



**St. Mary's University,
School of Graduate Studies**

**ASSESSMENT OF COMPENSATION PRACTICES AND
CHALLENGES: THE CASE OF ETHIOPIAN CONSTRUCTION
WORKS CORPORATION**

By

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FACULTY OF BUSINESS

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Abstract

Compensation is one of the main organizational issues that enables any organization to retain, motivate and attract employees in a long term. This research studies about practices and challenges of compensation at Ethiopian Construction Works Corporation (ECWC) which focuses on the direct financial compensation by incorporating different issues such as pay, cost of living, labour market, the job, internal equity, government regulation and the organizations financial ability. The data generated from respondents are analyzed through descriptive research type and both quantitative and qualitative research approach are used. Stratified random sampling were used for a sample size of 235 respondents, questionnaires were distributed to 250 respondents which was extra number of respondents involved in order to avoid uncertainty of unreturned questionnaires from a total of 600 populations. Also interview with HRM and Financial Management Department were conducted. The collected data are analyzed and presented with tables and figures using SPSS statistics 20 software as well as interpreted with explained statement. Employees are dissatisfied and demotivated because of the corporation low payment level, unequal pay for same positions, and lack of different kinds of compensation practice. The corporation compensates employees below the labour market and do not equally pay employees who founds at the same job positions. Employees are not compensated based on their performance on job and job evaluation is not conducted by the corporation to set a pay scale for a particular job. Looking over drawbacks of practice of compensation at ECWC, The researcher recommended the corporation to consider cost of living to determine pay scale and to establish a fair internal and external equity as well as to pay employees according to current labour market and to conduct job evaluation to set a pay scale for a specific job position.

Key works:-*pay, cost of living, labour market, job, internal equity, job evaluation*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's competitive world, growing economy and rising cost of living, people are searching for jobs that will pay good salaries, wages and other type's compensation. With regard to companies, due to strong competition in the industry and highly skilled man power they tries to attract and retain employees by providing a competent salary/wage structure and periodic salary increment

Compensation is a reward employees receive in exchange for their performance. It is concerned with wages and salaries, pay rises and similar monetary exchange for employees performance (Holt, 1993). Compensation are the backbone of the organization. The attainment of organizational objective largely depends when employees are motivated to work. among other things, employees are motivated to work when they are provided a fair financial compensation for work rendered to the organization. **Financial compensation** includes direct compensation which is paid to employees in the form of wages, salaries, bonuses and commissions in exchange for their performance (Mondy&Noe, 1990). An effective compensation system is design to satisfy employee needs and reinforce job behavior consistent with organizational objective (Brattin& Gold, 2007).

Many studies are conducted on employees compensation practice by looking on employees pay satisfaction, future compensation increment, general economic condition, competitive industry environment also incorporating job analysis and job evaluation through different methods. employees are highly satisfied and motivated by a good pay (Patrick Mwangi, 2014). (BalogunRashed A, 2008) conforms introducing a flexible compensation alternatives that will be communicated and renegotiated with employees will help a company to retain and attract employees. As indicated above peoples choose companies that pay and provide an attractive salary because the basic human necessity, the need for personal growth, better life and opportunity comes from directly or indirectly compensation.also companies stability, current

and future operation are affected by the salary/wage methods and systems they follow. A company who fails to provide a fair and attractive compensation system are supposed to high employee turnover, employees demotivation and low employees performance which finally lead to companies decline. The study will have an a positive impact on the development of a competent pay structure, through an assessment of employees current compensation satisfaction, labour market assessment, cost of living, the job and employees performance by analyzing methods of the company compensation system.

There are different form of compensation that employees receive in return for their performance and contribution towards the achievement of the goals and objective of the company. compensation has three components: the first is base compensation, it is a fixed pay an employee receives on a regular base either in a form of salary or hourly wage. The second is pay incentive which is a program designed to reward employees for their food performance. And the third is indirect compensation, comprises a wide variety of program for example unemployment compensation and health insurance (Luis R. Gomez Mejia, 2012). Companies that pay an attractive salaries have a positive influence on employees to deliver a quality product or give an acceptable service because a well paid employees strives more to satisfy their customers need. If an organization wants to encourage good customer service then it would make sense to reward those who give good customer service (Adrian Murton, 2010).

Compensation has a great impact at enhancing individual mental satisfaction, security, confidence and creates a good mode. A person that getting a good pay can fulfill his/her needs with the purchasing power from his payment which results achieving responsibilities at personal and family level and going far to contribute beyond personal expenses like helping others at social level. A person earning serve as an indicator of power and prestige and are tied to feeling of self-worth.

Ethiopian Construction Works Corporations (ECWC) established on Dec 18, 2015 according to Ministry of Council regulation Number 366/2008. It constitute three leading governmental development companies which are formerly known as Ethiopian Roads Construction Corporation, Ethiopian Water Works Constructions Enterprise and Prefabricated BuildingParts

Production Enterprise, with a great history of building huge government projects, the company Primarily aiming at building, constructing and Administrating major road, dam, irrigation projects given by Ethiopian government and build condominium houses for A.A City Government and Office buildings for different companies. ECWC is a profit making Governmental Development Corporation getting income by maintenance and building work of the above mentioned type of projects and by leasing of machines and equipment's to its customers with strategic plans, identified objectives and stated goals also applies a standard salary structure and scale and which is a potential area for research because of the many problems surrounding the corporation on pay system.

1.2 Statement of the problem

Compensation are directly linked with employee income generation. To satisfy their need and to live a comfortable life people will join organization that pays well or near to their requirement. If compensation are not tied to work, employees are likely to show a little effort for good performance, demotivated and leave their company to look for a better paying job. Pay dissatisfaction may lower performance, cause strikes, increase grievances and lead to forms of physical or psychological withdrawal ranging from absenteeism and turnover to increased visits to the dispensary and poor mental health (Wether and Davis 1996). Because of insufficient payment the corporation provides many employees leaving the corporation for other better paying companies. (For more details see appendix IV)

If a company wants to generate high revenue and profit it must follow a compensation systems and policies competent with employee's job performance which enable employees to strive for a better performance to achieve organizational goals and objective. Companies failing to do this may incur a high lose, bankrupted, loose customer and forced to leave the market. (Armstrong, 1999) describes paying for performance is the process of providing a financial reward to an individual, which is linked directly to his/her performance. Many employees at ECWC complain they are not being compensated for the performance they show.

As jobs have a clear qualification requirement, people hired for a specific position acquiring the same job grade and level should be paid the same amount of salaries. Differentiated payment

for the same job position creates laziness, anger and conflict among employees which finally harms the company and builds a bad image. The concept of equal pay for work of equal value compensation management strives for internal and external equity. Internal equity requires that, pay be related to the relative worth of a job so that similar jobs get similar pay. External equity means paying workers what comparable workers are paid by other firms in the labor market. Rahi Technology University (2005).The wide range of salary difference among lower level and higher or managerial level are another major concern for employees asking for narrowing the pay gap.

As years pass the cost of living also rises which affects the living standard of peoples. To overcome price increment of products of basic needs, recreational expenses and savings companies must implement a timely fair salary increment in a form of merit which can tackle problems resulting from high cost of living and problems emanating from inflation. Merits pay or merit raise is any salary increase the firm awards to an individual employee based on his/ her individual performance (GeryDessler, 2005)

In order to satisfy their employees companies faces some challenges to cope up with the need and modes of payment by employees, competitiveness of pay with other companies and controlling cost of labor or production and expenses in order to avoid shortage of cash used for payment. Failing to consider labour market is other critical issues that need to be addressed, a company losses its experts due to better payments that other companies provide on a current labour market. The majority of employee who leave the corporation is due to attractive compensation of other companies at the labour market.

1.3Research Questions

The study tries to answer the following basic questions by rising important questionnaires such as:-

- What is the perception of employees on financial compensation system of the corporation?
- What kind of challenges the corporation faces on compensation?

- What kinds of financial compensation the corporation implements in order to retain employees?
- What issues the corporation uses to prepare compensation policy?
- How does the corporation maintain internal equity on payment?

1.4 Objectives of the study

The study has both a General and Specific objectives which are discussed below

1.4.1 General Objective

- ❖ The general objective of the study is to assess the current compensation practice and challenges of the corporation.

1.4.2 Specific Objectives

- ❖ To examine employees perception on the corporation current compensation system
- ❖ To assess challenges the corporation faces regarding compensation
- ❖ To find out different kinds of compensation employees receiving from the corporation.
- ❖ To assess what issues the corporation takes in to consideration in preparing compensation policy
- ❖ To verify whether the corporation applies internal equity.

1.5 Significance of the study

The study has a great importance for the corporation by finding out employee's basic need for compensation based on the current skill, experience and labor market. The research will enhances the corporation awareness about the methods used to determine and prepare salary structure and factors used to consider in preparing compensation system.

Some other importance of the research includes:-

- It helps the corporation to find out the level of satisfaction of employees on compensation
- It assist the corporation in determining the future draft of salary structure.
- It indicates strategies, ways and what kind of experts should be involved in preparing and administrating compensation practices.

- It enables the corporation to get access of information on what current employees expects to be paid in respect to their title, position, seniority and their view of comparison with other similar companies
- It assists as a blueprint for further studies and other researcher who are making similar researches on the subject matter

1.6 Scope of the Study

Compensation can be categorized financial and non- financial and This research focuses on issues regarding to financial compensation practice and Challenges by incorporating pay satisfaction, labour market, internal equity, ability to pay and the job at the corporation also motivation as well as performance. other related factors such as non- financial compensation and benefit are not incorporated in the study. The study is conducted at the head office and four branches of Ethiopian Construction Works Corporation (ECWC) by designing both qualitative and quantitative research types and generating primary and secondary data through questionnaires, books and manuals. The study incorporates data that are generated and analyzed from February 2019, up to April 2019.

