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RESEARCH

ON

**COMPENSATION PRACTICE OF PUBLICEMPLOYEES TRANSPORT
SERVICE ENTERPRISE AND ITS IMPLICATION ON EMPLOYEES
PERFORMANCE**

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ST. MARY'S UNIVERSITY
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Compensation Practice of Public Employees Transport Service Enterprise and Its
Implication on Employees Performance

By : Mulugeta Tesfaye

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DECLARATION

I the undersigned, declare that this thesis is my original work, prepared under the guidance of Tesfaye Wolde (PhD). All source of Materials used for this thesis have been duly acknowledged.

I further confirm that this thesis has not been submitted either in part or in full to any higher learning institution for the purpose of earning any degree.

Mulugeta Tesfaye

Signature _____

Date _____

ENDORSEMENT

This thesis has been submitted to St. Mary University, School of graduate studies for examination with my approval as a university advisor.

Tesfaye Wolde (PhD) _____

Signature

St. Mary's University, Addis Ababa July, 2019

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LIST OF ABBREVIATIONS

PETSE - Public Employees Transport Service Enterprise

D/I - Direct and Indirect Benefit

NF – Non Financial benefit

ABSTRACT

The purpose of this study was to investigate compensation and benefit practice and its implication on employee performance. The study was guided by the following research objectives:

The general objective of this study is to investigate the impact /effect of compensation and benefit on employee performance. The specific objectives are to identify the compensation and benefit packages available at PETSE, to investigate the current practice, problems and challenges associated with the system.

The methodology used for the study is primary and secondary. The primary data was collected by means of questionnaires to be distributed to the selected employees of the enterprise. The secondary sources of data are the human resource manual available in the enterprise which were reviewed and refereed

The survey found out that there is significant and positively relationship between Independent variables and dependent variable.

The key findings of this research shows that there is a significant and positive correlation exist between independent variable (Non-Financial Benefit, Direct and Indirect benefit and compensation and management administration) and dependent variable (employee performance).

In conclusion demonstrated that direct and indirect benefit, non-financial benefit and compensation and benefit administration to employees enhances job performance. From the study it can be recommended thatPETSE management should carry out a bench marking activity against the best players in the country as a way of improving their employee performance.

Key words: compensation, benefit, public employees transport service enterprise, employeepformance.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

People in organization are harmoniously working together to satisfy one certain goal whether short or long time goal. The organization, as the collection people are expected to be deliver the best assets that they have which the people hearing the knowledge and skills suitable to their position in the organization.

There is a need in every organization to enhance the job performance of the employees. Compensation and Benefits are very important to employees and organization performance Brendadin (2007) pointed out that compensation and benefits are all forms of financial returns and tangible benefits that employee receives as part of employment relationship

Employee compensation and benefits is one of the very useful and important human resource management practice nowadays and it includes all forms of pay and rewards received by employees for the performance of their jobs (Snell and Bohlander 2007).

Direct compensation includes wages and salaries, incentive payments, bonuses and commissions to employees. Indirect compensation comprises many benefits supplied by employers and non – financial compensation includes fringe benefits like free insurance subsidized lunch, intrinsic rewarding jobs, a nice work environment and flexible work hours to accommodate personal needs (Malik 2013)

The kind of compensation that will motivate employee to give their best to influence performance positively will depend on how much it addressed their need for status, security, and their survival need as postulated by Maslow (1943, 1954) in his hierarchy of needs.

Understanding of the compensation and Benefits system is critical in designing effective compensation and Benefit packages and in particular the

recognition that the institutional framework that supports the packages is crucial in the employees' perception of the quality and quantity of the Benefit provide.

There is an increasing demand on organizations to develop compensation and benefit packages that are motivating employees to work hard and faster. Some organizations are experiencing profound managerial difficulties when attempting to use compensation strategically and often reflecting a poor fit for the organization, negative outcomes of compensation systems which include high costs, a greater administrative burden and industrial conflict manifest in a de-motivated and disengaged workforce (Trevor, 2008).

