes	59	38.3
No	61	39.6
No opinion	34	22.1
Total	154	100.00

(Source: survey data, 2018)

From the survey data we can see that 59 of the respondents understand how the compensation and benefits instruments are determined while 61 of them don't understand how they are determined. The company needs to inform and educate its employees on how the compensation and benefits instruments are determined. 34 of the respondents have no opinion regarding how the compensation and benefits instruments are determined.

Table 4.3.10 Availability of Documented Compensation and Benefit Policy

Does the organization have a written compensation and benefit policy?	No. of respondent	Percentage, (%)
Yes	20	13.0
No	50	32.5
No opinion	84	54.5
Total	154	100.00

(Source: survey data, 2018)

From the survey data we can see that majority of the respondents have no opinion regarding whether the organization has a written compensation and benefits policy or not. Only 20 of the respondents agree that the company has a written compensation and benefits policy and the remaining 50 think that the company does not have a written compensation and benefits policy. The company needs to communicate to its employees regarding its compensation and benefits policy.

Table 4.3.11: Periodical Update and communication Compensation and Benefits Policy to Employees

Is the compensation and benefit policy of the organization periodically updated and communicated to employees?	No. of respondents	Percentage, (%)
Yes	8	5.2
No	94	61.0
No opinion	52	33.8
Total	154	100.00

(Source: survey data, 2018)

From the above chart we can see that, majority of the respondents agree that the compensation and benefits policy is not periodically updated and communicated to employees. Only 8 of the respondents say that the compensation and benefits policy is periodically updated and communicated to employees. The remaining respondents have no opinion regarding this. The company needs to update its compensation and benefits policy and ensure that it is well communicated to all the employees.

Table 4.3.12: Methods Employed to Communicate Company's Compensation and Benefits Package

Which of the following does the company use to communicate?	No. of respondents	Percentage, (%)
Employee handbook	0	0.0
Company manual	17	11
Others	0	0.0
No opinion	137	89
Total	154	100.00

(Source: survey data, 2018)

From the above chart we can see that only 17 respondents say that the compensation and benefits package is communicate through company manual. Majority of the respondents do not opinion regarding this question. The company communicates the compensation and benefits package, hardly to employees using only company manual. For this reason, the company needs to use other methods of communication to inform employees about the compensation and benefits package.

Table 4.3.13: Employees’ Participation in the Development Process of the Company’s Compensation and Benefit Policy

Do employees participate in the compensation and benefit decision making process	No. of respondents	Percentage, (%)
Yes	6	3.9
No	97	63.0
No opinion	51	33.1
Total	154	100.00

(Source: survey data, 2018)

From the survey data we can see that majority of the respondents (97) say that there is no employee participation in the compensation and benefits decision making process. Only 6 of the respondents say that employees participate the in compensation and benefits decision making process and the remaining of the respondents have no opinion. In the company there is lack of employee participate in the compensation and benefits decision making process, therefore employees need to be given an opportunity to participate in the process.

Table 4.3.14: Rating of the Compensation and Benefits policy

How do you perceive the compensation and benefits policy of the company?	No. of respondents	Percentage, (%)
Most favorable	31	20.1
Favorable	37	24.0
Unfavorable	48	31.2
Most unfavorable	7	4.5
No opinion	31	20.1
Total	154	100.00

(Source: survey data, 2018)

From the above chart we can see that majority of the respondents feel that of the compensation and benefits policy is unfavorable and 7 of them rated it as most unfavorable. The compensation and benefits policy is rated as most favorable and favorable by 31 and 37 respondents, respectively. The remaining respondents have no opinion. Many employees perceive the policy as unfavorable.