1.7 Limitation of the Study

Due to constraints arising from time and geographical location of the corporation, the study conducted only at Addis Ababa, other locations that the corporation operates out of A.A are found far away and it is hard to visit there because of the above constraints. Also because of time constraint the study focuses its scope only on financial compensation practice

1.8 Organization of the paper

This study has five chapters. The first chapter deals with background of the study and the company, statement of the problem, research questions, and objective of the study, significance of the study and scope & limitation of the study. The second chapter cover the review of related literature that provides the appropriate information to the reader of what is already known in this area of study. Chapter three focuses on the research methodology, research design, sample size and sampling techniques, data source and instrument of data collection method, procedure of data collection and method of data analysis. The fourth chapter presents the result analysis and

interpretation of data. On the Final and fifth chapter findings, conclusions and recommendations are presented.

1.9 Definition of Key Terms

The following definitions of terms were generated from Cambridge University Press.

Pay: is to give money to someone that the person has earned for work done

Internal equity: is a situation in which employees who do similar jobs within a company receive similar salaries, and the amount they are paid is related in a fair way to the type of job that they do:

Job evaluation: is the process of comparing a job with other jobs in an organization and deciding how much the person who is doing the job should be paid

Qualification requirement: is knowledge, skill, or some other characteristic that gives a person the ability or the right to do or have something:

Job analysis: is a detailed examination of the tasks involved in a particular job and the skills, knowledge, and experience needed to do it:

Labour market: is the place where workers and employees interact with each other.

Turnover: the rate at which employees leave a company and are replaced

Profit margin: is the amount that is made in a business after the costs have been subtracted:

Pay scale: is the different levels of pay for a particular job, relating to different degrees of skill or experience:

Salary: is a fixed amount of money paid to someone for the work the person is employed to do, esp. the amount paid every month or year.

(Source: Cambridge University Press, 2019)

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter deals with three sections. The first section is focused on theoretical literature which consists meaning of compensation, types of compensations, compensation management and administration, principle of compensation, objective and component of compensation as well as challenges and designs of compensation. The second section deals with empirical review which consists different researches related to practice and challenges of compensation. And the last section shows the conceptual framework which views the researcher idea on the subject matter.

2.1 Theoretical Literature

2.1.1 Meaning of Compensation

Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Employee compensation may achieve several purposes in recruitment, job-performance and job satisfaction.

Gary Dessler, (2012) defines employees compensation all forms of pay going to employees and arising from their employment. Joseph J. Martocchio (2015) describes compensation as Compensation represents both the intrinsic and extrinsic rewards employees receive for performing their jobs. Compensation is typically among the first things potential employees consider. (Sarah L. Fogleman and Dean McCorkle, 2009). In determining effective rewards, the uniqueness of each employee must also be considered. People have different needs or reasons for working. The most appropriate compensation will meet these individual needs. To a large degree, adequate or fair compensation is in the mind of the employee. Compensation is a tool used by management for a variety of purposes to further the existence of the company. Compensation may be adjusted according to the business needs, goals, and available resources.

Brown, A (2003) sees compensation as a return in exchange between their employees and themselves as an entitlement for being an employee of the organization, or as a reward for a job well done. Employees' pay does not depend solely on the jobs they hold. According to Bob, N (2011) Compensation processes are based on Compensation Philosophies and strategies and

contain arrangement in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation

Compensation may be used to

- ✓ Recruit and retain qualified employees.
- ✓ Increase or maintain morale/satisfaction.
- ✓ Reward and encourage peak performance.
- ✓ Achieve internal and external equity.
- ✓ Reduce turnover and encourage company loyalty.
- ✓ Modify (through negotiations) practices of unions

2.1.2 Compensation Package

It's easy to think “dollars per hour” when thinking about compensation. However, successful compensation packages go a lot further and can be considered total rewards systems that contain direct and indirect elements. Sarah L. Fogleman (2013).

It is important for organization to have a compensation package consisting a variety of pay type. Supriya Choudhary (2016) strength the idea that The ability of a manager to achieve its stated objectives to a large extent depends on the effective implementation of compensational packages in order to motivate the subordinates and employees within and beyond their expectation.

2.1.2.1 Direct compensation

Robert L. Mathis (2008) indicates direct compensation is employer exchanges monetary rewards for work done and performance results achieved. Base pay and variable pay are the most common forms of direct compensation.

Direct Compensation Alternatives includes:-

Base pay: is the “fixed” part of pay. This pay element is mainly paid to employees to come to work (to attract employees). It is also paid to employees to do the assigned work by applying the required skills, knowledge, and abilities using normal effort and demonstrating necessary work behavior Bashker D. Biswas, (2013)

Incentive pay: according to Eilim University, (2005) Incentives are monetary benefits paid to workmen in recognition of their outstanding performance.

Stock options: A stock option program provides an executive with the option to buy shares typically at the Fair Market Value (FMV) of the stock as of the day the option grant is issued. P. G. Arul, (2012)

Bonuses: bonuses are based on profitable operations of the business and are paid at year end. Odisha State Open University, (2014).

2.1.3 Compensation Management

Armstrong (2005) stated that compensation deals with the design, implementation and maintenance of compensation system that are geared to the improvement of organizational, team and individual performance. Compensation Management is concerned with the formulation and implementation of strategies and Policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organization. Compensation management is all about developing a positive employment relationship and psychological contract that adopts a total compensation approach which recognizes that there are a number of ways in which people can be compensated

In his own analysis Anyebe (2003) states compensation management as being based on a well articulated philosophy- a set of beliefs and guiding principles that are consistent with the values of the organization which recognizes the fact that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to the skills and competencies of employees in order to increase the resource-based capability of the organization.

Compensation Management as the name suggests, implies having a compensation structure in which the employees who perform better are paid more than the average performing employees. This encourages top-performers to work harder and helps to build a competitive atmosphere in the organization Hewitt (2009).

Armstrong (2005) enlightened compensation management is an integral part of human resources management approach to productivity improvement in the organization. It deals with the design, implementation and maintenance of compensation system that are geared to the improvement of organizational, team and individual performance Reward

A Sound Compensation Structure Tries to Achieve These Objectives

- To attract manpower in a competitive market.
- To control wages & salaries & labor costs by determining rate change & frequency of increment .
- To maintain satisfaction of employees by exhibiting that remuneration is fair adequate & equitable.
- To induce & reward improved performance, money is an effective motivator. And it has impact on both employees and employer.

a. For employees

1. Employees are paid according to requirements of their jobs, i.e., highly skilled jobs are paid more compensation than low skilled jobs. This eliminates inequalities.
2. The chances of favoritism (which creep in when wage rates are assigned) are greatly minimized.
3. Job sequences and lines of promotion are established wherever they are applicable.
4. Employees' morale and motivation are increased because of the sound compensation structure.

b. To Employers

1. They can systematically plan for and control the turnover in the organization.
2. A sound compensation structure reduces the likelihood of friction and grievances over remuneration
3. It enhances an employee's morale and motivation because adequate and fairly administered incentives are basic to his wants and needs.
4. It attracts qualified employees by ensuring an adequate payment for all the jobs. Eilim University, (2005)

2.1.4 Principles of Compensation

Compensation policy should be developed by taking into consideration of the views of employers, the employees, the consumers and the community. P. G. Arul, (2012). The compensation policy or wage policy should be clearly defined to ensure uniform and consistent application as well as compensation plan should be matching with overall plans of the company. Compensation planning should be part and parcel of financial planning. The compensation

policy and program should be reviewed and revised periodically in conformity with changing needs.

SupriyaChoudhary (2016) states the following points as a principle of compensation.

- Differences in pay should be based on differences in job requirements.
- Wage & salary level should be in line with those prevailing in the job market.
- Follow the principle of equal pay for equal work.
- ·Recognize individual differences in ability & contributions
- The employees & trade unions should be involved in while establishing wage rates.
- The wages should be sufficient to ensure for the worker & his family reasonable standard of living.
- There should be a clearly established procedure for readdressal of grievances concerning wages
- ·The wage & salary structure should be flexible .
- Wages due to employees should be paid correctly & promptly.
- A wage committee should review & revise wages from time to time

2.1.5 Components of a compensation system

Joseph J. Martocchio (2015) clearly defines compensation system as the relative value of each job among all jobs within a company. This ordered set of jobs represents the job structure or hierarchy. Companies rely on a simple yet fundamental principle for building internally consistent compensation systems: Jobs that require higher qualifications, more responsibilities, and more complex job duties should be paid more than jobs that require lower qualifications, fewer responsibilities, and less-complex job duties.

Compensation system should be so designed that it is able to attract, retain and motivate people. S. Hariharaputhrian (2016). Total payable compensation can be paid in different forms. Besides classifying components of compensation in many other ways, one method of classification that has been discussed is 'financial compensation.

Job Descriptions: A critical component of both compensation and selection systems, job descriptions define in writing the responsibilities, requirements, functions, duties, location, environment, conditions, and other aspects of jobs. Descriptions may be developed for jobs individually or for entire job families. Joseph, J. Martocchio, (2003)

- **Job Analysis:** The process of analyzing jobs from which job descriptions are developed. Job analysis techniques include the use of interviews, questionnaires, and observation. Joseph, J. Martocchio, (2003)

- **Job Evaluation:** is a system for arriving at the net worth of employees based on comparison with appropriate compensation levels for comparable jobs across the industry as well as within the company. P. G. Arul, (2012).

- **Pay Structures:** Useful for standardizing compensation practices. Most pay structures include several grades with each grade containing a minimum salary/wage and either step increments or grade range. Step increments are common with union positions where the pay for each job is predetermined through collective bargaining. Joseph, J. Martocchio, (2003) array

- **Salary Surveys:** Collections of salary and market data. May include average salaries, inflation indicators, cost of living indicators, salary budget averages. Companies may purchase results of surveys conducted by survey vendors or may conduct their own salary surveys. When purchasing the results of salary surveys conducted by other vendors, note that surveys may be conducted within a specific industry or across industries as well as within one geographical region or across different geographical regions. Know which industry or geographic location the salary results pertain to before comparing the results to your company. Eilim University, (2005)

2.1.6 Different Types of Compensation

Harrison and Liska (2008) in their study posit that Compensation is the center piece of the employment contract after all it is the main reason why people work. This includes all types of compensations, that are received as a result of employment by the organization. After a pay system has been developed the next stage is to look at specific methods of paying employees. Open University of Hong Kong (2011).