It is on this note that public employees' transport service enterprise is required to formalized and best aligned with the structure and goals of the enterprise. The study assess the compensation and benefit practices: identify the implication of compensation and benefit on employee performance, investigate the problems and challenges associated with compensation and benefit of the enterprise. The researcher therefore tends to draw attention to management of the organization to the need for effective and efficient compensation and benefit system which is capable of improving employees'. Performance and enhance organizational productivity in public Employees" Transport service Enterprise.

For an organization to be able to effectively manage compensation and benefit to have a positive influence on the performance of its employees, it must understand the various aspect of compensation and benefit as a driving force that motivates employees and direct their behavior towards achieving the organizational objectives.

It must also be noted that a good and successful compensation and benefit package is hinged on a number of factors which on may call indicators. The compensation package should be tied to the vision, Strategy, Culture business models and goals of the organization.

Public employees' transport service enterprise was established in July 2014. It is located around Mexico area.

Public Employees' Transport Service Enterprise provide a transport service for public service employee and the general public, therefore an effective compensation and Benefit Package is needed to motivate employees to sustain their performance. The enterprise has currently implemented employee compensation package to influence performance of employee. Hence, the findings of this research would serve the enterprise managed to improve organizational excellence.

1.2 STATEMENT OF THE PROBLEM

Human resource recognized as a critical resource for success, in order to sustain performance of an organization, it is important to optimize the contribution of employees towards achievement of the aims and goals of an organization. Organizational compensation and benefit system is becoming an important management system, boosts employee satisfaction generally and employee expectations have been high in order for employers to retain their employees, proper compensation and benefit package system which is equally attractive as that offered has to be introduced. As it is indicated in Nursebo thesis paper (2012), in today's turbulent environment, the survival of business organizations depends on having a sustainable competitive advantage. This sustainable competitive advantage can be acquired only through getting and maintain capable, skilled, committed and motivated work force. In order to having such human resource, organizations need to have a reward system that in internally and externally equitable, competitive, attractive and fair. An efficient management of reward system may have a beneficial effect upon the performance in several ways – instilling a sense of ownership amongst the employees, may facilitate long term focus with continuous improvement reduces services operating costs, and minimizes employees dissatisfaction and enhanced employee interest in the financial Performance of the company.

It is stated in reward management practices that, rewards are part of the exchange when workers exert effort to help in achievement and advancement of organizational objectives (Beer, 2004). Therefore the organization strives to give employees both financial and non financial rewards for the cause of performing as expected. Rizwan and Ali (2010) assert that when effective rewards are implemented within an organization, Favorable working environment is produced which motivates employee to excel in their performance. Employees take recognition as their feelings of value and appreciation and as a result it boosts up moral of employee which ultimately increases productivity of organizations. Rewards play a vital role in determining employee performance. Armstrong (2004) notes that non cash rewards can be used for high level of performance of employees. If organization keeps balance between extrinsic and intrinsic rewards, it lead to high employee performance.

There have therefore been various studies attempting to explain effect of reward management on employee performance. However most of these studies (Lynn et al 2009; Armstrong et al, 2009; Mbaya, 2013 and Mzera, 2012) are more concentrated on reward than reward management with the studies on reward management more concentrated in the banking industry (Aktar et al 2010 and Mansor et al 2012).

Moreover, the study by Mokaya (2003) showed that organization in Kenya used compensation and benefits to retain talents and high performing employees. This study will therefore give a detailed outline of reward management by specifically narrowing down on each reward management practice and determine its relative effect on employee performance to enable managers prioritize the reward management practices to use for optimal employee performance.

Mutual (2011) examined reward management and employee performance in National Hospital insurance fund, Kenya and Find out that the remuneration policies in the firm advocate for equal pay for equal work, there is no discrimination in rewards, advocates for internal and external

equity in rewards, competitive reward structure, and performance based rewards.

Rewards have a positive influence on employee performance in NHIF. However this study did not look at the different types of financial and non-Financial rewards and its effects on employees performance of which this study, in tends to cover.

One of the reasons that this study presented has to do with the unique importance of compensation and benefit system in relation to employee's performance in public employees transport service enterprise. In so far as competent employees are necessary for organizational performances, therefore to examine assessment of the practices of compensation and benefit system and employee's performance in the enterprise.

