



Saint Mary's University School of Graduate Studies

Faculty of Business

**THE EFFECT OF COMPENSATION ON EMPLOYEES
PRODUCTIVITY IN WALTA MEDIA AND
COMMUNICATION CORPORATE**

ADDIS ABABA

BY

TERSIT GASHAW ASRADEW (ID NO, SGS/0674/2008A)

JUNE, 2018

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CORPORATE ADDIS ABABA**

**THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE
STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MBA IN HRM CONCENTRATION**

BY

TERSIT GASHAW ASRADEW (ID NO, SGS/0674/2008A)

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APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies	Signature	Date
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Advisor	Signature	Date
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External Examiner	Signature	Date
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Internal Examiner	Signature	Date
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DECLARATION

I, the undersigned, declare that this thesis is my research work, prepared under the guidance of Dr. Worku Mekonnen (PHD). All sources of materials used for the thesis have been duly acknowledged. I confirm that thesis prepared on the Walta media and communication corporate on the same topic earlier 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

St. Mary's University, Addis Ababa

June, 2018

ENDORSEMENT

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

St. Mary's University, Addis Ababa June, 2018

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LIST OF ABBREVIATION

BOD - Board of Directors

ERC- Employees Reward and Compensation

HR - Human Resource

HRM- Human Resource Management

S.C - Share Company

SPSS - Statistical Package for Social Science

TVET- Technical Vocational Educational Training

WMCC- Walta Media and Communication Corporate

ABSTRACT

In the general terms, this study was about the effects of compensation on employee's productivity in WMCC. As reward and compensation is a steering instrument in maintaining the organizational efficiency and productivity as well as takes the lion's share in motivating the employees to act in the best interest of the organization, the objective of this study was investigate the effect of compensation on employee's productivity in WMCC. The study used descriptive research design. A sample of 107 respondents was selected out of the population of 215, this represented a 50% percent of sample of the whole population and 105 employees responded, and the response rate was 98.1%. A structured questionnaire was used to collect data from the respondents. The data was analyzed using through Excel and SPSS software. It was interpreted in frequencies and percentages. The findings were presented using tables' pie chart, graphs and figures. Based on findings the study conclude that many of the respondents believed and agreed that a well-organized and efficient compensation system in the corporate and the existing reward and compensation system is applicable in WMCC. Majority of employees believed that the existing compensation system in the corporate is enough to influence the performance of the employees, majority of employees does not agreed about the additional inputs of the employees get rewarded by the corporate, highest number of employees agreed by a promotion system in the corporate affects the morale of employees. The reward system in the corporate is poorer than what operates in other organizations and the corporate does not allows subordinate to participate about compensation decision making. Highest number of employees believed that the corporate compensation and reward system has improving employee productivity and employees believed that compensation can increase the productivity of employees. Almost all employees are sure about compensation can increase the productivity of employees and only half of employees believed that proud to work in the corporate. Only half of employees who confirmed that really satisfied with criteria listed in employee's compensation and reward systems in the corporate, about fairness and equity of the compensation system in Walta is poor and the consistency of compensation system were too much low, relatively transparency and distributive justice has been good in the corporate. Majority of employees believed that the compensation system has been developing a high performance culture in Walta and all employees' agreed that a reward and compensation within the corporation take place only once a year. The general feeling of the compensation practices on the employee's level of motivation and performance who had been felt that the motivation levels were medium, and the only opportunities that are given by the corporation were bonus ones a year annually. Based on conclusion the study recommended that, to increase the productivity of employees, the compensation and reward system must be applying with a consistence manner in a corporate, and HRM should develop systems that will ensure that there is a proper compensation plan entailing proper job evaluation processes and pay structures in the corporate.

Key words: - Compensation, Reward, Walta, productivity,

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employees are valuable resource of any organization. Labor productivity now a day has been main concern of organizations. It is customarily accepted that employees discover valuable source of competitive edge for firms. There is current discussion on how human resource management policies affect the productivity of employees.

Organizations are established with the aim of effectively utilizing various available human and non-human resources to achieve certain objective. Among these resources in human, which is commonly seen as the most valuable asset an organization could use to earn competitive advantage and achieve its objective, hence the need for human resources management to ensure optimum productivity and organizational continuous existence(Armstrong, 2005)

Compensation is a payment to an employee return for their contribution to organization that is for doing their job. Compensation is one of the key drivers of motivation because humans are naturally inclined to perform better when they perceive that they will get sufficient payment or returns from their efforts. While people exert effort for different reasons, today's competitive economic environment coupled with the consumer society has made compensation arguably the most important motivation factor. Most people are motivated by money at least for their basic needs and wants. (Patrick K. Mwangi 2014)

Nowadays compensation plays an important role in those organizations that wish to reach their objectives and their goals. If the firm or company do not manage properly this aspect of human resources department and activity very well, it will turn on a negative impact on their employees performance and it might lead to low productivity and outcome from the employees because they are not getting a proper compensation and benefit to motivate them to work harder, we can see it in all companies and organizations those who have a good compensation and benefit facilities they are more productive than others because they study and knew the secret key of motivation and retain the employee (Latham and Ernst, 2006)

Maslow (1943,1954) said that the measurement of how employees performance are positive and productive may depend on how much the organization are addressing their need for status, security and their survival need as postulated in the organization hierarchy of needs.

This study was examined the effect of compensation on employee's productivity, system on organizational productivity, the base of good reward and compensation structure, employee's expectation at different levels and how the compensation structure is based on performance of individual(s) or job requirement of employees. The research therefore tends to draw attention of board of directors (BOD) and management of organization to the need for effective and efficient reward and compensation system capable of improving employees' performance and enhance organizational productivity more specifically in Walta media and communication corporate S.C.

1.2. Background of the Organization

Walta is a for-profit business entity established in 1994 under the law of Ethiopia. It is a communications company with a legal status of Share Company and governed by a board of directors. Client satisfaction is Walta's primary goal. In fact, client satisfaction is not only the governing philosophy of business but also the reason of Walta's existence. Always aiming at a win-win relationship, Walta is reputed for being responsive to the needs and demands of its clients. Professional excellence is another pillar that walta always strive to ensure. In pursuit of excellence, Walta is heavily invest in corporate employees, promote innovation and creativity, and continually introduce state-of-the-art technology. This dovetails with walta vision to become Africa's best in the field of communication and broadcasting. Attention to detail is another value that guides the daily work life in Walta. Deeply institutionalized, attention to detail is a prominent criterion by which evaluate the performances of professional teams as well as organizational operations, more so, specific communication programs. Walta has over 215 permanent employees.

Walta nurtures and promotes ethical excellence. This emanates from desire to become an institution of integrity. In practical sense, this would mean creating an environment that promotes respect for others and discourages self-serving interests.

Social responsibility is top among Walta's values. So far Walta has provided free consultancy and training services to various community initiatives including on issues of HIV/AIDS,

education and female genital mutilation. It has also made financial donations to various community development associations in the country. On average, Walta contributes about four percent of its annual income to social and local development issues. Its line of service is wide and deep. It produces radio and television programs in various languages, including Amharic, Tigrigna, Oromiffa, English, French, Arabic and others. It also produces high-quality electronic and printing communication materials. It is engaged in several areas, including but not limited to the following:

- Production of programs, spot ads and documentary films
- Disseminating news, documentary films, and different TV production programs directly through walta TV, company website,
- Image building and public relation support activities
- Polling and research
- Media monitoring
- Conference and event management
- Investment, trade and tourism promotion services
- Advertising- Digital signage advertising, billboard and mobile LEDs
- Organization of discussion forums on various public policy issues and
- Satellite School plasma productions
- walta has its own sat light TV programs

Walta is more known for being the largest news agency in Ethiopia. The quality of its audio and video production equipment and facilities is technological advanced in the country. (Walta transformation and strategic plan 2015)

Walta has received credentials and testimonies from various organizations. Over the years, Walta has won numerous award and recognitions from national authorities and partners for its professional excellence the most significant of which include the certificate of merit from Ethiopia's House of Federation, the Ethiopian Parliament, Ministry of Health, Packard Foundation and the US Center for Disease Control.

Walta has remained faithful to its audience by providing factual, accurate, timely and balanced information. Such a hard-won reputation is behind the success of the company and the recognition of its brand name. Walta is the company responsible for organizing events for

‘Ethiopian Flag day’. It has planned and executed the events that took place for the last five years. (Walta transformation and strategic plan 2015 and www.waltainfo.com)

1.3 Statement of the Problem

Compensation or reward management is one of the strategies used in organizations to improve organizational performance. Researchers, practitioners and scholars have established that there is a positive link between reward management and desired performance. Walta media and communication corporate is an organization that offers essential media and communication services that try to address vital information to the societies and also serve different public relation services to government and non-government organizations. The management has established compensation and rewards in their organization; these include cash bonuses, scholarships, and different type of prizes in pursuit of increasing employee performance so as to ensure prompt and quality service.

According to Walta strategic plan and transformation assessments document (2015), the limitations are, the methodology to prepare HR compensation plan is not scientific, there has been no HR succession plan at all in the corporation, and the approaches for performance appraisal applied in the corporation are mainly behavioral/ qualitative. It is for individual employee’s performance evaluation. But, organizational and work unit performances measurements use both quantitative and qualitative approaches. Therefore, this study was examined how the compensation systems of the organization affect the productivity level of employees at Walta media and communication corporate S.C.

1.4 Research Questions

The research was conducted to answer the following basic questions:

- 1) How often is the compensation system at walta media and communication corporate being reviewed?
- 2) Does broken down in to compensation elements have effect on employee's productivity?
- 3) Which type of compensation systems applying in walta media and communication corporate?

1.5 Objectives of the Study

1.5.1 General Objective of Study

The general objective of this study will be investigating the effect of compensation on employee's productivity in Walta media and communication corporate S.C.

1.5.2 Specific Objectives;

- To investigate how often compensation and reward is conducted and how adequate it is.
- To see the major factors that influence compensation system.
- To investigate the effect of compensation on employees productivity.

1.6 Significance of the Study

The output of this research is to assess the employee's compensation and provide adequate and important insight to maintain the existing compensation system or to design a new one based on the suggestion and recommendation forwarded by this research. Furthermore, the study may help to detect the main problem for the efficiency and effectiveness of compensation technique adopted here in Walta media and communication corporate, if any. It also brings the employees vision to have more emphasis and perform their duty to increase productivity or efficiency and effectiveness of the corporation. Finally, the outcome of this study will pose a challenge for future researchers or students who may be interested in carrying out more research in this area and it will also serve as reference materials for students.

1.7 Scope of the Study

In the general term, this study tries to identify how compensations are offered in the case of Walta media and communication corporate, which is located in Addis Ababa, Ethiopia. All departments are included in the study. The study tries to touch upon how the corporate encourages its employees. In doing so, this research tries to see the compensation systems within the corporate by considering the collective agreement of the corporate and the working procedures in walta human resource department. The research was intended to cover the compensation system and how it relates to the individual employee in the organization and also to the organization.