Different types of compensation include:-

Base Pay is the pay for standard job duties, roles, and skills. Dipak Kumar Bhattacharyya (2014) For employees, perspective base pay is important, as it is the fixed component of compensation. Other types of compensation includes Commissions, Overtime Pay, Bonuses, Profit Sharing, Merit Pay, Stock Options, Travel/Meal/Housing Allowance

2.1.7 Objectives of Compensation

Armstrong (2005) in his own analysis says compensation management is all about developing a positive employment relationship and psychological contract that adopts a total compensation approach which recognizes that there are a number of ways in which people can be compensated.

Remuneration does not simply compensate employees for their efforts- it also has an impact on the recruitment and retention of talented people according to Milkovich and Newman (2001). According to P.fferer (1998) argued that, a total rewards approach is all about creating a fun, challenging, and empowered work environment in which individuals are able to use their abilities, to do meaningful jobs for which they are shown appreciation, is likely to be a more certain way to enhance motivation and performance - even though creating such an environment may be more difficult and take more time than simply turning the reward letter.

Mehmood, Ramzan, & Akbar, (2013) also suggested that, compensation in any organization has three different objectives that are: motivating employee, retaining employee and attracting employee, thus making reward management an important thing for the overall employer branding.

2.1.8 Critical Issues of Compensation Administration

Anyebe (2003) The task in compensation administration is to develop policies and the terms of attracting, satisfying, retaining and perhaps motivating employees. compensation administration are often centralized in the hands of compensation staff, the determination of pay increases within grade must involve all supervisors in the organization. Rai University (2003)

According to P. G. Arul, (2012).Management should inform the wage/salary related policies to their employees. Workers should be associated in formulation and implementation of wage policy and All wage and salary related decisions should be checked against the standards set in advance in the wage/salary policy. adequate information/data related to compensation should be developed and stored for future planning and execution

2.1.9 Compensation System Design Issues

Compensation design determines the value of specific, properly executed accomplishments toward the achievement of desired outcomes. The value of the accomplishment, not the level of activity, is used to establish the nature and amount of compensation. P. G. Arul, (2012).

The compensation design process must include an objective review of existing practices. Invariably, some plans should be retained as is, because they are working well and serving a useful purpose. Eilim University, (2005).

Compensation designing acts as operant conditioning, as employees show two types of behavior respondent and operant while their behavior gets reinforced. Respondent behaviors are controlled by instincts and direct stimulation. Operant behaviors are displayed in the absence of any apparent external stimulation.Dipak Kumar Bhattacharyya (2014).

Also P. G. Arul, (2012) Suggests Compensation is based on the achievement of results that are critical to organizational success. Attracting, retaining and motivating employees in today's business environment requires utilizing a host of tools including base pay, incentives, equity, performance management, and benefits. Balancing these tools in an equitable, affordable and real manner can present difficulties for even the most dedicated employers .No universal, standard program exists that can meet every organization's needs. In order for the total rewards program to work, it must fit the organization's culture and strategic initiatives and compensation objectives.

These objectives includes.

- External competitiveness to recruit and retain Rewards for skill acquisition
- Internal equity among employees

- Pay for the person rather than just the job
- Built-in controls and cost constraints, An understandable and equitable system and also it Parallel career paths for managers and technical employees, Flexibility to adapt quickly to market changes and Management flexibility to assign a range of duties

2.1.9.1 Essentials of a Sound Compensation Design

1 .Internal Equity

According to Greene (2009), “pay rates must be equitable and competitive”. Internal equity refers to the pay relationships among jobs within a single organization. Internal equity requires that, pay be related to the relative worth of a job so that similar jobs get similar pay (Rai University, 2005)

2. External Competitiveness

External competitiveness refers to comparisons of the organization’s pay relative to the pay of competitive organizations Bratton and Gold, (2000). Equitable and competitive base pay is seen as a key requirement if key talent is to be recruited and turnover reduced. Gross and Nalbantian (2000).

3. Built-in Incentive

According to Bashker D. Biswas, (2013) Incentives payments are paid to an employee for achieving time-bound goals and objectives. P. G. Arul, (2012) Incentives are paid in addition to wages and salaries and are also called ‘payments by results’. Incentives depend upon productivity, sales, profit, or cost reduction efforts.

Josephat Stephen (2011) strength the idea of built in incentive, The major reason as to why organizations increase rewards in terms incentives is because it is assumed that money increases job satisfaction, motivates and hence leads to better performance.

4. Link with Productivity

According S.Hariharaputhrian (2016) compensation is essentially a managerial device for increasing workers’ productivity. Simultaneously, it is a method of sharing gains in productivity with workers by rewarding them financially for their increased productivity

5. Maintain Real Wages

Real wages refer to the goods and services that an worker can buy with these wages. . It provides the real test as to whether or not the worker is improving his economic wells being. It also serves as a index for measuring changes in the economic welfare of workers over long period of time Eilim University, (2005).

6. Increments

Josephat Stephen (2011) highlights increment is an increase in salary of a prescribed amount which, provided certain conditions are satisfied, is normally granted annually to a holder of a post on incremental scales of salary until the top of the scale is reached. Apart from disciplinary action, which could result in an increment being stopped, the conditions for the increase are in most cases that the work and conduct of the employee during the incremental period has been satisfactory.

According to Joseph, J. Martocchio, (2003) Merit increases should consist of meaningful increments. If employees do not see significant distinctions between top performers and poor performers, top performers may become frustrated and reduce their levels of performance

Vicki (1994) agreed that for a company to design its compensation package, it needs a reward strategy which gives specific direction on how to go about it. S.Hariharaputhrian (2016) noted that Compensation system should be so designed that it is able to attract, retain and motivate people

2.1.10 Compensation Structure

Human resource managers must design reward structures. that facilitate the organizations strategic goals and the goals of individual employees. Maund (2001). According to Pearce (2010) Compensation implies having a compensation structure in which the employees who perform better are paid more than the average performing employees

R.S. Meena (2010) highlights that compensation structure emphasized on Social norms, traditions, customs prevalent in the organization and psychological pressures on the management, the prestige attached to certain jobs in terms of social status, the need to maintain

internal consistency in compensation at higher level, the ratio of the maximum and minimum wage differentials, the norms of span of control, and Demand for specialized labour all affect the internal compensation structure of an organization.

A total compensation structure includes Base pay, Cash incentives or bonuses, Equity compensation, Cash-based long-term incentives, Executive compensation, Sales compensation Bashker D. Biswas, (2013). According to Supriya Choudhary (2016) objective of a sound compensation structure from employees prospective include, Employees are paid according to requirements of their jobs and thus eliminate inequalities, The chances of favoritism are greatly minimized, Job sequences and lines of promotion are established and Employees' morale and motivation are increased. Also from organizations side objective of a sound compensation structure helps organizations through controlling the employee turnover in the organization, the likelihood of friction and grievances over remuneration is reduced, It attracts qualified employees in a competitive market and Employee performance is improved as money is an effective motivator.

2.1.11 Challenges of Compensation Management

Bashker D. Biswas, (2013) stated a truly effective compensation plan is like climbing a mountain. It is a complex, and often difficult, journey with numerous possibilities for pitfalls along the way, the most common of which are:

- ❖ Using compensation in lieu of sound management: this equates to trying to solve a problem by throwing money at it. No amount of compensation makes up for poor management.
- ❖ Utilizing compensation strategies that are not linked to achieving an organization's goals and objectives: the only reason to hire or retain an employee is because he/she directly or indirectly adds value to the company. Therefore, how much an employee should be paid, depends solely on how much value he/she adds in reaching the company's goals and objectives.

Joseph, J. Martocchio (2015) sees challenges of compensation from economic the point of view stated, Many companies layoff segments of their workforces during economic recessions as a cost-control measure. Compensating temporary employees poses challenges for companies through equity problems arise between core employees and temporary employees. He also

stated The compensation and labor productivity indicates whether workers' pay is keeping up with productivity.

According to Kantor and Kao (2004) there are three main sources of chaos in the compensation approach: Disagreement on the usefulness of total rewards; Vague total rewards strategies and Poor and ineffective communication

Moreover Uzcategui and Diez (2007) believe that many companies are facing numerous challenges such as: trying to operate a balancing act between skills shortages and profit generation; remaining profitable whilst still being flexible; and driving desired behaviors and business outcomes. Greene has identified (2011), rewards strategists frequently do not possess a full appreciation of performance management and the importance of ensuring its proper implementation.

2.1.12 Factors to consider for compensation

- Ability to pay: Employer's ability to pay is an important factor affecting wages not only for the individual firm, but also for the entire industry. This depends upon the financial position and profitability of the firm. P. G. Arul, (2012). ability to pay is paramount, supported by an examination of market rates, which may also be supported by a job evaluation database (Greene, 2009)
- Cost of living: According to Josephat Stephen (2011) This is based on the cost of living index usually computed by a country. Sometimes, indices may be computed based on the data collected from the area where the organization is located.
- Government regulations: Government policies and regulations on income do change from time to time. Organizations cannot afford to go against national policies and laws on minimum wage and employees' entitlements to retirement benefits. Josephat Stephen (2011)
- Internal and external Equity: A good compensation strategy includes a balance between internal equity and external competitiveness. G.C. Mohanta (2013). Equity internally means that employees receive compensation in relation to the knowledge, skills, and abilities they use in their jobs, as well as their responsibilities and accomplishments. Two key issues procedural justice and distributive justice relate to

internal equity. Robert L. Mathis (2008), added if an employer does not provide compensation that employees view as equitable in relation to the compensation provided to other employees performing similar jobs in other organizations, that employer is likely to experience higher turnover. Organizations track external equity by using pay surveys. External equity means paying workers what other firms in the labour market pay comparable workers. Dipak Kumar(2014)

- The power of collective bargaining: According to Joseph, J. Martocchio, J. (2003) Companies need to considerThe pressure of collective bargaining by making compensation decisions jointly by management and workers union
- Job evaluation: Robert L. Mathis (2008), defines job evaluation as a formal, systematic means to identify the relative worth of jobs within an organization. According to Joseph, J. Martocchio (2015) Compensation professionals use job evaluation systematically to recognize differences in the relative worth among a set of jobs and to establish pay differentials accordingly. When setting pay levels, it must be supported by job evaluation database. is an important tool for setting pay rates. Greene (2009).