Where as many studies have been carried out on the relationship between compensation and benefit practice and employs performance in other sectors such as; banking and insurance among others, no similar study has been carried out in Public Employees Transport Service Enterprise. Therefore, the problem the researcher intends to investigate how compensation practices influence employee performance at Public Employees Transport Service Enterprise.

1.3 RESEARCH QUESTIONS

The following questions are what the research seeks to find answers to:

- I. What compensation packages arrangements are available at Public Employees Transport Service Enterprise in Addis Ababa ?

- II. What importance do have compensation package of an enterprise on Employee improved performance?
- III. What are the problems associated with compensation management at Public Employees' Transport Service Enterprise?
- IV. What other forms of compensation can be employed to influence employee performance at Publicemployees' transport service enterprise.

1.4 OBJECTIVES OF THE STUDY

The objectives of study are divided in to two:- the general objective and specific objectives.

1.4.1 General Objective

The general objective of the study is to investigate the impact/ effect of compensation and benefit on employee performance.

1.4.2 Specific objectives

The following are the specific objectives of the study:-

- To assess the compensation packages at public service employees' transport services enterprise.
- To investigate the current practice of the compensation system that contributes to the enhancement of employee performance.
- To investigate the problems and challenges associated with compensation at Public service employees transport service enterprise.
- To evaluate the views of management and employees', to recommend other forms of compensation public service employees transport service enterprise/

1.5SIGNIFICANCE OF THE STUDY

The research primarily has the responsibility to provide insight into the implication of compensation on employees' performance and productivity at Public employees' transport service enterprise. The result of the study will

help to have comprehensive look into the gaps in the managing compensation practice at the Public employees transport services enterprise and as an output enterprise management to improve their service excellent as well it could also be used by other public sector institutions. After the study, Findings will also serve as a reference source for further research into the field of compensation and benefit by future researchers.

1.6 SCOPE OF THE STUDY

The study covers the entire Public employees transport services enterprise. All departments of the enterprise were involved and both management and employee of the enterprise were sampled in the collection of data for the study. The study was covered male and female employees of the enterprise and cut across the staff of the organization from junior staff to management staff.

1.7 LIMITATIONS OF THE STUDY

The study mainly depended on the data provides by the respondents. This means that the accuracy of the data provided depends on the information provided.

The respondents handled the problem by making follow-up calls to clarify any issues that were not clear. The researcher handled the problem by carrying an introduction letter from the University so as to assure them that the information were treated as confidential and will be used for academic purposes only.

Further, the researcher had to exercise utmost patience and make extra effort in reminding the respondents and making constant follow-ups. So as, to acquire sufficient data from respondents. Thus explains that 88% of the respondents were able to complete the questioner.

1.8 ORGANIZATION OF THE RESEARCH REPORT

This paper was organized in to five chapters. The first chapter presents background information to the statement of the research problem, objectives of the study, statement of the problem, research questions, brief methodology, and significance of the study and scope of the study. Chapter two is about review of relevant literature that consists of the theoretical and empirical review on compensation and benefit and relation with employee's performance. Chapter three explain the Research methodology that is to be used in the research. Chapter four provide data presentation and discussion of the research findings. Finally, Chapter five presents, the summary, Conclusions and recommendations from the study.

CHAPTER TWO

RELEVANT LITERATURE REVIEW

This chapter deals review the related literatures on assessment of the practice of compensation system and its implication on employees'

performance including theoretical review, empirical literature review, definitions of compensation and benefit. The importance of compensation in organization, Relationship between compensation in each of the human resource practices, compensation elements, relating compensation and employee performance and conceptual framework discussed conceptual frame work is presented in very precise manner.

2.1 CONCEPTUAL REVIEW

2.1.1 DEFINITIONS OF COMPENSATION

The Journal of Global Business and Economics (2010) defines compensation as “the combination of all cash incentives and the fringe benefits mix that and employee received from a company which constitutes an individual total compensation.”

According to De Nisi and Griffin (2001) compensation is a reward system that a company provide to individuals in return for their willingness to perform various jobs and tasks with in organizations. They further stated that relevant and commensurate rewards need to be provided to the employees so that they feel value and their expectations on exchanging their skills, abilities and contribution to the organization are met.