1.8. Organization of the Study

The study will have five subsequent chapters. The first chapter contains an introduction, an overview of the Walta media and communication corporate, statement of the problem, objectives of the study, research questions, significance of the study, and scope of the study. The second chapter describes the review of related literatures (theoretical and empirical and conceptual frame work) with regard to the reward and compensation. The third chapter will discuss research design and methodology. The fourth chapter is the analysis, discussions and presentation part of the research findings, and the last chapter; chapter five presents the summary and conclusions, and recommendations given and remarked based on the case study results; followed by the list of references used and appropriate appendixes.

CHAPER TWO

REVIEW OF RELATED LITERATURE

This chapter reviews the critical literature of current knowledge including substantive findings, theoretical and methodological contributions to the area of employee's compensation and the effect on employee's productivity.

2.1. Theoretical Review

2.1.1 Definition of Compensation

Compensation is what employees receive in exchange for their contribution to the organization. When managed correctly, it helps the organization achieve its objectives and obtain, maintain, and retain a productive workforce. All forms of financial return, tangible services and benefits that employees receive as part of their employment relationship. (Armstrong_M. 2007)

According to Armstrong_M. without adequate compensation, current employees are likely to leave and replacements will be difficult to recruit. The outcomes of pay dissatisfaction harm productivity and affect the quality of work life.

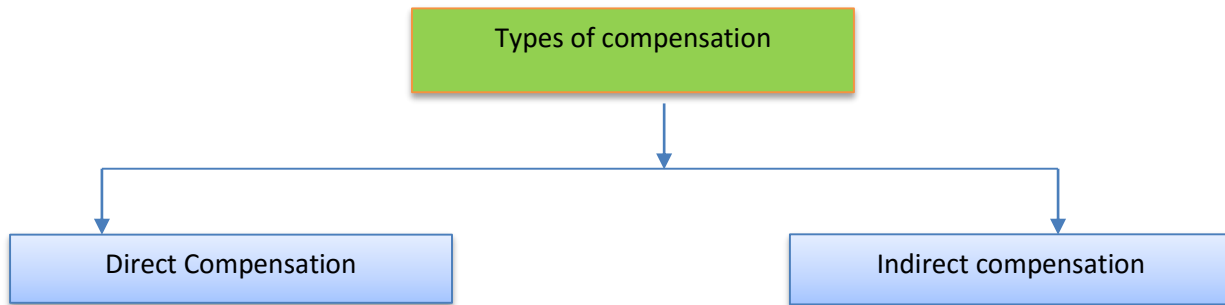
Compensation system in organization must be linked to organizational objectives and strategies. But compensation also requires balancing the interest and costs of the employer with expectation of employees.

Compensation is all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship (Milkovich and Newman 1999).

2.1.3 Types of Compensation

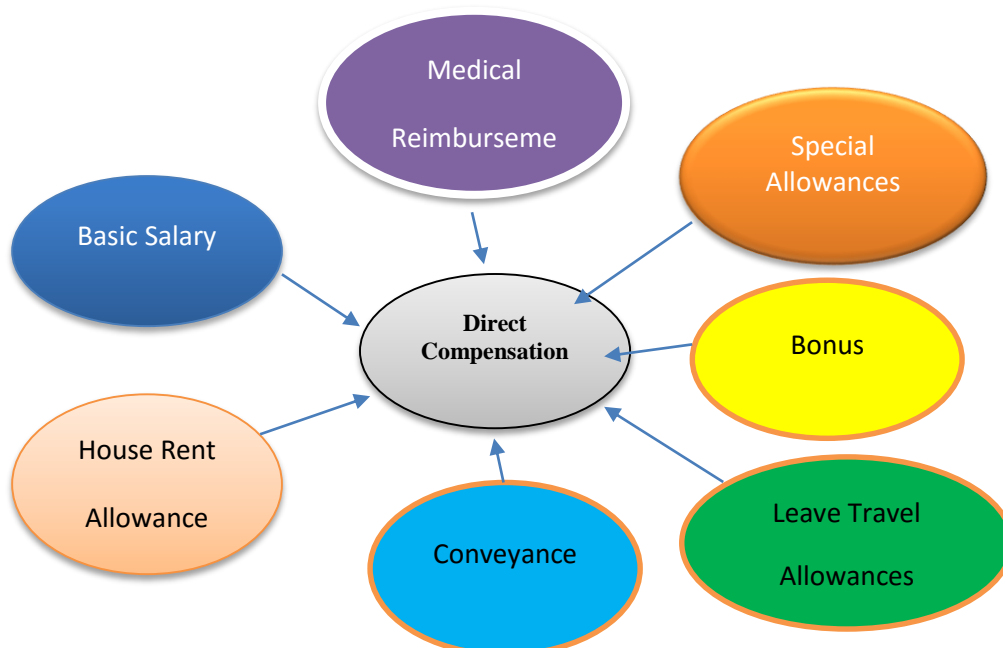
According to Naukrihub (2009), Compensation provided to an employees can be direct in the form for monetary benefits and or indirect in the form of non-monetary benefits known as perks, time off e. t. c. compensation does not include only salary but it is the sum total of all rewards and allowances provided to the employees in return for their' services. If the compensation is effectively managed, it contributes to high organizational productivity.

Figure-1: Type of Compensation



Employee compensation refers to all forms of payment or rewards going to employees arising from their employment. Employee compensation has two main components. 1. Direct financial payment (in the form wage, salaries, incentive, commissions and bonuses) 2. Indirect payments (in the form of financial benefits like employer paid insurance and paid vacations). In turn, there are basically two ways to make direct financial payment to employees. This are: - 1. Increment on time 2. Performance basis. Time based pay is still popular. Blue collar workers get hourly or daily wage, and others like managers or web designers, tend to be paid salaries by week, month or year. Performance pay ties compensation to the amount of production (or number of “pieces”) the worker produces, and is popular as an incentive plan. (Gary Dessler, 2003 -p-302)

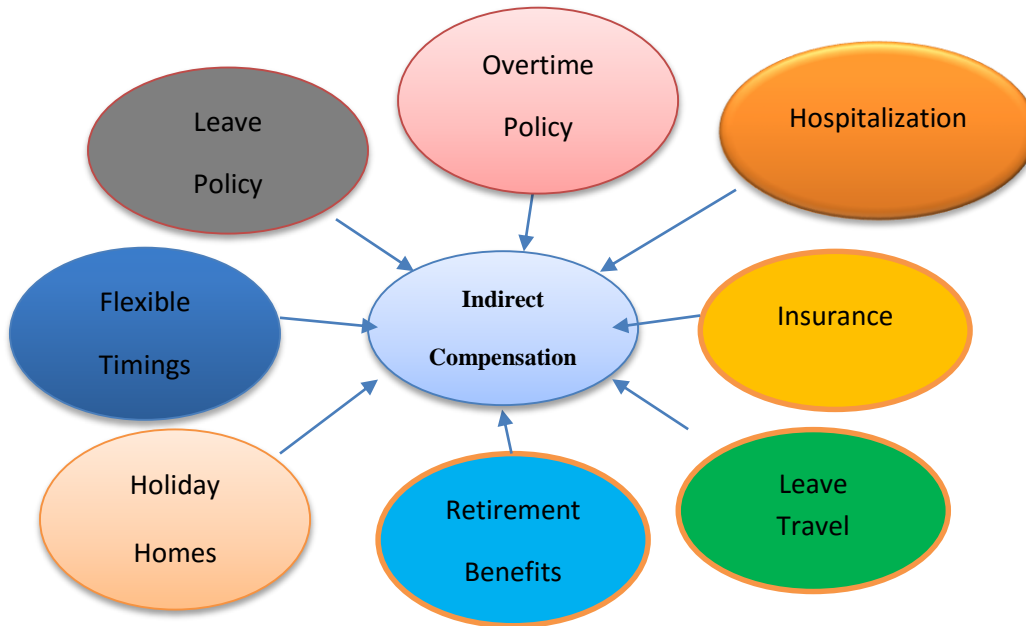
Figure-2: Direct Compensation



Source: Compiled from www.slideshare.net

Indirect compensation refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Leave Policy, Overtime Policy, Hospitalization, Insurance, Leave Travel Assistance Limits, Retirement Benefits, Holiday Homes and flexible timings.

Figure3: Indirect Compensation



Source: Compiled from www.slideshare.net

2.1.3 Compensation Tools

There are two broad categories of compensation tools. 1. Job based approaches. 2. Skill based approaches.

The typical job-based compensation plan has three components:

- 1) To achieve internal equity. Firms use job evaluation to assess the relative value of jobs through the firms.
- 2) To achieve external equity. They use salary data on bench mark or jobs obtained from market servers to set pay policy.
- 3) To achieve individual equity. They use a combination of experience, seniority and performance to establish on individual equity, they use a combination of experience, seniority and performance to establish an individual position within the pay range for the job. Skill-based

compensation systems are more costly and more limited in use. (Luis R. Gomez Mejia, David B. Balkin, Robert L. Cardy, 2001, p-351)

2.1.4 Compensation and Productivity

There are several factors that have been identified as influencing the productivity of employees. They include managerial factors, employees' health, employees' motivation, and interpersonal communication involved in the production process. Effect of compensation on employees' productivity could be very strong in some organizations. (Stajkovic, O. F. and Luthans, S. R., 2006).

Motivating employees in a new governance era: the performance paradigm revisited, Public Administration Review stated that good compensation for employees will be able to stimulate the emergence of fresh ideas and employees' innovation. With so many ideas from employees, it would be very useful for the company. In a similar study, found that the existence of a good compensation of employees will make the health of employees also good. With the maintenance of health, the employee will get maximum performance opportunities. Mohrman, M. & Odden, (1996).

The number of working hours or employee present hours is able to obtain a maximum work performance. As a result, the planning process can be obtained with good production. They also noted that low compensation toward employees will trigger the employee to try to get their own business or side job. With the side business, it will disrupt the quality of employees' work and concentration. Low concentrations of certain employees have a negative impact on quality and quality of production of goods in the company. From these facts, it is clear that the influence of compensation on employee productivity is very strong. If it given more reasonable compensation to employees, the higher the productivity of employees. Conversely, if it given lower compensation for employees, the lower the productivity of the employee. (Stajkovic, O. F. and Luthans, S. R.2006).

2.1.4.1 Productivity

Productivity is the amounts of output per unit of input (labor, equipment and capital). There are many different ways of measuring productivity. For example, in a factory productivity might be measured based on the number of hours it takes to produce a good, while in service sector

productivity might be measured based on the revenue generated by employee divided his/ her salary. (<http://www.investorworlds.com>)

2.1.4.2 Process (steps) for Productivity Improvement.

There are eight steps or processes for improving employee productivity that every employer can and should follow. (<http://www.personel.system.com>)

1. Create a sense of mission in the organization employee commitment to .organizational goals. It can only be attained when employees understand the organization overall performance.
2. See department goal and individual performance standard. Once the company mission and strategic objectives are determined, they need to be translated in to division and then department performance objectives and standards.
3. Get commitment - Employee commitment comes through a demonstration of management commitment not only to organizational success, but also to the employees.
4. Employers need to offer a competitive pay and benefits package, a progressive disciplinary process formal or informal on the job training and visible advancement opportunities based on clear criteria.
5. Asses work team strength and weakness – Ask questions like- Does the company been hiring the right people? How do employees fit the company’s organization culture i.e. the department head managerial style and the type of job assigned? And Business approaches to dealing with force diversity.
6. Training and development - Training and development is an area that we have mentioned throughout this article. Program of productivity oriented training can translate directly in to bottom line results.