2.2 Empirical Review

In many organizations, the approach towards pay differentiates between staff at different levels of employment hierarchy. The factors which affect employees' salaries can be categorized into two; those controlled by the employer and those imposed from external forces such as the government. Helen Kamau (2013).

Employees are the organization's key resource and the success or failure of organizations center on the ability of the employers to attract, retain, and reward appropriately talented and competent employees (OmotayoAdewale. Employees, 2014).willingness to stay on the job largely depends on compensation packages of the organization [1]. In an attempt to ensure employees optimal performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results [2]. It has been argued that the degree to which employees are satisfied with their job and their readiness to remain in an organization is a function of compensation packages and reward system of the Organization.

Compensation is a primary motivator for employees. People look for jobs that not only suit their creativity and talents, but compensate them in terms of salary and other different types of pay.(OmbasaIndraMoragwa, 2013). The position of the organization is determined by its

productivity, when the productivity of the worker is high, it assess itself as a higher position. As a consequence of it, the compensation system is determined at a higher level. Contrary to it, in case of lower productivity, wages/salary rates tend to be low. Thus, any shift in productivity and employee performance has direct impact on the wage level of the organization. Large organizations can often pay at a higher wage rate than smaller ones. Organizations typically increase in size because their services and products are in demand. With increased size comes an economy of scale and the opportunity to increase profits with each additional product or unit of service provided.

payment systems differ in their mix (how and when cash compensation is disbursed). Some organizations pay virtually all employees a base salary that is adjusted approximately once per year through a traditional merit increase program. Merit increases become part of base salary and are supposed to depend on merit (performance), although there is a widespread belief that most employees get about the same percentage increase, regardless of their performance.

It is an obvious fact that effective implementation of favorable compensation management will not only aid in stabilizing and retaining employees but also helps in reducing labour turnover within the organization.(Employees' compensation can be seen as all forms of financial returns and tangible benefits that employees receive as part of an employment relationship. For an organization to achieve its stated objectives, there is the need to effectively manage the human resources aspect of the organization, taken into cognizance one of the core aspect of resource management known as compensation management.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design and Approaches

Research design is a model or an action plan upon which the entire study is built. research design will need to fulfill a particular purpose within the practical constraints of time and money. It dictates the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis (Cresswell, 2009). To describe the state of affair as it exists at present The research is conducted in a descriptive research design the objective of descriptive research is ‘to portray an accurate profile of events or situations’ (Robson 2002).

The study used a mixed research approach by combining qualitative technique to narrate and analyze qualitatively. And quantitative technique to convert data in to numerical codes in order to analyze statistically. mixed-model research combines quantitative and qualitative data collection techniques and analysis procedures as well as combining quantitative and qualitative approaches at other phases of the Research such as research question generation (Sauners 2009). Survey instrument will be designed to undertake the quantitative method. Also there will be document review to undertake qualitative technique.

3.2 Source of Data

After getting an official permission from the concerned authority of the corporation, the selected employees of the organization were requested and showed their willingness to fill in the questionnaire. Based on this, the data gathering process has been undertaken by using a combination of both primary and secondary sources.

3.2 1 Primary Data

Close-ended questionnaire: This part of the questionnaire contains 28 items to be filled in the form of Likert’s 5 rating scale and a choice that is marked at the box in order to gather **quantitative** information. At the last part the questionnaire, there was **an open-ended** question in which the respondents were given a chance to express their opinion and feelings openly in a written form with the intention of collecting a **qualitative** data. To make it more clear for respondents, the questions were prepared in Amharic and distributed to a total of 235 individuals.

Interview: In this study, seven structured interviews have been carried out. This approach is also preferred in order to obtain information regarding the strategic issues in the area of compensation practice and challenges within the ECWC. The interview was conducted with two managers working at Human Resource Management Department and Financial Management Department. The interviews were fully managed by the researcher through face-to-face interaction.

3.2.2 Secondary Data

In addition to the primary data, secondary data have been used to analyze supportive evidences putting the situation in the context of the ECWC. The researcher tried to use different types of books, journals, articles, annual reports, authorized and related publications available in the documentation centers and libraries.

3.3 Population Sample Size and Sampling Techniques

An appropriate sample size are determined that considers level of precision, level of confidence and degree of variability. Ethiopian Construction Works corporation head office and other four branches consists 600 permanent employees at Addis Ababa. There are six sectors in the corporation which are Corporate Service sector, Transport Infrastructure Construction Sector, Water Infrastructure Construction Sector, Building Technology and Construction Sector, Dam and Irrigation Management Sector and Construction Machineries and Equipment and Maintenance Sector.

The issue regarding compensation affects every employees and managers at every job position and level, employees at all sector at Addis Ababa will be subjected to the sample.

The sample size population determined by using the following formula

$$\frac{z^2 * p(1-p)}{e^2} \frac{1 + (z^2 * p(1-p))}{e^2 N}$$

Where

N= Population size (600)

e= Margin of error (5%) desired confidence level= 95%

$z =$ the number of standard deviation= 1.96

Sample size= 235

Probability sampling technique of stratified random sampling are applied in order to give equal chance to all population to be selected as a sample units. Proportionate stratified sampling used to give to each stratum in proportion to their population size.

Table 3.1 Sample frames

Place of Work	Population Size	Planned Sample Size
Corporate Service Sector	130	75
Transport Infrastructure Construction Sector	125	55
Construction Machineries and Equipment's and Maintenance Sector.	120	45
Water Infrastructure Construction Sector	90	30
Building Technology and Construction Sector	75	20
Dam and Irrigation Management Sector	60	10
Total	600	235 (39.1%)

(Source: ECWC Human Resource and facility management Department, January 2019)

3.4 Data Gathering Tools

To asses, analyze and interpret compensation practice at Ethiopian construction works corporation, an open and close ended questionnaires were distributed to employees and it was translated in to Amharic Language to make the questioner more clear for respondents and managers as well as an interview was conducted regarding some specific issues with managers who will provide important information. The questionnaires statement are developed and evaluated on a 1-5 Likert scale, where '1' indicates strongly disagree with the statement and "5" refers to strongly agree the statement and some specific interview questions will be provided to managers.

3.5 Procedures of Data Collection

The researcher has prepared both questionnaires and interview. The questionnaires were distributed to selected respondents directly by the researcher. Respondents oriented they have to feel each questions and their response is confidential and free to ask any additional information regarding the issues raised on the questionnaires. After collecting the distributed questionnaires, an interview was conducted with managers found at the human resource and finance department. Also a secondary data were collected from different departments of the corporation with the approval of concerning body.

3.6 Validity and Pilot Testing

To measure the consistency and to test the questionnaires. Reliability analysis and pilot testing are conducted. Before distributing the whole questionnaires a pilot testing was conducted by involving 19 participants.

Table 3.2 Pilot testing

		N	%
Cases	Valid	19	100.0
	Excluded ^a	0	.0
	Total	19	100.0
Cronbach's Alpha		N of Items	
.902		29	

Sources: Own Survey, 2019

Using Cronbach's Alpha device a reliability test was conducted. Cronbach Alpha is a reliability test conducted within SPSS in order to measure the internal Consistency PriyaChetty and Shruti (Datt, 2015). According to Francisico Tigre, (2018) scores above .7 are considered "acceptable", scores above .8 represent good reliability level and above .9 represent an excellent reliability test.

Table 3.3 Reliability Statistics

3.7 Methods of Data Analysis

The data analysis that were used for this research is descriptive type. The researcher examined the collected data in order to find constructs, themes and patterns that can be used to describe and explain the phenomenon being studied.

Descriptive statistics analysis is applied for the presentation, interpretation and discussion parts on various dimensions of the evaluation system. Questionnaires was summarized and presented using the SPSS software and also percentages, frequencies, means and standard deviations were computed; tabulation and as well as graphical presentations are used. The results of the interview questions are analyzed accordingly.

3.8 Ethical Consideration

In line with the ethical considerations of the study, all participants were assured of non-disclosure of their identities as all information was provided in confidence. The questionnaire was distributed to all staff members who were willing to fill-up. The purpose of the questionnaire has been clearly indicated in the questionnaire as well as face-to-face interaction.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter deals with the analysis of the raw data which is the further transformation of the raw data in to a form that makes them easy to understand and interprets through percentage and frequency distribution. The compiled data is processed, classified, analyzed and interpreted carefully. The gathered data is coded by assigning numerical symbols and classified in order to arrange data in groups on the basis of common characteristics. Tabulation is used to orderly arrange data in a form of summery format, it presents responses question by question and provides the most basic form of information and provides basis for statistical computation.

4.1 Response Rate of Distributed Questionnaire

The sample size of this research were 235 but the researcher take consideration that some questionnaires may not be returned, to avoid such shortcomings and To generate the exact number of response, additional 15 questionnaires were distributed which was 250. andfrom those questionnaires 241 of them are return.9 questionnaires were unreturned. To generate a fair data the questionnaires were distributed at different work units, departments and branches of the corporation..An interview was conducted regarding practice and challenges of compensation with Human Resource Manager and Financial Management Manager. All the data generated from the questionnaire and interview were processed and analyzed in a descriptive method and interpreted by giving reasonable explanations of the result.

Table 4.1 Response Rate

Questionnaire	Number	Percent
No of Questionnaires distributed	250	100%
No of Questionnaires Collected	241	96.4%
No of Questionnaires Unreturned	9	3.6%

In order to generate some personal information about respondents status participated in this study, a number of questions was asked regarding gender, age educational level, service year and salary level of respondent and summarized in a table describing their frequencies and percentages

Table 4.2 Demographic Characteristics of Respondent

Demographic Characteristics		Respondents response	
		Frequency	Percent
Gender	Male	120	51.1
	Female	115	48.9
	Total	235	100.0
Age	21-30	124	52.8
	31-40	67	28.5
	41-50	27	11.5
	51 and above	17	7.2
	Total	235	100.0
Educational Level	Primary	20	8.5
	Secondary	22	9.4
	Level I up to Level IV (Diploma)	75	31.9
	first degree	94	40.0
	Masters	24	10.2
	Total	235	100.0
Service Year at the corporation	0-5	135	57.4
	6-10	36	15.3
	11-15	30	12.8
	16-20	13	5.5
	21 and above	21	8.9
	Total	235	100.0
Salary Level	1050- 3500	31	13.2
	3600- 6500	128	54.5
	6600- 10000	36	15.3
	10100- 15000	26	11.1
	15100 and above	14	6.0
	Total	235	100.0

Source: Questionnaire Survey Data, 2019

Table 4.1 shows the demographic characteristics of the respondents. From total respondents, 51.1% are male and 48.9% are females. This shows male respondents are more numbered than female respondents but with a slight difference.