According to (Thomas 1998) the typical compensation package includes two basic components: direct pay and indirect pay or benefits. It is also suggested by Rynes (1987, P. 190) that “compensation systems are capable of attracting (or repelling) the right kind of people because they communicate so much about as organization’s philosophy, values and practices.”

According to Deluca (1993) and Rajkumar (1996), Compensation is defined as pay, reward, remuneration, or salary and wage management. These terms are often used interchangeably in organization. In an organization perspective compensation is often defines as an important human resource management function where it emphasizes planning, organizing, and

controlling various types of pay systems. For example, direct and indirect payments, monetary and non-monetary rewards and cash and non-cash payments, those compensation is used for rewarding employees who perform in their work or service (Noe, Hollenback, Gerhort and Wright, 2004). In this research, compensation refers to all forms of financial returns and tangible services employees receive as part of employment relationship.

2.1.2DEFINATIONOFBENEFIT

Benefits refer to the part of total compensation provided to the employees in whole or in part by payments from the employer and it's did not include the pay for time spent or work (Milkovich and Newman, 2008).Benefits are a non-compensation paid to employees. Employee's benefits include pension, health insurance, Fringe benefits, welfare and etc. (Lee, Hsu and Lien, 2006).

According to carter (2008), benefits are forms of value, other than payment, that are provided to the employee in return for their contribution to the organization, which is for doing their work.

Employee benefits include disability income protection, retirement benefits, work-life balance (for example sick leave), allowances (For example, dental, insurance, medical, transportation, housing, mobile (Macran, Joshi and Dex, 1996).

2.1.3THE IMPORTANCE OF COMPENSATION IN ORGANIZATION

In today fast moving world, developments have made it more important than ever for companies to make sure they have a strategic, holistic and integrated approach to compensation.

To compete in a tough arena, organizations now more than ever need the support of an informed, involved and motivated their employees (Chen and Hsieh, 2006). Here compensation and Benefits is a primary motivator and rewards for employees.

Compensation is a major driver in the success of any organization and it is also true that it is one of the highest expenses for organization. Therefore, compensation is always under scrutiny by the top management of a company. Compensation is not only carefully analyzed by the management, but also analyzed by employees.

If properly executed, effective compensation design can improve organizational effectiveness, support human capital requirements of the organization, and motivate the employees to achieve key corporate strategic and financial goals (Ellig, B.R. 2007).

Effective compensation and benefits strategy is not easy task, especially with the large organizations and every changing demands of the workforce. To construct the most attractive compensation and benefit package, organizations must know to tackle the fundamental landscape change in workforce requirements and demands.

Compensation is very important to employees and organizational performance. Employee compensation and benefits is one of the very useful and important human resource management practices now days and it includes all forms of pay and rewards received by employees for the performance of their Jobs (Snell and Bohlander, 2007).

In every organization it is essential to understand the importance of compensation and the flexibility the hiring managers can have in designing a compensation package that can in turn attract, retain and develop a quality talent pool.

The compensation function contributes to organizational effectiveness in four basic ways.

1. Compensation can serve to attract qualified applicants to the organization. Other things being equal, an organization offering a higher level of pay can attract a large number of qualified applicants than its competing units.
2. Compensation helps to retain competent employees in the organization. Although retaining competent workers is contingent on many factors, compensation policies help by maintaining a fair internal pay structure and by providing attractive benefits. Turnover thus reduced, along with costs associated with recruiting, selecting and training replacements.
3. Compensation serves as an incentive to motivate employees to put forth their best efforts. Manufacturing and sales organizations, for example, use monetary incentives to attain higher levels of production or sales without hiring additional employees. When employees put forth their best efforts, average productivity of labor increases. With increased productivity, fewer employees are needed to achieve the same level of output. Thus, labor costs are reduced and organizational profitability is increased.
4. Minimizing the costs of compensation can also contribute to organizational effectiveness since compensation is a significant cost for most employers.