Productivity oriented training should asses the following areas -

- Setting performance standard and objectives.
- Leader facilitation of standards and objectives.
- Supervisory training in performance review and feedback.

- Job knowledge and skill development.

7. Track performance - If one cannot measure an activity then he/she cannot manage it.

Therefore, it is important that any activity in the organization should be measured. Managers sometimes resist measurement of results of outcome rather than an appearance of “working hard.” A good performance measurement system should ideally meet the following criteria.

- Providing frequent and timely reporting.
- Simple to maintain and utilize.
- Focus on results achieved more than on activity required to achieve results.
- Provide and publicized to employees whose performance is being measured.

8. The rewards to performance and give rewards that make different the challenge for every organization and every manager in the organization are to tie the organization goal to each employee’s personal.

- The need to be belongs.
- The need to for recognition.
- The need to achieve life style objectives.
- The need for growth.

9. Shows the employee that “you mean business” - People change slowly. They will often test your commitment to your allowed goals and objective. No matter how important you say something is, if you do not measure it, employees will quickly realize that it is not very important. (<http://www.personnel system.com>)

2.1.5 Compensation or Reward Philosophy

Compensation or reward management is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. The philosophy recognizes that, if human resource management (HRM) is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e. the return on investment they generate). The philosophy of reward management also recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what

they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy (Armstrong & Stephens, 2005).

Compensation or reward management adopts a ‘total reward’ approach, which emphasizes the importance of considering all aspects of reward as a coherent whole that is linked to other HR initiatives designed to achieve the motivation, commitment, engagement and development of employees. This requires the integration of reward strategies with other HRM strategies, including talent management and human resource development. Compensation or Reward management is an integral part of an HRM approach to managing people within the organization like walta media and communication corporate S.C.

2.1.5.1 Distributive Justice

As defined by Leventhal,(1980) distributive justice refers to how rewards are provided to people. They will feel that they have been treated justly if they believe that the rewards have been distributed in accordance with the value of their contribution, that they receive what was promised to them and that they get what they need.

Distributive justice perceptions are those related to the felt-fairness of locative decision-making outcomes (as opposed to decisional processes). Clearly, reward outcomes are especially pertinent to distributive felt-fairness and, in particular, to feelings of reward injustice and dissatisfaction. As we shall see, employee cognitions here are likely to be informed by both absolute and relative considerations. Theories developed to explain distributive justice perceptions tend to highlight both considerations. The ‘norm of contribution’ – also known as the ‘equity norm’ – proposes that rewards should be commensurate with the effort or contribution made. To this, however, must be added the norm of relative or comparative worth. This asserts that for an employee to regard her rewards as fair she must see them as being proportional to the rewards received by some comparison group or individual. Importantly, the comparator individual may be another person altogether or an imagined past or future self. The stronger the perception that the rewards allocated are unfair in either absolute or relative terms, the greater the potential for breach of the psychological contract (Shields, 2007).

2.1.5.2 Procedural Justice

Procedural justice refers to the ways in which managerial decisions are made and reward policies are put into practice. There is nothing to indicate that either assessors or assesses have received prior training in system content, nor that system purpose has been communicated to stakeholders in advance. As such, none have received adequate notice of assessment procedures. Given the system's evaluative intent, the application of a single ranking system to individuals performing in different job categories is unfair as well as invalid. Uniform ranking of this type also assumes reliable assessment across different assessors and job categories yet, as we have seen, this instrument is riddled with potential for inter-rater inconsistency and hence for unreliability and felt-unfairness. For those liable to be retrenched, the absence of adequate notice and opportunity to improve is a violation of due process (Shields, 2007).

According to Tyler and Bies, (1998) the five factors that affect perceptions of procedural justice are:

1. The viewpoint of employees is given proper consideration.
2. Personal bias towards employees is suppressed.
3. The criteria for decisions are applied consistently to all employees.
4. Employees are provided with early feedback about the outcome of decisions.
5. Employees are provided with adequate explanations of why decisions have been made.

2.1.5.3 Fairness

A fair reward system is one that operates in accordance with the principles of distributive and procedural justice. It also conforms to the 'felt-fair' principle formulated by Eliot, J. (1998). This states that pay systems will be fair if they are felt to be fair. The assumptions underpinning the theory are that: there is an unrecognized standard of fair payment for any level of work, unconscious knowledge of the standard is shared among the population at work, pay must match the level of work and the capacity of the individual to do it and People should not receive less pay than they deserve by comparison with their fellow workers.

This felt-fair principle has passed into the common language of those involved in reward management. It is sometimes used as the final arbiter of how a job should be graded, possibly

overriding the conclusions reached by an analytical job evaluation exercise (the so-called ‘felt fair test’). Such tests are in danger of simply reproducing existing prejudices about relative job values.

2.1.5.4 Equity

Equity is a theory that attempts to explain relational satisfaction in terms of perceptions of fair/unfair distributions of resources within interpersonal relationships. Considered one of the justice theories, equity theory was first developed in 1963 by John Stacey Adams, a workplace and behavioral psychologist, who asserted that employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others (Adams, 1965). Adams, J 126, 133 the belief is that people value fair treatment which causes them to be motivated to keep the fairness maintained within the relationships of their co-workers and the organization. The structure of equity in the workplace is based on the ratio of inputs to outcomes. Inputs are the contributions made by the employee for the organization.

Equity is achieved when people are rewarded appropriately in relation to others within the organization. Equitable reward processes ensure that relativities between jobs are measured as objectively as possible and that equal pay is provided for work of equal value.

2.1.5.5 Consistency

A consistent approach to reward management means that decisions on pay do not vary arbitrarily without due cause between different people or at different times. They do not deviate irrationally from what would generally be regarded as fair and equitable. The problem with rating scales is that it is difficult to ensure that a consistent approach is adopted by managers to rating throughout an organization. There is plenty of room for subjective and biased judgments and this creates difficulties when rating decisions are converted into contingent pay decisions. Performance-related pay schemes have often failed because the people affected do not trust their managers to be fair. According Armstrong .M and Stephens .T, (2005), the approaches that can be adapted to achieving consistency are forced distribution, ranking systems, training, calibration (peer reviews) and monitoring.

2.1.5.6 Transparency

Transparency, as used in science, engineering, business, the humanities and in a social context more generally, implies openness, communication, and accountability. Transparency is operating in such a way that it is easy for others to see what actions are performed. It has been defined simply as "the perceived quality of intentionally shared information from a sender". For example, a cashier making change after a point of sale transaction by offering a record of the items purchased (e.g., a receipt) as well as counting out the customer's change on the counter demonstrates transparency (encyclopedia).

Transparency exists when people understand how reward processes function and how they are affected by them. The reasons for pay decisions are explained at the time they are made. Employees have a voice in the development of reward policies and practices.

2.1.5.7 Strategic Alignment

The strategic alignment of reward practices ensures that reward initiatives are planned by reference to the requirements of the business strategy and are designed to support the achievement of business goals (Henderson and Venkatraman, 1999)

2.1.5.8 Contextual and Culture Fit

The design of reward processes should be governed by the context (the characteristics of the organization, its business strategy and the type of employees) and the organization's culture (its values and behavioral norms). Account should be taken of good practice elsewhere, but this should not be regarded as best practice, i.e. universally applicable. Best fit is more important than best practice.

2.1.5.9 Fit for Purpose

The formulation of reward strategy and the design of the reward system should be based on an understanding of the objectives of reward management and should be developed to achieve that purpose.

2.1.5.10 Developing a High-Performance Culture

A high-performance culture is one in which people are aware of the need to perform well and behave accordingly in order to meet or exceed expectations. Employees will be engaged in their work and committed to the organization. Such a culture embraces a number of interrelated processes that together make an impact on the performance of the organization through its people in such areas as productivity, quality, levels of customer service, growth, profits and, ultimately in profit-making firms, the delivery of increased shareholder value. In our more heavily service and knowledge-based economy, employees have become the most important determinant of organizational success.

According to Armstrong & Stephens, (2005). Lloyds TSB has produced the following definition of what they mean by a high-performance organization:

- People know what's expected of them—they are clear about their goals and accountabilities.
- They have the skills and competencies to achieve their goals.
- High performance is recognized and rewarded accordingly.
- People feel that their job is worth doing, and that there's a strong fit between the job and their capabilities.
- Managers act as supportive leaders and coaches, providing regular feedback, performance reviews and development.
- A pool of talent ensures a continuous supply of high performers in key roles.
- There's a climate of trust and teamwork, aimed at delivering a distinctive service to the customer
- A high-performance culture can be developed by taking into account characteristics such as those listed above and applying an integrated set of processes, of which reward is an important part. Besides reward, the processes will include those concerned with resourcing and talent management (ensuring that the organization has the high performing people it needs), learning and development, performance management, the enhancement of the working environment (for example, work design and work/ life balance) and communication.

2.1.6 Vroom's Expectancy Theory

Vroom suggested that individuals will choose behaviors they believe will result in the achievement of specific outcomes they value. In deciding how much effort to put into work behavior, individuals are likely to consider three things; valence, instrumentality and expectancy. All these factors are often referred to as 'VIE' and they are considered to influence motivation in a combined manner. Managers should therefore attempt to ensure their employees that increased effort will lead to higher performance which will hence lead to valued rewards (Ryan & Pointon, 2005).

The relevance of this theory to the study is that Walta media and communication corporate has put up rewards (cash bonuses) that are supposed to be attractive so as to achieve a desired outcome which is employee performance. Thus employees have to exert effort in their work that will lead to a certain level of performance that is desirable by management, which will then result to a reward.

2.1.7 Classification / Compensation Steps

According to HRS Strategic Workforce Solutions classification or compensation steps are listed below. Before establish a step primarily organize and Define Positions.

Step 1: Understand how the position supports the mission of the organization

Step 2: Understand the organizational structure

Step 3: Understand the relationship between the functional areas/units of the organization and the position

Step 4: Write the purpose and job duties and responsibilities of the position

Step 5: Write the job requirements and skills of the positions

Step 6: Write the license / certification / registration requirements for the position. Write working conditions for the position.

Step 7: Use Company and departmental salary data to establish a competitive salary

Step 8: Develop salary increase allocation models to set salary

Step 9: Ensure Compliance with State and Federal Regulation

2.2 Empirical Research

Ahmed & Ali (2008) carried out a research on the “impact of reward and recognition programs on employee motivation and satisfaction”. Research design used was exploratory. Sample chosen for the study was 80 employees of Unilever companies and data collection instrument used was a questionnaire. Pearson’s correlation was used to analyze data to determine the degree of relationship between reward and satisfaction and motivation. Major findings indicated a positive relationship between rewards and work satisfaction as well as motivation. Factors affecting satisfaction were identified; payment 86%, promotion 74%, works conditions 61%, personal 37%. Analysis showed support for a positive relationship between reward and employee satisfaction. The researchers recommended that further studies can be done on ‘impact of reward and recognition on motivation and satisfaction for diverse groups of people’ example gender, race and disability.