The age composition consists, 52.8% are age between 21-31, which is the largest category then followed by 28.5% age between 31-40, 11.5% age between 41-50 and the rest 7.2% of them are 51 and above, the data shows much of the respondents found in their young ages.

Regarding the educational status the highest category is first degree holders which are 40%, Diploma (Level I-IV) graduates consists 31.9 %, Master degree holders are 10.2% and secondary education level respondents are 9.4%, as well 8.5% are primary education level respondents. This indicates half of the respondents are 1st degree and above educational level holders.

Respondents that spent at the corporation between 0-5 years includes 57.4% which is the largest, 15.3% of the respondent have a service year between 6-10, 12.8% of them found between 11-15 service year. 5.5% of respondent are between 16- 20 service year and respondents that have been working for 21 and above years consists 8.9%.

Looking at the salary level 13.2% respondents salary ranges between 1050-3500, the largest category is a salary within 3600- 6500 which covers 54.5% of the respondent. The rest 15.3% includes a salary between 6600- 10000, 11.1% of them found between 10100-15000 and the smallest percent is 6.0% a salary above 15000.

4.2 Analysis of Collected Data

In this section main basic data concerning the subject matter of the study is analyzed and interpreted. Issues included in this presentation are Companies payment, cost of living, labour market, the organization, the job, internal equity, government regulations, compensation challenges and motivation are included and under this issues a number questions were provided and the answers are described using frequencies, percentages, mean and statements and clearly interpreted.

Table 4.3 Respondents perception on Current Pay

Statement	Responses	Frequency	Percent	M	SD
You are satisfied with your salary	strongly disagree	51	21.7	2.38	1.033
	Disagree	81	34.5		
	Neutral	71	30.2		
	Agree	25	10.6		
	Strongly agree	7	3.0		
	Total	235	100.0		
You are paid based on your actual performance	strongly disagree	45	19.1	2.44	1.025
	Disagree	83	35.3		
	Neutral	72	30.6		
	Agree	28	11.9		
	Strongly agree	7	3.0		
	Total	235	100.0		
Your yearly salary increment is attractive	strongly disagree	46	19.6	2.39	1.029
	Disagree	91	38.7		
	Neutral	68	28.9		
	Agree	20	8.5		
	Strongly agree	10	4.3		
	Total	235	100.0		
You received payments other than base pay	strongly disagree	77	32.8	2.09	1.051
	Disagree	92	39.1		
	Neutral	40	17.0		
	Agree	18	7.7		
	Strongly agree	8	3.4		
	Total	235	100.0		
You received your payment on time	strongly disagree	54	23.0	2.48	1.152
	Disagree	72	30.6		
	Neutral	63	26.8		
	Agree	33	14.0	Aggregate Mean=2.35	
	Strongly agree	13	5.5		
	Total	235	100.0		

Source: Questionnaire Survey Data, 2019

Regarding salary satisfaction 34% disagree and 21.7% are strongly disagree that their monthly salary satisfies them and 10% of them agreed they are satisfied. These means majority of participant (56.2%) are not satisfied with their current salary, which implies the corporation pays salary to its employees not competent with their desired level. According to Mirza S. Saiyadain, (2003) if the organization wishes to retain talented people, they have to be a better pay masters

Table 4.2 describes 35.3% of and 19.6% participant disagree and strongly disagree respectively they are paid based on their performance and 11.9% agreed they are paid based on their performance. More than half of participant confirms that the corporation is not considering employees effort or act to execute their job in order to fulfill or achieve the planned activity in setting pay scale, salary increment and appropriate payment for different kinds of jobs.

On issues in relation to yearly salary increment 38.7% are disagree their yearly salary increment is attractive, also 19.6% believes it is not attractive, together 58.3% are not attracted with yearly salary increment. This indicates the corporation raises employee's salary in a small amount yearly, which is not up to the expectation of its employees.

Concerning payments other than base pay 39.1% and 32.8% disagree and strongly disagree respectively they are provided with different kind of payments other than monthly salary. A small amount of participant 7.7% agreed and 3.4% strongly agree they receive other payments. This shows the corporation does not provide different types of rewards or payments other than salary in order to support and encourage its employees. Companies must employ some combination of base salary, rewards and performance pay to get the best out of their employees. (Malcolm Gladwell, 2009)

From participants 30.6% disagree and 23% strongly disagree they receive their payment on time 14% agreed and only 5.5% strongly agree they receive payments on time. This also indicates the corporation does not pay employees on the time limit it must have been pay, which can crate grievance and anger among employees. Issues' regarding payment the Aggregate Mean is 2.35 which means the corporation payment practice is very poor.

Table 4.4 Responses towards Compensation Considering Cost of Leaving

Statement	Responses	Frequency	Percent	M	SD
The corporation pays considering rising economic conditions and hardships	strongly disagree	88	37.4	1.86	0.874
	Disagree	106	45.1		
	Neutral	28	11.9		
	Agree	10	4.3		
	Strongly agree	3	1.3		
	Total	235	100.0		
Your payment covers your basic need requirements such as housing, food and clothing	strongly disagree	91	38.7	1.93	0.942
	Disagree	86	36.6		
	Neutral	43	18.3		
	Agree	12	5.1		
	Strongly agree	3	1.3		
	Total	235	100.0		
Your salary allows you other than to cover basic needs to save money for emergency purpose	strongly disagree	99	42.1	1.81	0.851
	Disagree	93	39.6		
	Neutral	31	13.2		
	Agree	12	5.1		
	Strongly agree	0	0	Aggregate Mean=2.8	
	Total	235	100.0		

Source: Questionnaire Survey Data, 2019

Table 4.3 shows 45.1% participants disagree and 37.4% strongly disagree the corporation pays by considering the rising economic condition and hardship. Only a small percent of respondent 4.3% and 1.3% agree and strongly agree respectively the corporation considers economic hardship. This implies the corporation neglect current economic conditions and pays its employees without taking in to account ongoing economic situation which results high cost of living, which make it difficult for employees to cope up with the rising price of commodities, services and products.

Regarding if employees payment cover their basic needs 38.7% strongly disagree and 36.6% disagree which means 75.3% participant approves with their payment they can not afford to fulfill their basic needs. This finding highly imply the compensation the corporation provides to its employees are incompetent to the economic situation, unfair and very low to enable employees to cover their housing, food and clothing requirements which could demoralized their moral and degrade their attitude towards the corporation. According to Peter J. Dowling (2008) cost of living increases become necessary to compensate for losses of purchasing power due to inflation.

Also 42.1% and 39.6% strongly disagree and disagree respectively their payment cannot allow them to save money for emergency purpose. This supports the opinion of participants that the corporation compensation system and practice is very poor and low. The Aggregate Mean value for cost of living is 2.8. This describes employees are not compensated with consideration of the rising cost of living.

Table 4.5 Respondents View about Labour Market

Statement	Responses	Frequency	Percent	M	SD
The corporation pays better than other similar companies at the industry	strongly disagree	83	35.3	1.91	0.883
	Disagree	89	37.9		
	Neutral	54	23.0		
	Agree	7	3.0		
	Strongly agree	2	.9		
	Total	235	100.0		
The corporation pays according to the current labour market at the industry	strongly disagree	58	24.7	2.19	0.926
	Disagree	94	40.0		
	Neutral	65	27.7		
	Agree	15	6.4		
	Strongly agree	3	1.3		
	Total	235	100.0		
The corporation pays below current labour market at the industry	strongly disagree	23	9.8	3.44	1.219
	Disagree	38	16.2		
	Neutral	24	10.2		
	Agree	112	47.7	Aggregate Mean= 2.51	
	Strongly agree	38	16.2		
	Total	235	100.0		

Source: Questionnaire Survey Data, 2019

As shown on Table 4.4, 40% of respondent disagree and 24.7% strongly disagree the corporation pays according to current labour market at the industry. A small percent of respondent 6.4% and 1.4% participant agreed and strongly agreed respectively they are paid according to the labour market. 27.7% respondent are neutral, they are neither agreed or nor disagree if the corporation pays according to the current labour market. The researcher believes most probably they are not unaware about other similar corporation compensation practice and pay scale. This finding indicates the corporation is not compensate its employees according to the current labour market

From participants 47.7% agreed and 16.2% strongly agree the corporation pays below current labour market, together 63.9% participant confirms that they are paid below labour market that currently other similar corporation exists. The Aggregate Mean for labour market is 2.51 which implies the corporation not considering labour market in a series manner determining compensation

From Table 4.4, it is obvious for the researcher to approve the corporation compensate its employees low at the labour market industry in comparison with similar corporation, and this can harm the corporation through employees turnover due to joining other corporation who pays higher. The current labour market average salary for the job is the most useful measure of a satisfactory salary structure (Charles R. Greer, 2001)

Table 4.6 Responses Concerning the Organizations Job Standard and Financial Stability

Statement	Responses	Frequency	Percent	M	SD
The corporation compensate employees on the ground of clear job qualification such as Education, skill and experience	strongly disagree	48	20.4	2.60	1.113
	Disagree	60	25.5		
	Neutral	70	29.8		
	Agree	51	21.7		
	Strongly agree	6	2.6		
	Total	235	100.0		
The corporation pays you based on its profit margin	strongly disagree	47	20.0	2.57	1.135
	Disagree	72	30.6		
	Neutral	61	26.0		
	Agree	45	19.1		
	Strongly agree	10	4.3		
	Total	235	100.0		
The corporation is in a good financial condition	strongly disagree	37	15.7	2.66	1.151
	Disagree	77	32.8		
	Neutral	67	28.5		
	Agree	35	14.9		
	Strongly agree	19	8.1		
	Total	235	100.0		
The corporation involves employees or labour union in determining pay scale	strongly disagree	26	11.1	2.93	1.078
	Disagree	52	22.1		
	Neutral	82	34.9		
	Agree	61	26.0		
	Strongly agree	14	6.0		
	Total	235	100.0	Aggregate Mean=2.69	

Source: Questionnaire Survey Data, 2019

Regarding qualification requirement such as educational status, experience and skill, 29.8% participants are neutral about compensated for the job that has a clear qualification 25.5% are disagree as well as 20.4% strongly disagree about the corporation having a clear qualification requirement. 21.7% agree and 2.6% strongly agree they are compensated based on clear

qualification. This shows the majority (45%) is not supporting the statement that the corporation does have a clear qualification requirement. The researcher understood respondents responses neither agree nor disagree may suggests even if the corporation has qualification requirement for jobs, it lacks clarity or they are not implemented on ground for compensation, promotion and assignment of task for a specific job properly. This indicates the corporation does not prepare a clear qualification requirement at each level of jobs and does not compensate employees based on their qualification.