4.3.15 LEVEL OF AGREEMENT WITH COMPENSATION AND BENEFITS POLICY OF THE ORGANIZATION

The table below shows respondents level of agreement with regards to the statements about the compensation and benefits policy of the company. The mean and median column indicates the extent to which the respondents agreed or disagreed with the statements. The lower the mean and median, the more the respondents disagree with the statements. The mode column indicates which response category the respondents gave the most. (1= *strongly disagree*; 2=*Disagree*; 3=*Neutral*; 4=*Agree* and 5=*Strongly Agree*)

Table 4.3.15: Respondent’s Level of Agreement with Compensation and Benefits Policy of the Organization

STATEMENTS	1	2	3	4	5	Mean	Median	Mode
The compensation and benefit policy of the organization complies with government regulation.	0	0	20%	63%	17%	3.44	4	4
The current compensation and benefit policy provides appropriate payment for the work related experience and qualifications you have.	0	1%	12%	66%	21%	3.16	4	4
The current compensation and benefits offered by the organization is adequate to cope with current cost of living.	18%	60%	17%	5%	0	1.49	2	2
The compensation and benefit package offered in the organization is fair.	8%	30%	59%	2%	1%	1.21	3	3
The current compensation and benefit package is capable of attracting and retaining competent employees.	11%	19%	16%	45%	9%	3.79	4	4
The current compensation and benefit policy is effective in improving employee productivity	7%	42%	29%	21%	1%	1.42	2	2
The organization periodically evaluates the effectiveness of the compensation and benefits package in motivating employees.	11%	81%	0	6%	2%	2.16	2	2

(Source: survey data, 2018)

From the above table we can observe that most of the respondents (63%) agree to the statements that the compensation and benefits policy complies with government regulations, this indicates that there is fear of legal sanctions from the employer side. For the second question posed the respondents agree that the company provides appropriate payment for experience and qualifications and that it is capable of attracting, retaining and motivating competent employees (mode=4). Especially those experienced and at higher position employees are well treated by the organization. Most of the respondents agree on the point that the current compensation offered by their organization is not enough to cover their cost of living. This may be due to the inflation rate occurred in the economic arena of the country. Majority of the respondents have no opinion whether the compensation and benefit package of the organization is fair (mode=3).this implies that they are indifferent and inclines to dissatisfaction. Most of the respondents disagree on the effectiveness of the current compensation and benefit policy improving employee productivity. Majority of the respondents agree that the organization does not periodically evaluate the effectiveness of the compensation and benefits package in motivating employees.

4.4 Analysis of Interview Questions

- Perception of employees towards the compensation and benefit policy

How do you evaluate the perception of employees towards the compensation and benefit policy of the company?

For the first interview question respondents have posed the following points

- Employees with managerial position and senior staffs have a better understanding and are satisfied with the existing compensation and benefit packages whereas the others don't have adequate understanding and tend to have inadequate support towards existing packages.

- The most favorable and least favorable compensation and benefit packages

What are the most favorable and least favorable compensation and benefit packages?

For the second interview question respondents view has summarized as follows

- Based on company's previous survey, paid leave, and insurance benefits is the best favored benefit offered to employees however provident fund, pension plan and legal advice are least favored.

- Employees' involvement in setting company's compensation and benefit package

How is the level of employees' involvement in decision making in setting company's compensation and benefit packages as well as transparency of proper communications?

For the third interview question respondents views are stated below

- Most of the time, top managers and senior staffs involved in decision making during formulation and implementation while others don't.
 - Despite some efforts, the existing packages are inadequately communicated to all employees and this is believed to hamper possible institutional ownership.
 - The lower level workers shall be involved for better ownership.
- Impact perceptions on human resource outcomes

How is the impact of such perceptions on the human resource outcomes?

For the fourth interview question company officials has shown their views as follows

- Employees with higher positions and senior staffs have positive attitudes towards the benefits and compensation packages and their outcomes in terms of project progress and team building are encouraging.
 - Low level workers don't understand the available compensation and budget packages holistically; hence, a lot has to be done to create awareness for sustained and enhanced overall company performance.
- Possible areas of improvement

What are the possible areas of improvement on the above mentioned perception and its impact for sustainable growth of the company?