Duberg & Mollen (2010) undertook a study on reward systems within the health and geriatric care sector. The problem of the study was how reward systems designed in health and geriatric care are and whether the current reward systems affect the care quality. The thesis aimed to extend the knowledge of reward systems in health and geriatric care and know how these systems are designed and what their effects on quality of health and geriatric care are. The methodology took a qualitative approach and interviewed a sample of six leaders in both private and public organizations. Two of the leaders worked in geriatric care and four in health care.

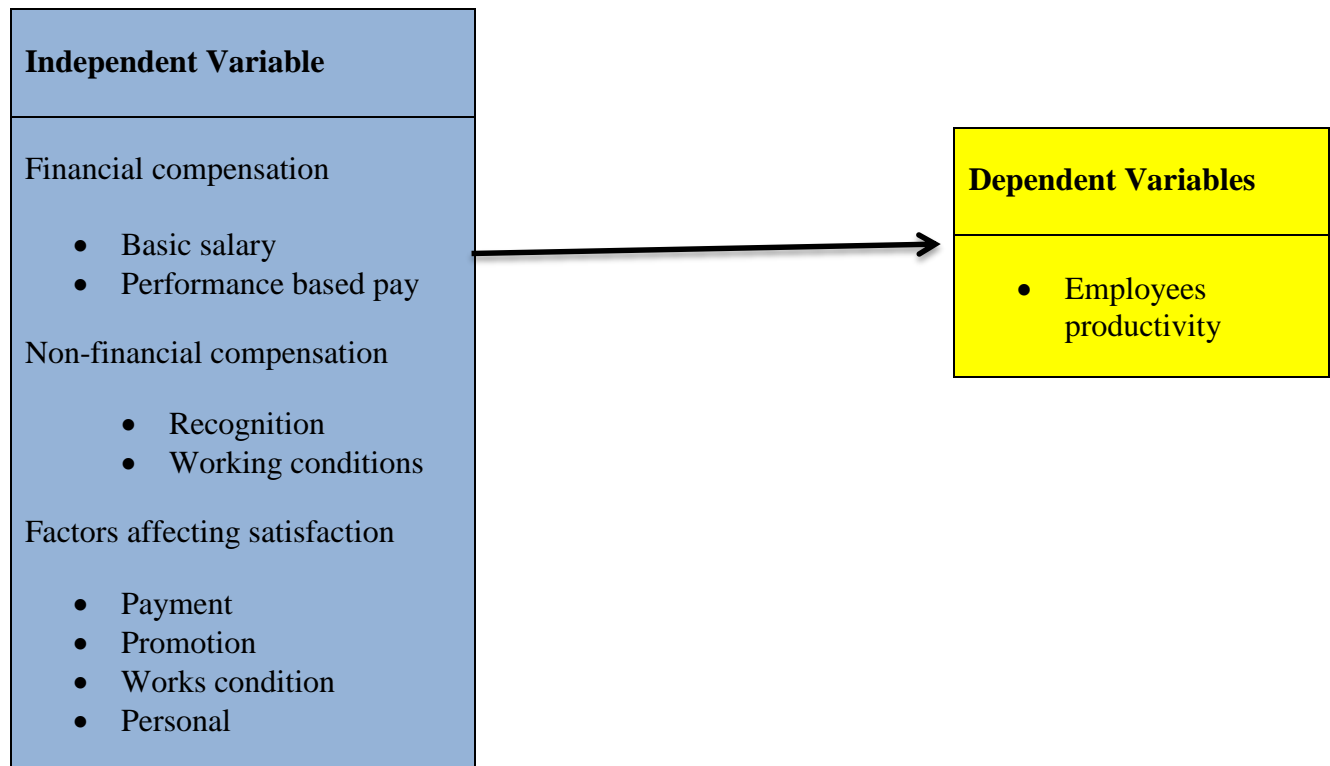
The theoretical framework was based on scientific literature about motivation and reward systems. Also literature specifically about wage conditions in the health care sector and the public sector was used. Findings showed that salary is an important aspect in the reward system; however other incentives like bonuses and shares were seen to generate an enjoyable work place and happy workers than motivate employees to be more efficient. Results showed that conditions for working with reward systems in the public sector are limited due to the lack of resources and complex large organization structures with old traditions. This must be reconsidered to be able to work with well-designed reward systems similar to those in private care organizations. The researcher recommended that further studies should be done to compare reward system and investigate its impact on an organization in relation with one that does not.

Axelsson & Bokedal (2009) did a study on rewards – motivating different generations at Volvo Car Corporation. The thesis was based on a case study of Volvo Car Corporation in Göteborg. Empirical data was based on twenty interviews with managers at the company. Major findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating. Titles are not motivational at all. However, opportunities for growth are motivating for both generations. It was concluded that there exists generational differences. However, both generations considered salary as important and non-monetary rewards to be of great importance. The authors recommended research to be carried out on reward systems and how they impact on other interesting aspects like gender, life stage.

Garlick (2009) carried out an online study of 1913 full-time employees and asked people to rank order 14 potential performance incentives in order of preference. These performance incentives included common extrinsic rewards such as cash bonuses, gift cards, award points, and travel awards, as well as intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects, and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people (74%) surveyed. Nine-out-of-ten (89%) listed cash bonuses within their top three preferences. However, the primary issue the study investigated was whether offering cash bonuses really influenced employee attitudes, as well as other business outcomes. The results showed that offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact cash bonuses are nearly everyone's preferred reward. While cash bonuses are the most preferred reward for three-out-of-four, and among the top three rewards for nine-out-of-ten, those who only receive a cash bonus are just slightly more satisfied than those who get no reward at all. Furthermore, offering exclusively cash bonuses only seems to have very little impact on company performance, either in terms of increased customer service, or in increased profitability. The above studies have dealt with reward in organizations and its relationship with factors such as employee motivation, employee performance, employee satisfaction and effect on quality of work done. Overall the studies show reward to have a positive effect.

However, different rewards seem to have a different impact on employee attitude, satisfaction and performance. There are mixed findings when it comes to individual rewards and their effect on performance.

2.3 Conceptual Frame work



Source; - *European Journal of Business and Social Sciences*, Vol. 4, No. 08, November 2015.

Figure 4 the relationship between employee's satisfaction and compensation systems with employee's productivity

The conceptual frame work in above show that the dependent variable and independent variable of this study. The dependent variable which known as outcome variable is the employees job productivity. In other hands independent in this study which assume can bring effect on the dependent variable are financial compensation (base salary, performance based pay) and non-financial compensation (recognition and working condition).

CHAPETR THREE

RESEARCH DESIGN AND METHODOLOGY

Methodology refers to the material and method of study that is the variables (materials) over which the study data to be collect, data analysis, sampling and interpretation.

3.1 Research Design

A research design is detailed outline of how an investigation will take place. A research design will typically include how data is to be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing data collected. According to this definition this research design is quantitative research design. When see the quantitative research it is the systematic scientific investigation would be used to measure the feelings and thoughts of people, and actions of the way and why things are done. Everything that is measurable can be used to gather quantitative data. Structured questionnaires would be used for quantitative data's. And also different materials that would be utilized for this research.

3.2 Population, Sample Size and Sampling Technique

For this study, the sample size was determined by using the probabilistic sampling; specifically simple random sampling technique used. This is because this research is believes that minimizes biasness. It also contains 107 employees (50%) from 215 employees in all employees at Walta media and communication corporate. With regard to the selection, the researcher has used random sampling method. The core departments are highlighted as under a table and sample size is determined by select from each department 50% of employees.

Table 1 Total Sample Size of Population

Departments	Number of employees	sample size= 50% of each department
Board of Directors	5	1
Management Team lead by General Manager	6	3
Research and Public Relations Division	25	13
Media and Production Division	84	42
Digital Signage Division	23	11
Business Development Division, and	27	14
Finance and Administration Division	45	23
Total	215	107

3.3 Source of Data and Data Collection Tools Used

The study was do gathering data from both primary and secondary sources. It also conduct through distributing questionnaires for employees both from the management administrative and at the lower levels of all department employees in Walta media and communication corporate.

The secondary data sources also try to obtain from the five year rewarding and compensation document bulleting of the corporation, books, journals policy procedures as well as labor law and labor union agreement documents as mentioned earlier.

3.4 Procedure of Data Collection

The study used primary data and the main data collection technique used was structured questionnaires. The questionnaire was divided in to three main parts, Part I, II, and III. Part I of the questionnaire consisted of six questions seeking general information about the respondent, these included the gender, age group, marital status, the level of education, monthly salary of employment, and the number of years they have worked at walta media and communication corporate.

Part II of the questionnaire sought to establish the methods used to investigating the effect of compensation on employee's productivity. It had 14 questions and it consisted of questions on a 5 point Likert scale asking the respondents to give their opinions by ticking option 1 for "Strongly Agree" to 5 for "Strongly Disagree". Part III had four questions and it sought to establish the extent to which does reward and compensation conducted in the organization and impacts of compensation practice affect employee's motivation.

The researcher started by writing an introductory letter for the questionnaire. The letter described what the research was all about, how the respondent answers were to be used and the letter also assured the respondents that confidentiality would be observed strictly. The information of time span expected with the questionnaire was also provided. The main purpose of writing the letter was to make the respondent understand the reason for the study; this made them more willing to participate.

The questionnaires designed by the researcher were first administered to 5 respondents as a pilot study, these respondents were not included in the sample, and this was to enable the researcher fine tune the questionnaire for efficiency and objectivity.

Once the researcher was satisfied, the questionnaire was then administered by means of hand delivery to all respondent, the questionnaire was estimated to take 20 minutes to complete, the researcher completed the questionnaire for those who could not read or write. Personal hand delivery, self-explaining of the purpose and assisting manually to fill questionnaire done to all respondents helped to ensure a high rate of response.

In conducted this study, therefore, the research was used structured questionnaires to collect data from primary sources such as the employees themselves and the human resource department. In this case, the feeling and attitudes of the employees as well as their beliefs about what should be done within the institution in order to enhance the compensation issues are also part of the data collection parts in the questionnaire.

3.5 Data Analysis Methods

The questionnaires were collected and sorted to eliminate those with errors and the incomplete ones. Data was then analyzed using descriptive statistics like percentages and frequencies. Descriptive statistics are methods used for describing the basic features of the data in a study (Trochim, 2006).

The collected data, which is based on the theoretical framework of a research used, and to tried analyze using the basic data processing procedures such as: editing, coding & classifications and thereby making it ready for analysis through percentiles, frequencies, tabulation & descriptive statistics.