30.6% respondents disagree and 20% strongly disagree that the corporation pays based on its profit margin. 26% are neutral and 19.1% as well as 4.3% strongly agree the corporation compensates according to its profit, the finding implies the corporation is not paying employees considering its profit because half of employees does not fill they are not fairly share the profit generated by the corporation with their efforts on their respective job position.

According to participants 32.8% disagree the corporation is in a good shape regarding financial conditions and 15.7% of them are strongly disagree. 28.5% are neutral about the corporation is found in a good financial condition, 14.9% and 8.1% participants agree and strongly agree the corporation is in a good financial condition respectively.

From the above responses the researcher learns that the corporation are not found in a stable and strong financial conditions in order to compensate employees that fits or close to their desire level and expectation.

Majority respondents (34.9%) are neutral about the corporation involves employees or labour union in determining pay scale. 26% agree and 22.1% disagree it involves labour union in determining pay scale. Observing the responses the researcher believes most employees are unaware of the technicality and process aspect of conducting and determining pay scale, salary raise and compensation decisions as most participants are undecided or not sure about if the corporation involves employees or labour union in determining compensation. In relation to this Mirza S. Saiyadain (2003), emphasizes the existence and pushfullness of labour union can be important variable in determining the level of compensation. Concerning organizational issues, job qualification, profit margin. The Aggregate Mean for financial stability and organizational

standard is 2.69 which tells the corporation is not in a good shape to financially compensate employees which is near to their demand.

Table 4.7 Responses on the Job

Statement	Responses	Frequency	Percent	M	SD
You are paid for the job that has clear responsibility, function and duties	strongly disagree	31	13.2	2.81	1.135
	disagree	68	28.9		
	Neutral	66	28.1		
	Agree	54	23.0		
	Strongly agree	16	6.8		
	Total	235	100.0		
Your payment considers the relative worth & importance of your job position	strongly disagree	58	24.7	2.35	1.070
	disagree	77	32.8		
	Neutral	65	27.7		
	Agree	28	11.9		
	Strongly agree	7	3.0		
	Total	235	100.0		
The corporation compensation policy considers some aspect of the job such as job location and environmental hardship	strongly disagree	44	18.7	2.69	1.127
	disagree	53	22.6		
	Neutral	78	33.2		
	Agree	50	21.3		
	Strongly agree	10	4.3		
	Total	235	100.0	Aggregate Mean=2.61	

Source: Questionnaire Survey Data, 2019

Table 4.6 shows 28.9% disagree and 13.2% strongly disagree they are paid for the job that has clear responsibility, function and duties. 28.1 % are neutral about the statement. From the responses 23% and 6.8% agree and strongly agree respectively they are compensated based on clear responsibility and function. From the responses it is clear that the corporation does not fully provide a job description for job positions stating what tasks must be executed, what responsibility expected from employees and how the job will be done. Also the corporation is not communicate the job description it provides with employees for their specific position.

Based on the responses of participants 32.8% and 24.7% agree and disagree respectively the corporation is not compensating them considering the relative worth and importance of their job positions. 27.7% are neutral and a small percent of respondents 11.9% agree and 3% strongly agree the corporation pays them taking their relative worth and importance of job in to account. The responses leads to the idea that the corporation does not effectively conduct job analysis in determining the status of single job position based on the level of task, responsibility and output expected from a specific job position holder. Jobs must be analyzed through gathering detailed information about all jobs and position to get a clear understanding of how each one contributes to achieving company goals and objectives (Personnel Management handbook, 1998).

Regarding compensation policy considering job location and environmental hardship 33.2% are neutral, 22.6% disagree and 18.7% strongly disagree the corporation considers job location and environmental hardship for compensation. 21.3% agree and 4.3% disagree on the statement. These indicates the corporation not consider location and environment in a high manner and compensate employees not up to their expectation on the difficulty of the area they are working on. On statement regarding the job the aggregate Mean Value is 2.61 which confirms the corporation does not properly provide job description and conduct job evaluation.

Table 4.8 Responses about Internal Equity

Statement	Responses	Frequency	Percent	M	SD
You are equally paid with your colleague at the same position	strongly disagree	52	22.1	2.69	1.127
	disagree	69	29.4		
	Neutral	34	14.5		
	agree	59	25.1		
	Strongly agree	21	8.9		
	Total	235	100.0		
As you promoted, sufficiently and highly your pay rises	strongly disagree	48	20.4	2.45	1.004
	disagree	66	28.1		
	Neutral	94	40.0		
	agree	20	8.5		
	Strongly agree	7	3.0		
	Total	235	100.0	Aggregate Mean= 2.57	

Source: Questionnaire Survey Data, 2019

In relation to responses employees getting paid equally with their colleague at the same job position 29.4% disagree and 22.1% strongly disagree they are paid equally with their colleague at the same position. 25.1% agreed on the statement. More than half of participant (51.1%) acknowledge that they are not equally compensated with their colleague at the same position which implies the corporation salary structure does not treats employees to be compensated fairly and the salary structure is not appropriately implemented to make all employees at same job positions and qualification equally compensated.

Concerning statement when employees promoted they receive a sufficient and high pay raise 40% of respondent are neutral. 28.1% disagree and 20.4% strong disagree they pay rises sufficiently and highly as they get promoted. A small amount of respondents 8.5% and 3% agree and strongly agree they receive sufficient and high pay as they promoted. These responses firmly indicates that when employees promoted from one job position to the next higher rank, their payment not increased significantly. According to Wayne F. Cascio, (2003) levels of pay will always be evaluated by employees in terms of fairness and unless pay systems are acceptable to those affected by them, they will breed mistrust and lack of commitment. The Aggregate mean value for Internal Equity is 2.57 showing the corporations poor compensation practice on internal equity.

Table 4.9 Responses Regarding Government Regulation

Statement	Responses	Frequency	Percent	M	SD
The corporation applies Gov't law regarding compensation.	strongly disagree	34	14.5	3.01	1.183
	Disagree	35	14.9		
	Neutral	84	35.7		
	Agree	57	24.3		
	Strongly agree	25	10.6		
	Total	235	100.0		
You are paid for the time you spent on work set by the government working hour standard which is 8 hours	strongly disagree	10	4.3	3.73	1.045
	Disagree	20	8.5		
	Neutral	47	20.0		
	Agree	103	43.8		
	Strongly agree	55	23.4		
	Total	235	100.0	Aggregate Mean=3.37	

Source: Questionnaire Survey Data, 2019

Tables 4.8 shows the majority of participant (35.7) are neutral about the statement the corporation applies government law regarding compensation. 24.3% agree and 10.6% strongly agree on the statement. The researcher believes most employees may not aware about labour law and collective agreement implementations. The finding indicates the corporation comply with the country labour law which is compensation is one part of the law.

Regarding working hours 43.8% and 23.4% respectively agree and strongly agree they are paid for the time they spent 8 working hours which is a standard working hour set by the government. 20% are neutral, as well as a small percent of respondent 8.5% agree and 4.3% strongly disagree they are not paid according to standard working hour. The majority (67.2%) confirms the corporation applies standard working hour which implies the corporation pays employees their monthly salary for the regular time they supposed to spend on work. The Aggregate Mean value for the corporation applying government regulation is 3,37 showing the corporation properly applies government regarding compensation.

Responses regarding to the Most Challenging Issue on Compensation

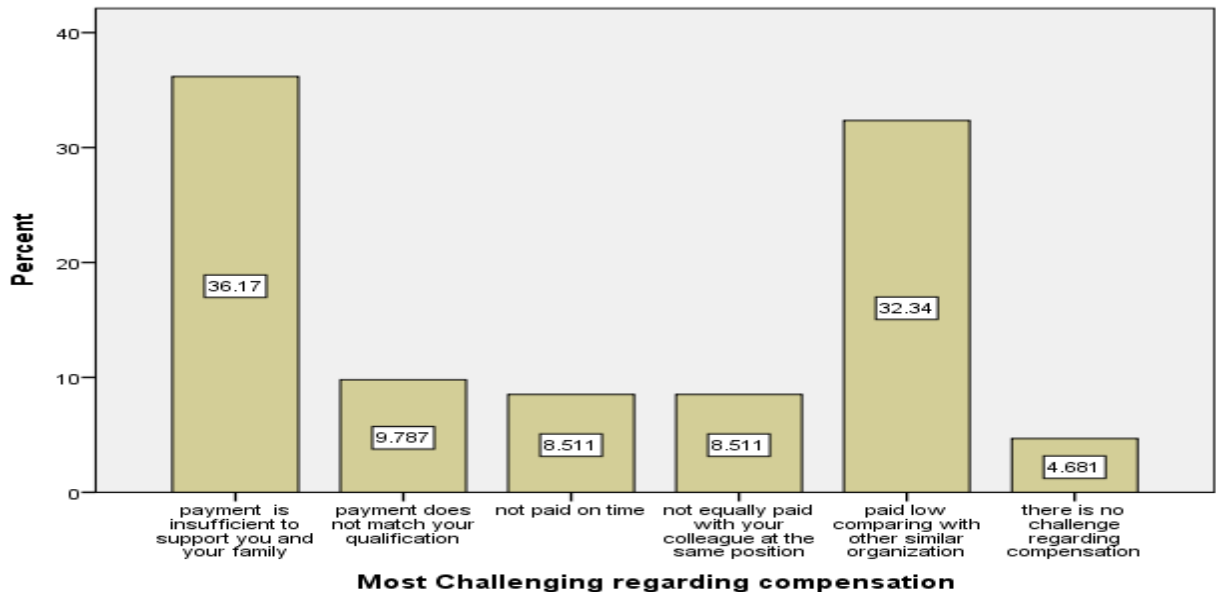


Figure 4.1 Most Challenging Issues on Compensation

Source: Questionnaire Survey Data, 2019

Figure 4.1 shows the most challenging problems that employees encountered on their compensation. From respondents 36.2% said their payment is insufficient to support them and their family, 32.3% said they are paid low comparing with other similar corporations, 9.8% approves the most challenging issue for them is their payment does not match their qualification, 8.5% put their first challenge is they are not paid on time and not equally paid with their colleague at the same position, and finally 4.7% said there is no challenges regarding compensation. From this analysis the researcher finds out the number one employee's challenging factor on compensation at ECWC is their payment is not enough to support themselves and their dependable once, because the corporation payment is not competent to the current rising cost of living.