For the last interview question raised respondents vies are summarized as follows

- A need for revision of the packages in light of competitors and increasing cost of living. Its effectiveness shall also be monitored.
- All staffs shall be involved in formulation and implementation of compensation and benefit packages.
- Existing packages shall be reported and communicated regularly to all staffs.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

Based on collected data analysis the following major findings are presented:-

- Employees who have salary level more than 7000 are rated their current salary package as favorable and they are satisfied by the income they gain from the company.
- Variable pay system is preferred by most of the respondents, next is fixed pay system.
- Majority of the respondents believe that the compensation system of their company is not comparable with other competent companies in the same industry.
- The best favored benefit by respondents is paid leave and the next one is insurance coverage that is especially in connection with work place injury.
- Majority of the employees do not understand how the compensation and benefits instruments are determined.
- Few of the respondents agree that the company has a written compensation and benefits policy and majority of them do not agree on the availability of written compensation and benefits policy.
- Majority of the respondents claimed that the compensation and benefits policy is not periodically updated and communicated to employees. Only few say that the compensation and benefits package is communicated to employees through company manual. From this answer it can deduce that those who are management members and senior staff employees, due to their position they are well aware of the availability of the instruments as well its periodical update.
- More than half of the employees agree that there is no employee participation in the compensation and benefits decision making process.
- Majority of the employees agree that the compensation and benefit policy of the organization complies with government regulation.

- Most of the respondents agree that the compensation and benefit policy provides appropriate payment for the work related experience and qualifications they have. This works for those who have expertise knowledge in the field of the industry. Like project managers.
- Majority of the respondents say that the current compensation and benefits offered by the organization is not adequate enough to help them cope with current cost of living. Those who are working in lesser positions are in a hardship to cope with the cost of living. Their salary is low.
- Few of the respondents agree on the fact that the current compensation and benefit package is capable of attracting and retaining competent employees and the rest do not think the policy is effective in improving employee productivity.
- Majority of the employees say that the company does not evaluate the effectiveness of its compensation and benefits package in motivating the employees

5.2 CONCLUSIONS

Based on the analysis and interpretations made, the following conclusions are drawn:

- The perception of employees towards compensation and benefits policy at BamaCon Engineering plc is influenced by their level of satisfaction towards the benefits that are being offered.
- Many of the respondents agree that the current compensation and benefits policy of the organization provides appropriate payment for the experience and qualifications they have and is capable of attracting and retaining competent employees. However, majority of them agree that the current compensation and benefits being offered by the organization are not adequate enough to help them cope with current cost of living.
- Most of the employees have no opinion weather the compensation system of their company is equal with other comparable companies.
- Most of the Employees claimed that the compensation and benefits policy is not communicated well in the company.
- More than half of the employees agree that that there is no employee participation in the compensation and benefits decision making process.
- Most of the employees agree that the compensation and benefit policy of the organization complies with government regulation.

- Majority of the employees say that the company does not evaluate the effectiveness of its compensation and benefits package in motivating the employees.

5.3 RECOMMENDATIONS

The following are provided as recommendations:

- The company shall increase employee's involvement in the compensation and benefits decision making process so as to realize institutional ownership across all employees.
- Properly communicate the compensation and benefits package to all employees so that the employees can be aware of the benefits that are available to them before tempted to leave their company.
- The current compensation and benefits being offered by the organization need to be revised not only to cope with existing living expense but also making sure of its attractiveness and ability of retaining of competent employees in light of stiff competition with similar construction companies.
- The company shall evaluate the effectiveness of its compensation and benefits package in motivating the employees in a regular basis.

5.4 LIMITATION OF THE RESEARCH

Compensation and benefits packages and its impact on human resource outcomes are among the overlooked aspects during formulations and implementation of companies' compensation policy and benefits packages in country in general and construction sector in particular. Therefore, adequate research documents in the area for the Ethiopian construction sector aren't available adequately. More fundamentally, the researcher faced in conducting this research was insufficient finance allocation to investigate more facts and information.

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APPENDIX I: SURVEY QUESTIONNAIRE

Employees' perception towards compensation and benefits policy

The following questionnaire is designed to examine the perception of employees towards compensation and benefits policy at BamaCon Engineering PLC.

PART I: Demographic and general information.