The major questioners were identified and summarize and most responses was organize in a well format table. In addition, the research was used documents that show how the corporate (walta) works with compensations. These are documents related to compensation systems within Walta media and communication corporate S.C. A bit deeper analysis of related documents of the last consecutive years are used to this research. In this case, the fact that the research is an employee of the corporate has also contributed to the privileged access to the documents so that more dependence on the documents as equal to that of the responses collect from the 107 randomly select respondents is also applied in this regard. During data analysis, Excel and SPSS version 20 software was used for entry, cleaning, verification of data.

3.6 Reliability and validity of Instruments

In order to ensure validity and reliability, the questionnaire were carefully constructed to avoiding ambiguity. The questionnaires designed for the study were reviewed and commented by my thesis advisor. A pilot test was conducted using some sort of the questionnaires during the development stage to ensure the internal consistency of the instrument.

3.7 Ethical Consideration

Informed consent or willingness of the respondent was obtained from each participant after explaining the purpose of the study including their right to answer the questioners. Confidentiality of the information was assured through locking of hard copies and password protection of electronic files and privacy of the respondent were maintained.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

INTRODUCTION

This chapter presents the analysis and discussions for the research findings obtained from the questionnaires.

4.1. Response Rate

The study targeted a sample size of 107 respondents from which 105 were filled in and returned the questionnaires making a response rate of 98.1%. This response rate was satisfactory to make conclusions for the study. Table 4 shows the response rate per department.

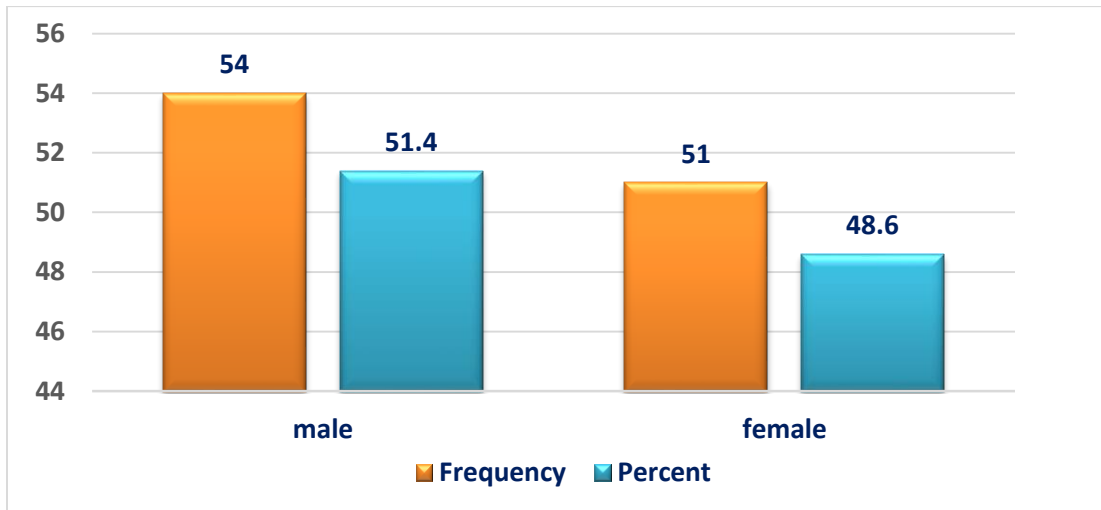
Table 2: Response Rate per Strata

Category (Departments)	Sample Size	Response	Percentage
Board of Directors	1	-	
Management Team lead by General Manager	3	2	66.7%
Research and Public Relations Division	13	13	100.0%
Media and Production Division	42	42	100.0%
Digital Signage Division	11	11	100.0%
Business Development Division,	14	14	100.0%
Finance and Administration Division	23	23	100.0%
Total	107	105	98.1%(Response rate)

Own survey Source:- Questionnaires and SPSS output(2018)

4.2. Respondents Profile

The study sought to establish the Gender, Age group, marital status, level of education, monthly salary and years of service in Walta MCC of the respondents. The studies found that gender of the respondents were 54 (51.4%) Males and 51(48.6%) Females respectively. This implies that both genders were involved highly in the study and thus the finding of the study did not suffered from gender bias.



Graph 1. Gender Distribution

The study requested the respondents to indicate their age category, the findings revealed that 5 (4.8%) of the respondents were aged below 30 years, 63 (60%) of the respondent indicated they were aged between 31 to 40 years, 29(27.6%) of the respondents were aged between 41 to 50 years, whereas the remaining 8 (7.6%) of the respondents indicated that they were aged above 50 years. This is an indication that respondents were well distributed in terms of their age group. The age group implies that the respondents were comprised of heterogeneous groups; which in turn enabled the researcher to get varied responses across the sample units fairly distributed. Hence, again the study did not suffered from age group bias.

The study also requested the respondents to indicate their highest level of education and from the findings it was recognized that 3 (2.9%) of the respondent indicated their highest level were less than Diploma, 8 (7.6%) of the respondent indicated their highest level was Diploma, Advanced diploma holder were 5(4.8%), the highest number of respondent has a first Degree they were 60(57.1%) and the remaining 29 (27.6%) of the respondents indicated their highest level of education as Master's Degree. It is identified that most of the respondents included in the study had Bachelor's Degree.

The response to the questionnaires revealed that marital status of the respondents comprises of single were 34(32.4%) the highest number of respondents are married they were 53(50.5%), divorced were 13(12.4%) and the remaining were widowed 5(4.8%). As we have shown from the result the most staff members are married.

The result showed that 2 (1.9%) of the respondents had been monthly salary were less than 1500 birr, from birr 1501-2500 monthly salary earned respondent were 4(3.8%), from birr2501-4000 monthly salary were 7(6.7%), employment earned monthly salary from birr 4001-7000 were 16(15.2%), A 19(18.1%) had monthly income between birr7001-10,000, and the highest numbers of respondents monthly income was above 10,000 they were 57(54.3%).

Finally, the study requested respondents to indicate the number of service years they had served in Walta media and communication corporate. The study revealed that 8(7.6%) of the respondents had worked for a period ranging less than one year, 69(65.7%) of the respondent indicated that they had worked for a period between 2 to 5 years, 20(19%) of the respondents had served 6 to 10 years, and the rest 8(7.6%) of the respondents indicated that they had worked for a period of more than 11 years. This implies that majority of the respondents have ample knowledge accumulated and which in turn added recognized value for this study. All the respondents profile discussed briefly above is summarized and presented in the Table3 as follows:-

Table 3: General profile of the respondents

Demographic status		Frequency	Percentage (%)
Gender	Male	54	51.4
	Female	51	48.6
Total		105	100.00
Age Group	Below 30	5	4.8
	31-40	63	60
	41-50	29	27.6
	Above 50	8	7.6
Total		105	100
Marital Status	Single	34	32.4
	Married	53	50.5
	Divorced	13	12.4
	Widowed	5	4.8
Total		105	100
Level of Education	< diploma	3	2.9
	Diploma	8	7.6
	Advanced diploma	5	4.8
	First degree	60	57.1
	2nd degree	29	27.6
Total		105	100
Monthly salary (birr)	<1500	2	1.9
	1501-2500	4	3.8

	2501-4000	7	6.7
	4001-7000	16	15.2
	7001-10000	19	18.1
	Above10000	57	54.3
	Total	105	100
Years of service in Walta	<1year	8	7.6
	2-5 years	69	65.7
	6-10years	20	19
	>11 years	8	7.6
	Total	105	100

Own survey Source: - Questionnaires and SPSS output (2018)

4.3 Analysis and Interpretations of Findings

Part II of the questionnaire had 14 items which sought to establish the methods used to investigate Employee's Compensation and reward system and how adequate it in Walta media and communication corporate. The respondents were required to give their opinions on a Likert scale by ticking option 1 for Strongly Disagree, 2 for Disagree 3Not Sure, 4Agree and 5 for Strongly Agree.

4.3.1 How the corporate has a well-organized and efficient compensation system

The respondents were asked if they believed that, the corporate has a well-organized and efficient compensation system. The findings captured in Table 4 showed that 7(6.7%) of the respondents strongly agreed that the corporate has a well-organized and efficient compensation system, and most of respondents has been agreed by the statement they were 93(88.6%), 4(3.8%) were not sure, only 1% disagreed and no one's strongly disagreed by this statement.

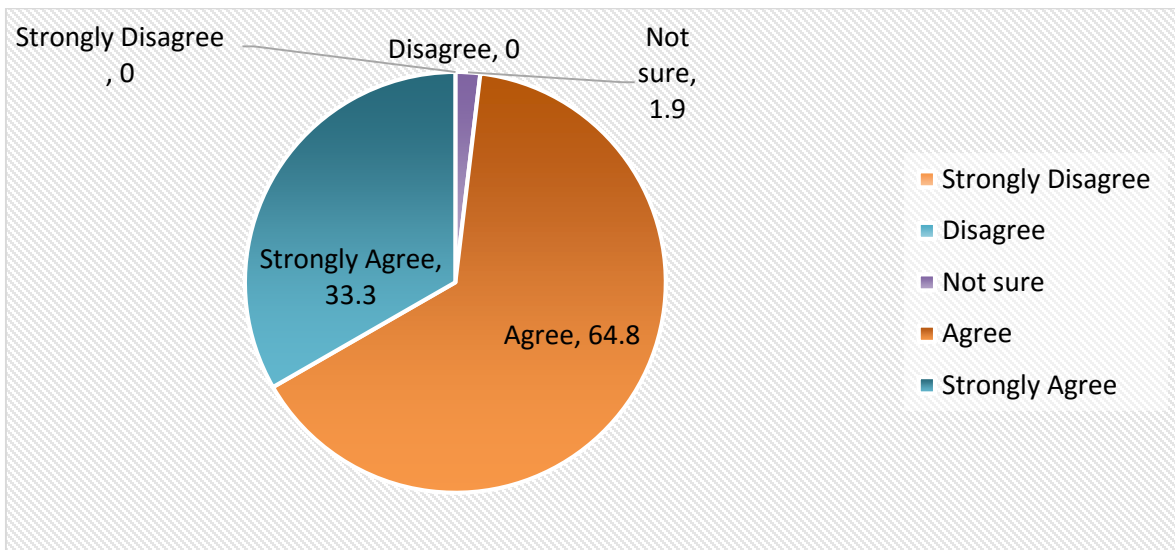
Table 4. The corporate has a balanced performance based system

Distribution			
Level	Frequency	Percent	Valid Percent
Strongly disagree	0	0	0
Disagree	1	1	1
Not sure	4	3.8	3.8
Agree	93	88.6	88.6
Strongly Agree	7	6.7	6.7
Total	105	100	100

4.3.2 The existing reward and compensation system is applicable to all the employees in WMCC

The employees were asked if the existing reward and compensation system is applicable to all the employees in Walta media and communication corporate. The findings showed that 35(33.3%) of the respondents strongly agreed that the existing reward and compensation system is applicable, 68 (64.8%) agreed, 2(1.9%) were not sure, and there is no any respondents who is strongly disagreed and disagreed by this statements as illustrated in pie chart 1.