Responses of respondents on motivation



Figure 4.2 Responses on Motivation

Source: Questionnaire Survey Data, 2019

The figure indicates 62.1% employees are not currently motivated on their job because of their payments is not satisfying and below their expectation. From respondents 13.2% reply they are motivated to do their job because the corporation compensates them is encouraging and good as well as 24.7% are nether motivated nor demotivated of the compensation they receive from ECWC. The replies strongly represents most of employees are not motivated on their job through their compensation at all, which shows the corporation does not provide an acceptable level of payment to employees.

An open ended questions was provided to respondents to explain their reason for not motivated on their job because of compensation and they raise the following factors:-

- ✓ The compensation they received from the corporation does not allow to support themselves and their families
- ✓ They are paid low comparing their colleagues at the same position and qualifications
- ✓ Their payment does not consider the worth and status of their job and work load that exists.
- ✓ Their payment is below current market labour and low comparing with similar corporations
- ✓ They are not receiving other payments than salary such as housing allowance, transport allowance, phone allowance.
- ✓ The very wide gap between employees and managers extravagant pay and allowances.

4.3 Interview Data Analysis

Interview were conducted with managers to generate information on challenges and practices of compensation at the corporation. The result of interview are Thematically presented below.

- Type of compensation the corporation provides

The corporation compensates employees through different means these are employees monthly salary, overtime pay, food and housing allowances only for those working or on a field job outside the head office and bonus.

- methods the corporation uses to set a pay scale

To set a pay scale the corporation uses job ranking, first each job are categorized and graded according to the educational and experience requirement. There are 20 grade pay scales and these 20 grades horizontally expanded as a pay range up to 10 levels which every year employees entitled a merit (yearly salary increment) based on their result of performance appraisal or efficiency.

- factors the corporation considers in preparing compensation system

In preparing compensation system the corporation takes different factors in to account such as the current cost of living and economic condition, the existing labour market, the corporation profit margin and ability to pay.

- wide pay gap between employees & managers

In order to narrow the very wide pay gap b/n employees and managers, the corporation tries to support employees by paying overtime pay for employees as an encouragement and motivating means without assigning them to extra hours as well as overtime pay is not permitted to pay for managers.

- challenges the corporation faces regarding compensation

The corporation encounters some challenges regarding compensation among them one is employees compliance they are not paid on time. These is mostly due to customers (governments and machine renters) does not release payment on time to the corporation and there is a little lack of effectiveness in collecting payments on time in finance department area. To solve this the corporation tries to notice customers to release money early to avoid late salary and other payments to employees.

- corporations compensation system design

The corporation designs compensation system by hiring external professional institute which is specialized in finance. Also experts of the corporation from Human Resource Management department makes a salary and compensation survey at different governmental development companies, that will be used as an input for preparing compensation system. Experts from

organizational Development also revises and evaluate each job to determine their worth for compensation. After some alternative pay scales drafts it will be communicated with labour union to balance the desired need of employees to be compensated with the ability of the corporation to pay. Finally a pay scale that is agreed and chosen by the management and labour union will be declared and implemented.

➤ corporations ability to pay

The corporation is found in a stable financial capacity to provide payments to employees in its existing pay scale. It cover all of its costs, pay its debts and pay taxes to the government.

CAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This Chapter deals with major research findings, conclusions and recommendations.

5.1 Summary of Major Findings

Based on the analysis of collected data and interpretation the following major findings are presented.

ECWC compensate employees below the level of their satisfaction and their pay is not tied with the performance they put in order to execute their job. Also The corporation does not compensate employees on the exact time it must provide a payment to employees which is characterized by late payment.

The corporation does not revise its salary structure or compensation policy according to the rising cost of living which means ECWC does not reasonably pay employees considering inflation.

Most employees are unable to cover their physiological needs with the payment they are receiving from the corporation. In relation to labour market ECWC pays below the existing labour market in comparison with similar corporation.

The corporation pays differently for employees that found at the same job positions possessing the same experience and educational status, which indicates ECWC lacks internal equity practice in compensating employees as well as employees are not appropriately compensated in a fair manner from the profit the corporation generates

The study identifies the corporation does have a qualification requirement but employees does not compensated enough for the experience and educational status they possess which is not competent to their job worth.

The study revealed that the corporation designs compensation system by employing external professional companies and involving human resource experts from the corporation.

5.2 Conclusions

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

Employees perception on financial compensation system of the corporation is to be found negative. Because pay in the corporation is not based on employees actual performance, salary increment is not attractive and the corporation does not pay salary on time.

The major challenges the corporation faces on compensation system are the pay offered to employees is insufficient to employees to support themselves and their families. The corporation is not considering cost of living when preparing or designing compensation packages. Apart from their base pay employees are not regularly provided with allowances.

Jobs are not clearly analyzed and evaluated at the corporation in order to determine the pay scale for each jobs.

ECWC pays below current labour market to employees showing the corporation does not undertake proper labour market survey, as well as compensate employees below its ability to pay.

Job performance of employees are not evaluated properly in order to compensate employees based on their personal efficiency and performance level.

Because of lack of internal equity at the corporation employees at the same positions are not paid equally and the corporation insufficiently increases employee's salary as they get promoted. In conclusion employees are not motivated and satisfied with the compensation system and practices of the corporation which shows ECWC has a poor and incompetent compensation system.

5.3 Recommendation

In light of research identified problems, the following recommendations are made for the corporation management consideration.

- ☞ Most employees at ECWC are unable to fulfill their basic needs and support their families with the payment they receive from the corporation. The corporation should revise its compensation system and consider cost of living and current economic hardship to determine compensation policy and raise employee's salary. As well as aside from monthly salary variety of compensation packages motivates employees and enables them to have a good attitude on the corporation compensation practice.
- ☞ As the study identifies employees feel they are not paid for the status and job position they have. To tackle this, Job evaluation must be clearly conducted to set a pay scale for a specific job by deeply looking the relative worth of jobs. Also the corporation must prepare a clear qualification requirement which must balance the qualification and the salary level of job positions.
- ☞ The study shows employees at the same job position are not paid equally. It is advisable to the corporation to appropriately establish internal equity in order to fairly and equally compensate employees who founds at the same job position possessing the same experience and educational level.
- ☞ According to the findings of the study the corporation pays below the current labour market, the researcher suggest that the corporation should conduct a labour market survey to compare its compensation with similar corporations and standardize its compensation practice and system up to labour market.

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Appendix 1

ቅድስት ማርያም ዩንቨርሲቲ

የድህረ ምረቃ ፕሮግራም




ለኢ.ኮ.ሲ.ኮ ሠራተኞች የተዘጋጀ መጠይቅ

ውድመላሾች

የዚህ መጠየቅ ዋና አላማ የከፍተኛ ደረጃ ትምህርት ለማስፈላለግ እና ለሥራ ስራዎች ለማስፈላለግ ነው።

ከመጠየቅ የሚገኘው መረጃ ለትምህርት አላማ ብቻ የሚውል ሲሆን የመላሾች ማንነት አያስፈልግም።

ከታች ለተዘጋጀው መጠይቅ የዕርስ ወይንት ትምህርት ለማስፈላለግ ለማድረግ ከፍተኛ አስተዋጽኦ ያደርጋል።

-  መጠየቅ ላይ ስምዎን ማስፈላለግ
-  ጥያቄ ካልዎት የጥናቱን ባለቤት በሚከተለው ኢ-ሜይል አድራሻ ማግኘት ይችላሉ
ኢ-ሜይል eyoelteme@gmail.com ሞባይል ቁጥር 0910 03 88 11
-  በቅድሚያ ለትብብር ያለውን መረጃ ማስገባት

አምኖ ተመቻ

ክፍል 1 የመላሾች ሁኔታ

መመሪያ፡- መልስ ያሰጡትን ማረጋገጥን የ (✓) ምልክት ያድርጉበት

1. ጾታ ወንድ ሴት
2. እድሜ 21- 30 31- 40 41- 50 50 እና ከዛ በላይ
3. የትምህርት ደረጃ የመጀመሪያ ደረጃ ትምህርት ሁለተኛ ደረጃ ትምህርት
ከደረጃ 1 እስከ ደረጃ 4 (ዲፕሎማ) የመጀመሪያ ዲግሪ ማስተርስ
4. በኮርፖሬሽን ውስጥ ጥያቄዎት የአገልግሎት ዘመን
0- 5 6- 10 11- 15 16- 20
21 ዓመትና ከዛ በላይ
5. የደመወዝ መጠን 1050- 3500 3600- 6500 6600- 10000
10000- 15000 15100 እና ከዛ በላይ