1. Gender
 - A. Male
 - B. Female
2. Age
 - A. <25
 - B. 25-35
 - C. 36-45
 - D. >45
3. Designation
 - A. Project Manager
 - B. Office Engineer
 - C. Site Engineer
 - D. Others
4. Number of years you have worked in the organization:
 - A. 0-1 yr.
 - B. 1-2 yrs.
 - C. 3-5 yrs.
 - D. more than 5 yrs.
5. Salary level:
 - A. < 3000
 - B. 3000-5000
 - C. 5000-7000
 - D. > 7000
6. How do you rate your current salary/wage?
 - A. Most favorable
 - B. Favorable
 - C. Unfavorable
 - D. Most unfavorable
 - E. No opinion
7. Is the current compensation system equitable with comparable organizations?
 - A. Yes
 - B. No
 - C. No opinion
8. What type of compensation payment system do you prefer?
 - A. Fixed pay system
 - B. Balance and debt system
 - C. Variable pay system
 - D. No opinion
9. Do you think the current pay system enhances employee's morale, job satisfaction and productivity?
 - A. Yes
 - B. No
 - C. No opinion
10. Is the current compensation system of the organization equitable with other comparable organizations?
 - A. Yes
 - B. No
 - C. No opinion

11. Which of the benefits have you received so far?
- A. Insurance (Health, Life, Disability, etc.)
 - B. Paid leave (Sick leave, Vacation, Training)
 - C. Pension plan
 - D. Provident fund
 - E. Legal Advise
 - F. None
 - G. No opinion
12. From the benefits you have received, which of them do you best favor?
- A. Insurance (Health, Life, Disability, etc.)
 - B. Paid leave (Sick leave, Vacation, Training)
 - C. Pension plan
 - D. Provident fund
 - E. Legal advice
 - F. None
 - G. No opinion
13. Please indicated your level of satisfaction towards the benefits being offered in the organization:
- A. Highly satisfied
 - B. Satisfied
 - C. Average
 - D. Dissatisfied
 - E. Highly dissatisfied
14. Do you have a clear understanding of how the compensation and benefit instruments are determined?
- A. Yes
 - B. No
 - C. No opinión
15. Does the organization have a written compensation and benefit policy?
- A. Yes
 - B. No
 - C. No opinión
16. Is the compensation and benefit policy of the organization periodically updated and communicated to employees?
- A. Yes
 - B. No
 - C. No Opinión
17. Does the company communicate the compensation and benefit package to employees. If yes, which of the following does the company use to communicate?
- A. Employee handbook
 - B. HR manual
 - C. Others
 - D. No opinion
18. Do employees participate in the compensation and benefit decision making process?
- A. Yes
 - B. No
 - C. No opinión

19. How do you perceive the compensation and benefits policy of the company?

- A. Most favorable C. Unfavorable E. No opinion
 B. Favorable D. Most unfavorable

PART II: Statements related to the compensation and benefits policy

Please indicate your level of agreement with the statements listed below as;

1= strongly agree, 2= Agree, 3= Disagree, 4= strongly disagree and 5= No opinion

Statement	1	2	3	4	5
20. The compensation and benefit policy of the organization complies with government regulation.					
21 .The current compensation and benefit policy provides appropriate payment for the work related experience and qualifications you have.					
22.The current compensation and benefit being offered by the organization is adequate to cope with current cost of living.					
23. The compensation and benefit package offered in the organization is fair.					
24.The current compensation and benefit package is capable of attracting and retaining competent employees.					
25. The current compensation and benefit policy is effective in improving employee productivity.					
26.The organization periodically evaluates the effectiveness of the compensation and benefits package in motivating employees.					

APPENDIX II: INTERVIEW QUESTION (SENIOR MANAGEMENT STAFFS)

- How do you evaluate the perception of employees towards the compensation and benefit policy of the company?
- What are the most favorable and least favorable compensation and benefit packages?
- How is the level of employees' involvement in decision making in setting company's compensation and benefit packages as well as transparency of proper communications?
- How is the impact of such perceptions on the human resource outcomes?
- What are the possible areas of improvement on the above mentioned perception and its impact for sustainable growth of the company?

Thank you!!