Pie chart 1. The existing reward and compensation system is applicable to all the employees in WMCC



4.3.3 The existing compensation system in the corporate is enough to influence the performance of the employees

According to the literature, the main purpose of reward and compensation is to motivate employee in order to increase employee performance to achieve the organizational objectives and goals. The respondents were asked if they believed that existing compensation system in the corporate is enough to influence the performance of the employees. The findings captured in Table 5 showed that 84 (80%) of the respondents agreed that the existing compensation system in the corporate is enough to influence the performance of the employees, 19 (18.1%) were disagreed, 2 (1.9%) were not sure, and no one's strongly agreed and strongly disagreed.

Table5. The existing compensation system in the corporate is enough to influence the performance of the employees

Levels	Frequency	Percent	Valid Percent
Strongly Disagree	0	0	0
Disagree	19	18.1	18.1
Not sure	2	1.9	1.9
Agree	84	80	80
Strongly Agree	0	0	0
Total	105	100	100

4.3.4 Additional inputs of the employees get rewarded by the corporate

When asked employees believed that additional inputs of the employees get rewarded by the corporate. The findings indicated that 19(18.1%) of the respondents agreed while 54(51.4%) Disagreed and 32(30.5%) of respondents were not sure, and no one's strongly agreed and strongly disagreed in this question. This is shown in Table 6.

Table 6. Additional inputs of the employees get rewarded by the corporate

Levels	Frequency	Percent	Valid Percent
Strongly Disagree	0	0	0
Disagree	54	51.4	51.4
Not sure	32	30.5	30.5
Agree	19	18.1	18.1
Strongly Agree	0	0	0
Total	105	100	100

4.3.5 Promotion system in the corporate affects the morale of employees

When asked if they believed that they were promotion system in the corporate affects the morale of employees. There was no response for strongly agreeing and strongly disagreeing. However 83(79%) agreed while 21 (20%) were not sure. Those who disagreed were only 1%. This is illustrated in table 7.

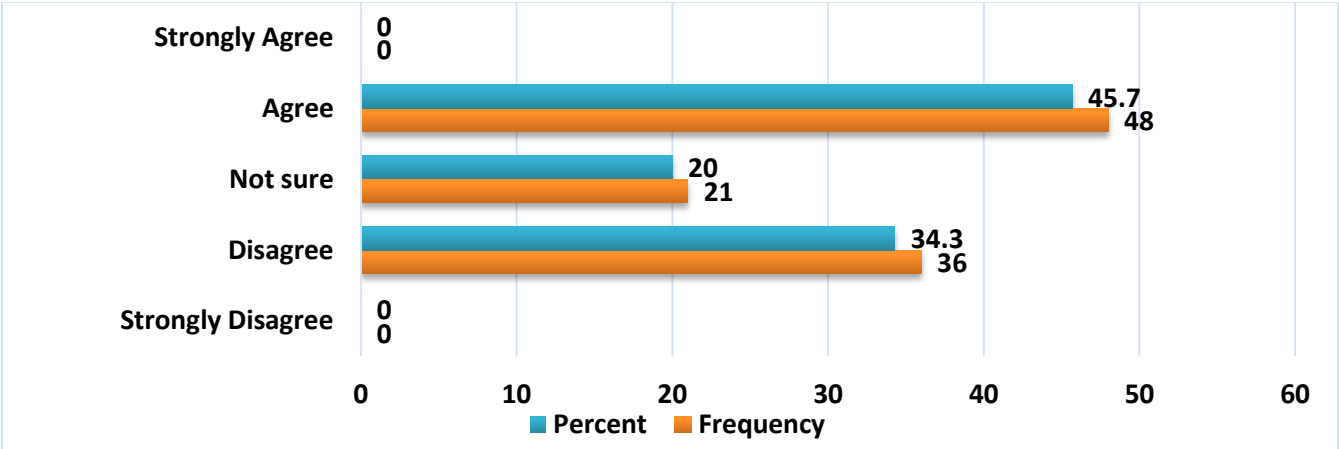
Table 7 Promotion system in the corporate affects the morale of employees

Levels	Frequency	Percent	Valid Percent
Strongly Disagree	0	0	0
Disagree	1	1	1
Not sure	21	20	20
Agree	83	79	79
Strongly Agree	0	0	0
Total	105	100	100

4.3.6 The reward system in the corporate is poorer than what operates in other organizations

When asked whether the respondents believed that, the reward system in the corporate is poorer than what operates in other organizations. There was no response for strongly agreeing and strongly disagreeing. The respondents replied that they have equitable payments 48 (45.7%) percent of the respondents agreed, but 36(34.3%) Disagreed and replied that they don't get equitable payments with similar jobs and experiences on their organization. 21(20%) of the respondents were not sure. This is presented in graph 3.

Graph2. The reward system in the corporate is poorer than what operates in other organizations



4.3.7 The corporate allows subordinate to participate about compensation decision making

The respondents were asked the corporate allows subordinate to participate about compensation decision making. There was no response for strongly agreed and strongly disagreed. However

19(18.1%) agreed while 65 (61.9%) Disagreed and 21(20%) were not sure. This is illustrated in table 8.

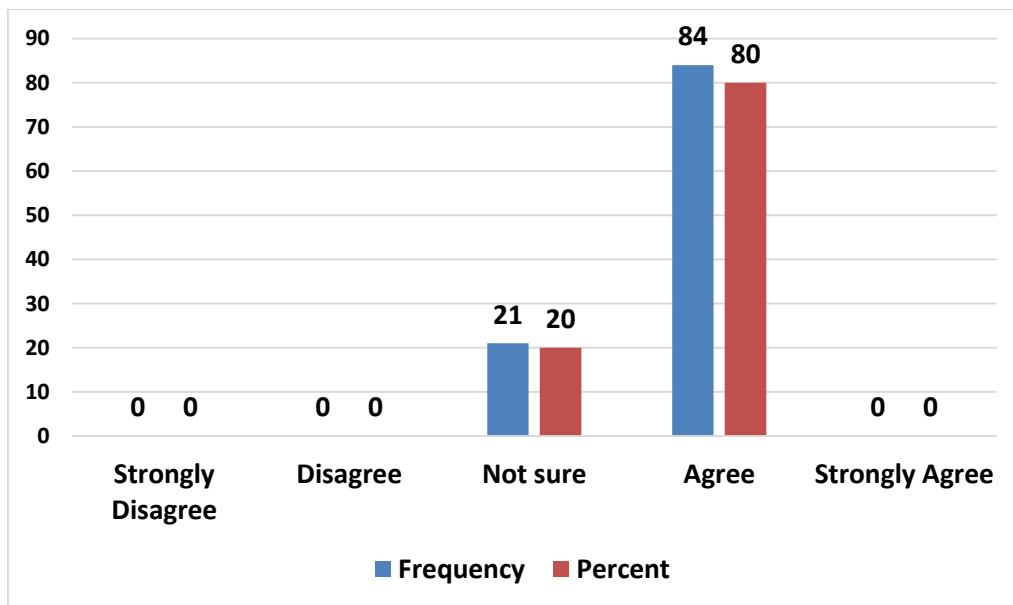
Table 8. The corporate allows subordinate to participate about compensation decision making

Levels	Frequency	Percent	Valid Percent
Strongly Disagree	0	0	0
Disagree	65	61.9	61.9
Not sure	21	20	20
Agree	19	18.1	18.1
Strongly Agree	0	0	0
Total	105	100	100

4.3.8 In the corporate the compensation and reward system has improving employee productivity

When asked whether employees believed that in the corporate the compensation and reward system has improving employee productivity. 84 (80%) percent of the respondents agreed that the corporate compensation and reward system has improving employee productivity, 21(20%) were not sure, there is no strongly disagreed, disagreed and strongly agreed. Graph 4 presents the results of responses.

Graph 3. In the corporate the compensation and reward system has improving employee productivity



4.3.9 Compensation increased the productivity of employees

The employees were asked if compensation can increase the productivity of employees. The findings showed that 20(19%) of the respondents strongly agreed that employee compensation is of significant importance, and 85 (81%) were agreed, and there is no any ones disagree and strongly disagreed, also all respondents are sure about the compensation can increase the productivity of employees. The result is illustrated in Table 11.

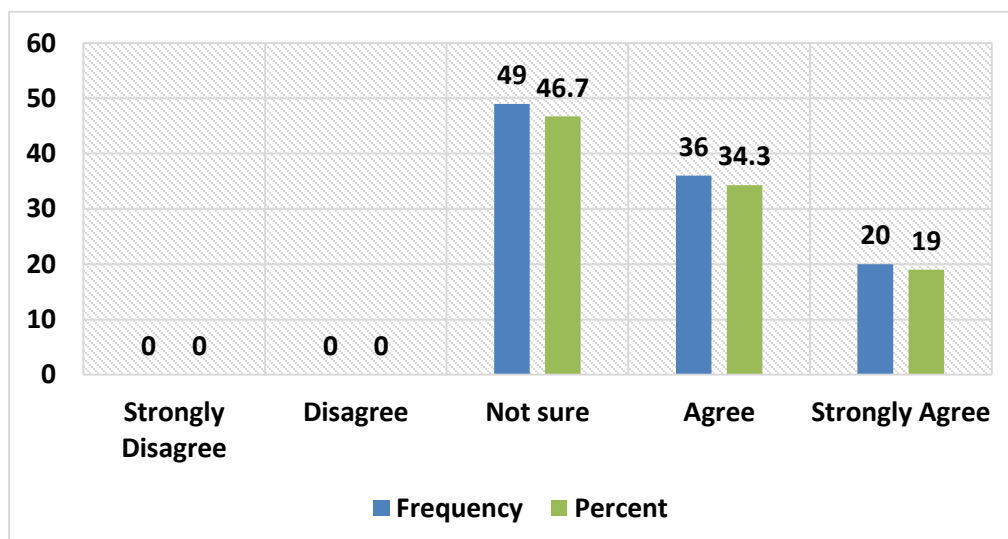
Table 9 Compensation increased the productivity of employees

Levels	Frequency	Percent	Valid Percent
Strongly Disagree	0	0	0
Disagree	0	0	0
Not sure	0	0	0
Agree	85	81	81
Strongly Agree	20	19	19
Total	105	100	100

4.3.10. The corporate embarks on periodic appraisal of the employees

The respondents were asked if they believed that the corporate embarks on periodic appraisal of the employees. The findings captured in Table 12 showed that 20(19%) of the respondents strongly agreed that the corporate embarks on periodic appraisal, 36(34.3%) agreed, 49(46.7%) were not sure, there is no any disagreed respondents.

Graph 4. The corporate embarks on periodic appraisal of the employees



4.3.11. The corporate motivates employees with better remuneration

The respondents were asked whether they believed that about the corporate motivates employees with better remuneration. Out of all 35 (33.3%) of the respondents agreed that the corporate motivates employees with better remuneration. Rather 39 (37.1%) were disagreed and 31(29.5%) were not sure. This is presented in Table 12.