ክፍል 2. ከክፍያ ክንውኖችና ጥያቄዎች ጋር የተያያዙ ጥያቄዎች

መመሪያ :- እባክዎን ሃሳብዎን በይበልጥ የሚገልጸውን ጥያቄ የ(✓) ምልክት በጥያቄው ትይዩላይይምሉ

1. በኮርፖሬሽን የአካፋፈል ሁኔታ ላይ ያለው የሰራተኞች ስሜት

NO		5 በጣም እስማማለሁ	4 እስማማለሁ	3 ማህከለኛ	2 አልስማማም	1 በጣም አልስማማም
1	በደምወዝ ወዘዎ አርካታ አግኝተዋል					
2	ክፍያዎች በተግባር በሚያከናውኑት ስራ ልክነው					
3	አመታዊ የደመወዝ ጭማሪ ዎጥሩ የሚባል ነው					
4	ከወር ሃዲ ደመወዝ ወዘዎ በተጨማሪ ሌሎች ክፍያዎችን ያገኛሉ					
5	ክፍያዎችን በሰዓቱ ያገኛሉ					

2. በኑሮ ፍጆታ ላይ ኮርፖሬሽን የሚደርገው የአካፋፈል አስተያየት

		5 በጣም እስማማለሁ	4 እስማማለሁ	3 ማህከለኛ	2 አልስማማም	1 በጣም አልስማማም
1	ኮርፖሬሽን የሚከፍለው የኢኮኖሚ ለውጥን ወይም የዋጋ ግሽፈትን ታሳቢ በማድረግ ነው					
2	ክፍያዎ መሰረታዊ የኑሮ ፍጆታዎችን ማለት ምንድን ነው፤ የምግብ እና ልብ ስወጫዎችን ይሸፍናል					
3	ደመወዝ ወዘዎ መሰረታዊ ፍጆታዎች ወይም ጠብያብ ስፈራዎች ለመቆጣጠር ያስችላል					

3. የሰራተኞች

		5 በጣም እስማማለሁ	4 እስማማለሁ	3 ማህከለኛ	2 አልስማማም	1 በጣም አልስማማም
1	ኮርፖሬሽን ከሌሎች ተመሳሳይ መስሪያ ቤቶች ይበልጥ ይከፍላል					
2	ኮርፖሬሽን በሰራተኞች ወይም በሰራተኞች ይከፍላል					
3	ኮርፖሬሽን ከሰራተኞች ወይም ከሰራተኞች ይከፍላል					

4. የኮርፖሬሽኑሁኔታ

		5 በጣምአስማ ማለሁ	4 እስማማለሁ	3 ማህከለኛ	2 አልስማማም	1 በጣምአልስ ማማም
1	ኮርፖሬሽኑለሰራተኞች የሚከፍለው ግልጽ በሆነ የሥራ መስፈርት ማለት ምን ያህል ነው፤ የሥራ ልምድ እና ልዩ ችሎታን ገናዘበ መልኩ ነው					
2	ኮርፖሬሽኑ የሚከፍለው በሚያገኘው ትርፍ መሰረት ነው					
3	ኮርፖሬሽኑ ጥሩ በሚባል የሥራ ጠንላይ ይገኛል					
4	ኮርፖሬሽኑ የደመወዝ ጭማሪ በሚያደርግበት ወቅት ሰራተኞችን ወይም የሰራተኞችን ማህበርን ያሳትፋል					

5. ስራን በተመለከተ

		5 በጣምአስማ ማለሁ	4 እስማማለሁ	3 ማህከለኛ	2 አልስማማም	1 በጣምአልስማ ማም
1	የሚከፈልዎት ክፍያ ግልጽ በሆነ የሥራ ሃላፊነት፤ የክንውን መዘር ዝርዝር እና የአሰራር ሂደት መሰረት ነው					
2	የሚከፈልዎት ክፍያ የሥራ መደብ ያሳያል፤ በደንበኞች ጠየቀው ገንዘብ መልኩ ነው					
3	የኮርፖሬሽኑ የክፍያ አሰጣጥ የሥራ አካባቢውን ሁኔታ እና ተፈጥሮ አዋቂ የአየር ንብረት ንቃት ሳይደረገው					

6. የውስጥ ሥራ ክፍፍል

		5 በጣምአስማ ማለሁ	4 እስማማለሁ	3 ማህከለኛ	2 አልስማማም	1 በጣምአልስ ማማም
1	ከአርስ ወይም ከሌሎች ሰራተኞች ጋር ለሥራ መደብ ጠየቀው ገንዘብ መልኩ ነው					
2	የደረጃ እድገት በሚያገኙበት ወቅት በቁጥጥር ላይ ያደረገው የደመወዝ ጭማሪ ነው					

7. የመንግስት ህጎች

		5 በጣም እስማማለሁ	4 እስማማለሁ	3 ማህከለኛ	2 አልስማማም	1 በጣም አልስማማም
1	ኮርፖሬሽኑ የክፍያ አወሳሰን በሚያደርግበት ወቅት የመንግስት ህግን ጠበቀሁ ኔታኑ					
2	የሚያገኙት ክፍያ የመንግስት በወሰነው የስራ ሰዓት ማለትም ሰዓት በስራ ላይ በተገኙበት መሰረት ነው					

8. ችግሮች

ከሚከተሉት ክፍያን በተመለከተ ካሉት ችግሮች መካከል በይበልጥ የትኛው ያመዘንብዎታል?

- ሀ. ክፍያዎ እርስዎንና ቤተሰብዎን ለመደገፍ አያስችሎትም
- ለ. ክፍያዎ ትካል ወይም የስራ መስፈርት ጋር አይመጣጠንም
- ሐ. በጊዜው ደመወዝ ዝምን አያገኙም
- መ. ከስራ ባለፈ ደረጃዎ ጋር እኩል ክፍያ አያገኙም
- ሰ. ከሌሎች ተመሳሳይ ድርጅቶች ጋር ሲነፃፀር ያነሰ ክፍያ ይከፈልዎታል
- ረ. ክፍያን በተመለከተ ምንም እይነት ችግር የለም

9. በኮርፖሬሽኑ የሚከፈልዎት ክፍያ በስራዎት ላይ እንዲነቃቀስ እንዲበረታቱ አድርጎታል

አዎ አድርጎኛል አላደረገኝም

መልስዎት እንደነቃቀስ አላደረገኝም ከሆነ እባክዎ ምክንያቱን በዝርዝር ይግለጹ

5. Salary level 1050- 3500 3600- 6500 6600- 10000
 10100- 15000 15100 and above

Part II. Questionnaire regarding compensation practices and challenges

Instruction :-Please answer the following questions by marking (√)sign in the table that corresponds you're answer

1. Employees perception on financial compensation

NO	Statement	5 Strongly agree	4 Agree	3 Neutral	2 Disagree	1 Strongly disagree
1	You are satisfied with your salary					
2	You are paid based on your actual performance					
3	Your yearly salary increment is attractive					
4	You received payments other than base bay					
5	You received your payment on time					

2. Corporations consideration of cost of living on payment

No	Statement	5 Strongly agree	4 Agree	3 Neutral	2 Disagree	1 Strongly disagree
1	The corporation pays considering rising economic conditions					
2	Your payment covers your basic need requirements such as housing, food and clothing					
3	Your salary allows you other than to cover basic needs to save money for emergency purpose					

3. External equity

NO	Statement	5 Strongly agree	4 Agree	3 Neutral	2 Disagree	1 Strongly disagree
1	The corporation pays better than other similar companies at the industry					
2	The corporation pays according to the current labour market at the industry					
3	The corporation pays below current labour market at the industry					

4. Organization

NO	Statement	5 Strongly agree	4 Agree	3 Neutral	2 Disagree	1 Strongly disagree
1	The corporation compensate employees on the ground of clear job qualification such as Education, skill and experience					
2	The corporation pays you based on its profit margin					
3	The corporation is in a good financial condition					
4	The corporation involves employees or labour union in determining pay scale					

5. job

Statement		5 Strongly agree	4 Agree	3 Neutral	2 Disagree	1 Strongly disagree
1	You are paid for the job that has clear responsibility, function and duties					
2	Your payment considers the relative worth & importance of your job position					
3	The corporation compensation policy considers some aspect of the job such as job location and environmental hardship					

6 Internal equity

Statement		5 Strongly agree	4 Agree	3 Neutral	2 Disagree	1 Strongly disagree
1	You are equally paid with your colleague at the same position					
2	As you promoted, sufficiently and highly your pay rises					

Statement		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	The corporation applies Gov't law regarding compensation.					
2	You are paid for the time you spent on work set by the government working hour standard which is 8 hours					

7 Government regulation

8. Which issues challenge you the most from the following?

- A. Your payment is insufficient to support you and your family
- B. Your payment does not match your qualification
- C. you are not paid on time
- D. you are not equally paid with your colleague at the same position
- E. you are paid low comparing with other similar organization
- F. there is no challenge regarding compensation

9. the compensation that you receive from the corporation motivates you to do your job


Yes No I don't have answer

If your answer is no please explain why

Appendix 3

Interview Questions

1. What kind of compensation does the corporation pay?
2. What methods does the corporation use to set a pay scale?
3. What issues does the corporation consider in preparing a compensation system?
4. How does the corporation try to narrow a wide pay gap between employees & managers?
5. What challenges does the corporation face in regard to compensation, and how does it try to solve them?
6. How does the corporation design a compensation system?
7. What does the corporation's ability to pay and financial stability look like?

	Company Name: የኢትዮጵያ ኮንስትራክሽን ሥራዎች ኮርፖሬሽን ETHIOPIAN CONSTRUCTION WORKS CORPORATION	Document No.: OF/ECWC/006
Issue No: 2	Document Title: የውስጥ መጻጻፊያ INTER OFFICE MEMO	Page No.: Page 62 of 1

Appendix 4

2019 budget year from February up to April employee's termination

No	reason for leaving	No
1	leaving because of finding better paying company	54
2	Discipline case	2
3	Retirement	17
4	death	1
Total		74

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. 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.

AmhaTemeche

Name

St Mary's University, Addis Ababa

Signature

May, 2019

ENDORSEMENT

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

ShoaJemal (Asst. Professor)

Advisor

Signature and date

DEDICATION

I would like to dedicate this thesis to my late grandmother W/ro Tenaye Amanu Chora, thank you for your blessing and nurturing me in my childhood and you always be in my heart, Rest In Peace.