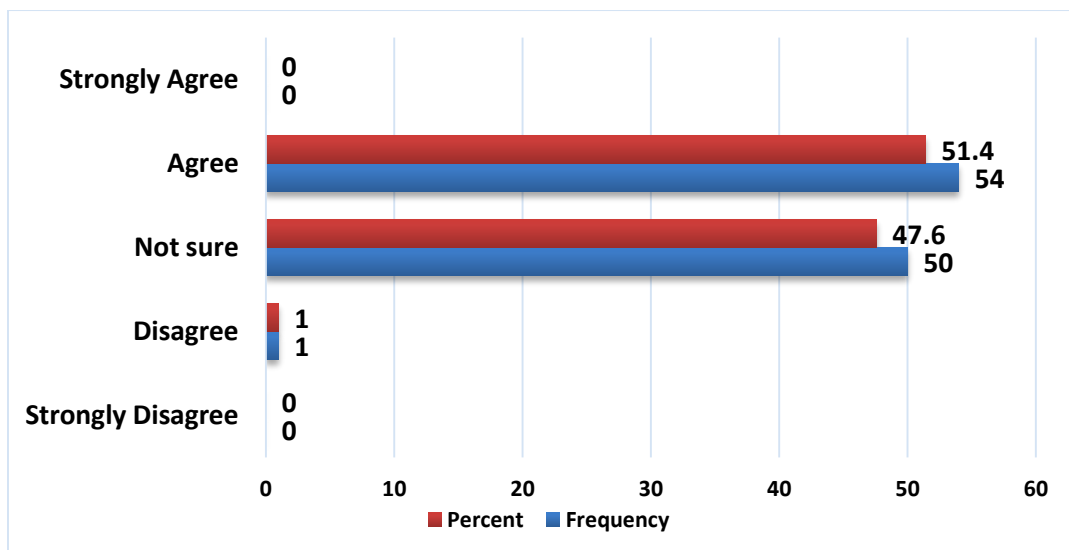
Table 10. The corporate motivates employees with better remuneration

Levels	Frequency	Percent	Valid Percent
Strongly Disagree	0	0	0
Disagree	39	37.1	37.1
Not sure	31	29.5	29.5
Agree	35	33.3	33.3
Strongly Agree	0	0	0
Total	105	100	100

4.3.12 Employees are proud to work in the corporate

When asked whether employees believed that employees are proud to work in the corporate. The findings indicated that there is no respondents are strongly agreed and strongly disagreed while 54 (51.4%) were agreed, 50 (47.6%) percent of the respondents were not sure. Only 1% of response were disagreed. This is shown in graph.

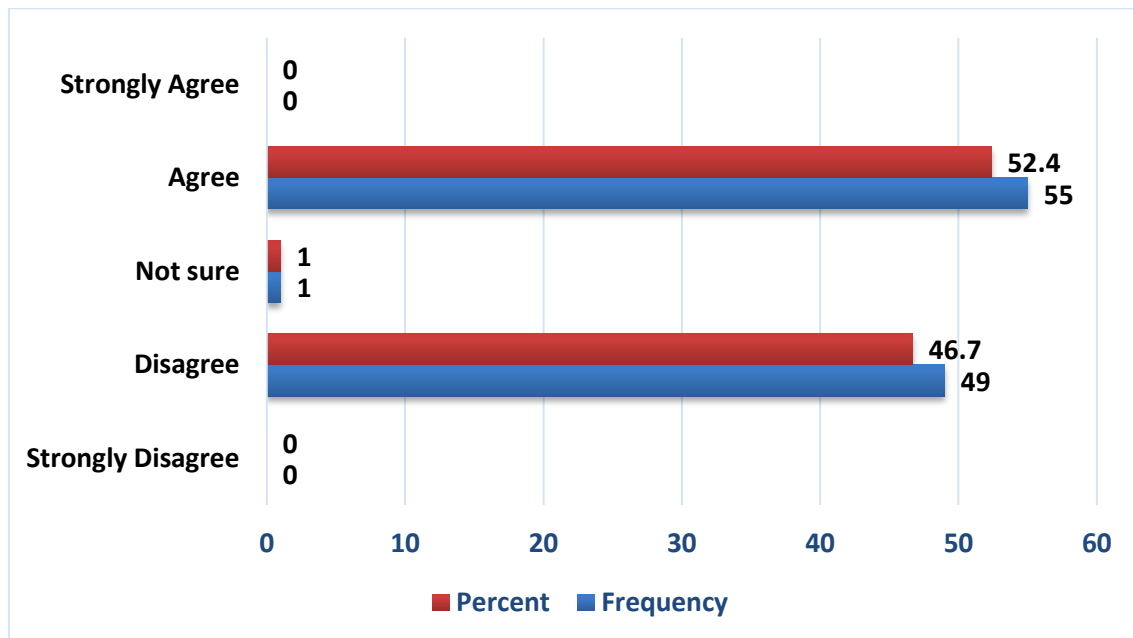
Graph 5. Employees are proud to work in the corporate



4.3.13 I am really satisfied with criteria listed in employee's compensation and reward systems in the corporate

The respondents were asked to confirm that really satisfied with criteria listed in employee's compensation and reward systems in the corporate. There was no response for strongly agreed and strongly disagreed. However 55(52.4%) were agreed by the criteria listed in employee's compensation and reward systems in the corporate, while 49 (46.7%) Disagreed and only 1% were not sure. This is illustrated in graph 3.

Graph6. Satisfaction criteria listed in employee's compensation and reward systems in the corporate



4.3.14. The compensation systems in Walta

According to Armstrong & Stephens,(2005) said that the aims of reward management are to: reward people according to the value they create, align reward practices with business goals and with employee values and needs, reward the right things to convey the right message about what is important in terms of behaviors and outcomes, help to attract and retain the high-quality people the organization needs, motivate people and obtain their engagement and commitment, and develop a high-performance culture.

The aims of reward management are achieved by developing and implementing strategies, policies, processes and practices that are founded on a philosophy, operate in accordance with the principles of distributive and natural justice, function fairly, equitably, consistently and transparently, are aligned to the business strategy, fit the context and culture of the organization, are fit for purpose and help to develop a high-performance culture. In to considering this the result shows under the table.

Table 11. In Walta the compensation system has applying

Statements	Strongly Disagree		Disagree		Not sure		Agree		Strongly Agree		Total
	F	%	F	%	F	%	F	%	F	%	
Fairness	0	0	19	18.1	51	48.6	35	33.3	0	0	100
Equity	0	0	39	37.1	31	29.5	35	33.3	0	0	100
Consistency	0	0	74	70.5	2	1.9	29	27.6	0	0	100
Transparency	0	0	19	18.1	22	21	64	61	0	0	100
Distributive justice	0	0	19	18.1	22	21	64	61	0	0	100
Developing a high performance culture	0	0	19	18.1	2	1.9	84	80	0	0	100

In Table 13 the respondents asked about the fairness of the compensation system in Walta, 35(33.3%) of them are agreed. Around 19 (18.1%) of the respondents disagreed about fairness and 51(48.6%) were not sure. About equity employees respond that 35 (33.3%) agreed, 39(37.1%) disagreed and 31(29.5%) were not sure. The respondents were asked if the consistency of compensation system in Walta, 74 (70.5%) of the respondents were disagreed, 29(27.6%) agreed, only 2(1.9%) percent are not sure.

The finding result shows that about transparency and distributive justice has been the same result. At last the respondents were asked about the developing a high performance culture in Walta the result shows that 84 (80%) of employees agreed and 19(18.1%) of respondents were disagreed and the rest 2(1.9%) were not sure.

4.3.15 Frequency of reward and compensation conducted in Walta

The objectivity of employee performance data would be significantly influenced by the frequency of employee reward and compensation. The theoretical background regarding

employee reward and compensation confirms that the frequency of employee reward and compensation determines, among other things, the purpose underlying evaluation scheme.

Moreover, it has been indicated that employee reward and compensation is designed either for developmental or administrative purpose. In light of this, employees asked to identify issues regarding frequency of employee reward and compensation. The result is shown the table.

Table 12 Frequency of a reward and compensation in the organization

How often does reward and compensation conducted in your organization?			
Statements	Frequency	Percent	Valid Percent
Once a year	105	100	100
Twice a year	0	0	0
Four times a year	0	0	0
More than four times a year	0	0	0

As indicated in Table 16, all respondents 105 (100%) reported that employees’ reward and compensation within the institution take place once a year in this regard. This enables us to draw a conclusion that the current system of employee reward and compensation in WMCC would hardly be considered as a developmental in purpose since it would be very difficult to secure competitive work force or employees’ reward and compensation with only once sessions.

4.3.16 Impact of the compensation practices on employees level of motivation and performance

This section of analysis considers the opinion or perceptions of respondents about impact of current reward and compensation on employee motivation and performance as well as organizational opportunities.

When asked about the general feeling of motivation and performance, i.e the compensation practices on the employee’s level of motivation and performance, who had been 20 (19%) of the respondents felt that the motivation levels were high. Out of respondents 83(79%) said it was medium. 1% were felt low and said no effects. This is illustrated in Table 17.

Table 13. Feeling of motivation and performance

What impact do the compensation practices (factors) have on your level of motivation and performance?			
Statements	Frequency	Percent	Valid Percent
High	20	19	19
Medium	83	79	79
Low	1	1	1
No effect	1	1	1
Total	105	100	100

4.3.17 Opportunities of employees get as a compensation and reward

When we have seen about the opportunities that are given by the corporation the respondents replied that they get promotion 55 (52.4), salary increment 55 (52.4%) training opportunity were 20(19%), recognition 39(37.1%), the highest number of respondents get bonus ones a year annually 98(93.3%), only 2(1.9%) were nothing to get in the corporation as a compensation and reward. From this information, we can find out an implication that witnesses the fact that most of respondents link the reward and compensation with one of the reward type that is money payments.

Table 14 Have you ever get the following opportunities?

Statements	Frequency	Percent
Promotion	55	52.4
Salary increase	55	52.4
Training	20	19
Recognition	39	37.1
Others like bonus	98	93.3
None	2	1.9
Total	269	100

4.3.18 Employees recommendation that on the current reward and compensation system

Finally employees were requested to give recommendations on issues of what should be done with the current system of employee reward and compensation. It indicate in Table 21 the respondents who accounted for 103 (98.1%) believed that the system of employee reward and compensation currently operating in Walta media and communication corporate, it is necessary; however, it should be revised to be operating effectively. In spite of their dissatisfaction with the system of employee reward and compensation, their experience would have been well perceived for the improvement of employee's performance. It would be therefore concluded that a system of employee reward and compensation would be adequately designed and operated for the system of employee reward and compensation to be effective.

Table 15. If you feel dissatisfied with the current reward scheme, what do you recommend?

Statements	Frequency	Percent	Valid Percent
It is unnecessary, therefore abandon it	0	0	0
It is necessary; however, it should be revised	103	98.1	98.1
Others if any (please specify)	2	1.9	1.9
Total	105	100	100

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This final chapter of the paper deals with the summary of the major findings of the study. Drown from these major findings of the study, conclusions are presented, and recommendations which the investigator assumes to be operational are also forwarded.

5.1 Summary of Major Findings

The general objective of the study was to investigate the effect of compensation on employee's productivity in Walta media and communication corporate. The study used descriptive research design. A sample of 107 respondents was selected out of the population of 215, this represented a 50% sample of the whole population and 105 employee's respond a questioners and the response rate were 98.1 %. The data was analyzed using Excel and SPSS. It was interpreted in frequencies, and percentages. The findings were presented using tables, pie charts, graphs and figures. From the findings,

- The findings showed that majority of respondent were believed and agreed that a well-organized and efficient compensation system in the corporate. Who had been 88.6% of employees are agreed and 6.7% percent's are strongly agreed.
- The findings showed that 33.3% of the respondents strongly agreed that the existing reward and compensation system is applicable in Walta media and communication corporate, and also 64.8% of employees were agreed.
- Almost 80% of the respondents agreed that the existing compensation system in the corporate is enough to influence the performance of the employees.
- Half of (51.4%) respondent were does not agreed and 30.5% of respondents were not sure about the additional inputs of the employees get rewarded by the corporate.
- Based on the findings about promotion system in the corporate affects the morale of employees, almost 79% of respondents were agreed.
- Out of all 45.7% percent of the respondents agreed and believed that, the reward system in the corporate is poorer than what operates in other organizations. Besides 34.3% of employees were disagreed and 20% of the respondents were not sure.

- According to a result 61.9% disagreed in the corporate allows subordinate to participate about compensation decision making.
- The highest number of employees or 80% percent of the respondents agreed that the corporate compensation and reward system has improving employee productivity.
- Employees believed that compensation can increase the productivity of employees. The findings showed that 19% of the respondents strongly agreed that employee compensation has significant importance, and 81% were agreed, all respondents are sure about the compensation can increase the productivity of employees.
- The findings showed that 19% of the respondents strongly agreed that the corporate embarks on periodic appraisal, and also 34.3% respondents were agreed, rather 46.7% were not sure.
- Out of all 33.3% employees believed that the corporate motivates employees with better remuneration. Rather 37.1% were disagreed.
- The findings indicated that 51.4% of employees believed that proud to work in the corporate and 47.1% percent of the respondents were not sure.
- Employees who confirmed that really satisfied with criteria listed in employee's compensation and reward systems in the corporate were 52.4%, while 46.7% disagreed.
- The finding shows that about fairness of the compensation system in Walta, 33.3% of them are agreed. About equity 33.3% agreed, rather 37.1% disagreed. The consistency of compensation system in Walta 70.5% of the respondents were disagreed. The finding result shows that about transparency and distributive justice has been the same result 64% were agreed. The results of developing a high performance culture in Walta shows that 80% of employees agreed.
- The finding shows that all respondents 100% percent reported that employees' reward and compensation within the corporation take place once a year.
- According to the general feeling of motivation and performance, i.e the compensation practices on the employee's level of motivation and performance, who had been 19% of the respondents felt that the motivation levels were high, and 79% said it was medium.
- The finding shows that opportunities that are given by the corporation they get promotion 52.4%, salary increment 52.4%, training opportunity were 19%, recognition 37.1%, the highest number of respondents get bonus ones a year annually they were 93.3%.

- Finally the respondents who recommended that 98.1% believed that the system of employee reward and compensation currently operating in Walta media and communication corporate, it is necessary; however, it should be revised to be operating effectively.

Summary of the findings on employee's benefits showed that all respondents received at least a benefit and that majority of the respondents received one or the other form of benefit in the corporation. Almost majority of employees believed that the effect of compensation has a positive effect on the employee's productivity.

- **Limitation of the Study**

The researcher has encountered time constraints to carry out the research because the regular office work required extra time after working hours and also in some instances weekdays. On the other hand the respondents weren't responding within expected time for the researcher to perform the sorting, coding, testing and analyzing processes. Among other things these were limitations that can be mentioned.

5.2 Conclusions

Based on the findings of the study, the following conclusions were drawn,

- The findings showed that majority of respondent were believed and agreed that a well-organized and efficient compensation system in the corporate.
- The existing reward and compensation system is applicable and accepted by employees of Walta media and communication corporate,
- Majority of employees believed that the existing compensation system in the corporate is enough to influence the performance of the employees.
- In their perception about the purposes that a system of employees reward and compensation system, majority of employees does not agreed about the additional inputs of the employees get rewarded by the corporate. It would be, therefore, realized that the current system of ERC has been operating to accomplish purpose contrary to what employees would have expected to be.
- Based on the findings highest number of employees agreed by a promotion system in the corporate affects the morale of employees,

- The reward system in the corporate is poorer than what operates in other organizations.
- According to a result the corporate does not allow subordinate to participate about compensation decision making.
- The highest number of employees believed that the corporate compensation and reward system has improving employee productivity.
- Employees believed that compensation can increase the productivity of employees. Almost all employees are sure about compensation can increase the productivity of employees.
- Almost only half of employees were believed that proud to work in the corporate.
- Only half of employees who confirmed that really satisfied with criteria listed in employee's compensation and reward systems in the corporate.
- About fairness and equity of the compensation system in Walta was too poor. The consistency of compensation system in Walta were too much low, relatively transparency and distributive justice has been good in the corporate. Majority of employees believed that the compensation system has been developing a high performance culture in Walta.
- All employees' agreed that a reward and compensation within the corporation take place only once a year. It has been indicated that WMCC applies infrequently reward which would not guarantee comprehensive employee performance data, employee might have developed a feeling of mistrust and loss of confidences in their appraisers and performance ratings by those managers;
- The general feeling of the compensation practices on the employee's level of motivation and performance, who had been felt that the motivation levels were medium.
- The only opportunities that are given by the corporation were bonus ones a year annually.

5.3 Recommendations

- With a highly competitive employment market in media and communication Industry, employers need to offer their employees a compensation package that would enable them attract, retain and motivate employees. This exploratory study has shown that compensation has a direct influence on employee productivity. However, this can be achieved if there is transparency in the reward system and if the rewards or compensation meets the aspirations of the beneficiaries. The results of this study will enhance the

understanding of management on issues bordering on the perception of employees about compensation and productivity and help managers in developing policies related to these issues.

- The reward criteria of the current system of employees reward and compensation need not to be encouraged in conformity to the purpose desired. It is not job related and it should not be forgotten that employees should meaningfully participate in the process of establishing criteria to win their acceptance;
- The corporate shall to allow subordinates to participate in decision making procedure in compensation and reward systems. A system of ERC should be conceived as an integral part of organizational programs of WMCC. Hence, human resource department must endeavor to make ERC schemes more systematic and carefully planned.
- To contribute to the successful operation of scheme of ERC and to secure valid and reliable data on employees' performance, it must be ensured that the evaluation scheme be undertaken as frequently as possible;
- To make ERC scheme more objective acceptable to employees, and hence, helpful in improving employees' competence, multiple management approach in collecting comprehensive employee performance data needs to be introduced. For instance, peer, self-evaluation, and subordinate evaluation methods may provide additional performance data. These methods would help to avoid evaluation by personnel impression, and hence reduce to a greater extent personnel bias and favoritism in evaluation.
- Most important and worth of recommendation to make scheme of ERC effective is the need for providing designated managers with adequate training. Short and long-term training and retraining programs need to be arranged for managers to acquire adequate knowledge and skill in a various areas like data collection for reward and analysis, conferencing and other relevant technique of ERC;
- To increase the productivity of employees, the compensation and reward system must be applying with a consistence manner in a corporate.
- Human Resources Manager should develop systems that will ensure that there is a proper compensation plan entailing proper job evaluation processes and pay structures in the corporate. Any changes in the plan, like salaries or process should be supported by right fundamentals like salary survey and facts on the ground. Employees should be encouraged to take up-skills enhancement programs.

- **Suggestions for Further Research**

- Finally, to add value to this study the researcher would also recommend that further studies be done. Further study on benefits is recommended to find out how current compensation and reward system can be improved and motivates employees more.

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APPENDIX



Questionnaire to be filled by Employees of Walta Media and Communication Corporate S.C

Dear Respondents

I, Tersit Gashaw a prospective graduate student at Saint Marry University, have designed this questionnaire to collect data from employees of Walta for conducting MBA degree in concentration of human resource management thesis on the title that “the effects of compensation on employees productivity in Walta media and communication corporate S.C.”

I kindly request you to spent your precious time to fill the questionnaire as frank as and responsible as possible. I inform you that, the information you provide will be consumed for academic purpose only. It will be handled in a confidential manner and will not be used to identify you in any way. Therefore, you all are not expected to write your name.

Please answer all questions. If you are interested to have further information about this study or have any problem infilling this questionnaire you can contact me:

Tersit Gashaw

Tel No. 0937804552

Email: tersitgashaw@yahoo.com

Thank you very much for your cooperation.

QUESTIONNAIRE

Section 1: Socio Demographic Characteristics

- **General Instruction:** Please indicate your choice by putting “√” mark in the box.

1. Sex

Male

Female

2. Age group

Below 30

31-40

41-50

Above 40

3. Marital status

Single

Married

Divorced

Widowed

4. Education

<Diploma

First degree

Diploma

2nd Degree & Above

Advance diploma

5. Monthly salary (birr)

< 1,500

1501-2,500

2,501-4,000

4,001-7,000

7,001-10,000

Above 10,000

6. Years of service in Walta MCC

<1 year

2-5years

6-10 years

>11 years

Section 2 Questions Related to Compensation

- Please tick the best fits your opinion for each statement Putting “√” mark in the appropriate box

	Question	1	2	3	4	5
		Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1	The corporate has a well-organized and efficient compensation system.					
2	The existing reward and compensation system is applicable to all the employees in WMCC.					
3	The existing compensation system in the corporate is enough to influence the performance of the employees.					
4	Additional inputs of the employees get rewarded by the corporate.					
5	Promotion system in the corporate affects the morale of employees.					
6	The reward system in the corporate is poorer than what operates in other organizations.					
7	The corporate allows subordinate to participate about compensation decision making.					
8	In the corporate the compensation and reward system has improving employee productivity					
9	Compensation can increase the productivity of employees					
10	The corporate embarks on periodic appraisal of the employees.					
11	The corporate motivates employees with better remuneration					
12	Employees are proud to work in the corporate.					
13	I am really satisfied with criteria listed in employee’s compensation and reward systems in the corporate					
14	In Walta the compensation system has applying					
14.1	Fairness					
14.2	Equity					
14.3	Consistency					
14.4	Transparency					
14.5	Distributive justice					
14.6	Developing a high performance culture					

15. How often does reward and compensation conducted in your organization?

- A. Once a Year
- B. Twice a Year
- C. Four times a Year
- D. More than four times a Year

16. What impact do the compensation practices (factors) have on your level of motivation and performance?

- A. High
- B. Medium
- C. Low
- D. No effect

17. Have you ever get the following opportunities? (Thick as many points as possible)

- A. Promotion
- B. Salary increase
- C. Training
- D. Recognition
- E. Others
- F. None

18. If you feel dissatisfied with the current reward scheme, what do you recommend?

- A. It is unnecessary, therefore abandon it
- B. It is necessary; however, it should be revised
- C. Others if any (please specify) _____

Thank you very much for your cooperation.