2.1.4 RELATIONSHIP BETWEEN COMPENSATION IN EACH OF THE HUMAN RESOURCE PRACTICES.

2.1.4.1 Compensation, Recruitment and Selection:-Job candidates choose to work for particular companies for a number of reasons, including career advancement opportunities, training, the company's reputation for being a "good" place to work, location and compensation. Companies try to spark job candidates' interest by communicating the positive features of the core compensation and

benefit programs. Companies use compensation to compete for the very best candidates.

2.1.4.2 Compensation and Performance Appraisal:-Accurate performance appraisals are integral to effect merit pay programs. Merit pay systems require specific performance appraisal approaches. Employees must be perceive a strong relationship between attaining performance standards and receiving pay increases.

2.1.4.3 Compensation and Training:-successful pay -For- knowledge plans depend on and a company's ability to develop and implement systematic training programs. When training is well designed, employees should be able to learn the skills needed to increase their pay, as well as the skills necessary to teach and coach other employees at lower skill levels.

2.1.4.4 Compensation and Labor- Management Relations:-collective bargaining agreements describe the terms of employment reached between management and the union. Compensation is a key topic. Unions have fought hard for general pay increases and regular cost of living adjustment to promote their members' standard of living.

2.1.4.5 Compensation and Employment Termination:- Employment termination takes place when and employees' agreement to perform work is terminated. Employment terminations are either involuntary or voluntary. The Human Resource Department play a central role in managing involuntary employment terminations. Company's initiate involuntary terminations for a variety of reasons, including poor Job performance, insubordination, violation of work rules, reduced business activity due to sluggish economic conditions, and plant closings.

Companies may choose to award severance pay, which usually amounts to several months' pay following involuntary termination

and, in some cases, continued coverage hinder, the employer's medical insurance plan.

Employees initiate voluntary terminations, most often to work for other companies or to retire. Pension programs provide income to individuals throughout their retirement. Companies sometimes use earning retirement programs to reduce workforce size and trim compensation expenditures. Early retirement programs contain incentives designed to encourage highly paid employees with substantial seniority to retire earlier than they had planned.

2.1.4.6 Compensation and Career Development:- Most employees expect to experience career development within their present companies. Employees' careers develop in two different ways. First, some employees change the focus of their work. Second others maintain their focus and assume greater responsibilities. Employees' compensation changes to reflect career development.

2.1.5 COMPENSATION ELEMENTS

Compensation represents both the intrinsic and extrinsic rewards employees receive for performing their Jobs. Together both intrinsic and extrinsic compensation describes a company's total compensation system. Intrinsic compensation reflects employees' psychological mind sets that result from performing their Jobs. Extrinsic compensation includes both monetary and non-monetary rewards. Monetary compensation represents core compensation. Most compensation professionals refer to non-monetary compensation rewards as employee benefits.

This part will introduce the mostly commonly used elements related to compensation and benefit as well as provide some descriptive information about the usage of these components.

2.1.5.1 Direct Compensation

According to Dessler (2011):-Direct compensation is usually limited to the direct cash benefits that the employees receive for the services they render as employees of a particular organization. The following are some of the more popular direct compensations offered. Though the list below is non-exhaustive it is meant to give a fair idea of the kinds of packages that organizations consider.

- Base Pay:-Base or fixed pay describes 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 assigned work by applying the required skills, knowledge, the abilities using normal effort and demonstrating necessary work behaviors. Basic pay is usually the largest component of the total pay package. In other words, basic pay is the amount of non-incentive wages or salaries paid over a period of time for work performed. Base pay also has profound psychological implications. A guaranteed amount of pay addresses employees’ basic needs by providing a guaranteed minimum level of income security throughout their term of employment.
- Seniority Pay:- reward employees with periodic additions to base pay according to employees’ length of service in performing their Jobs. These pay plans assume that employees become more valuable to companies with time and that valued employees will leave if they don’t have a clear idea that their wage will progress over time.
- Incentive Pay:- or variable pay reward employees for partially or completely attaining a predetermined work objective. Incentive pay is defined as compensation that fluctuates according to employees’ attainment of some standard bases on pre-established formula, individual or group goals, or company earnings.
- Merit Pay:- assumes that employees’ compensation overtime should be determined, at least in part, by differences in Job performance. Employees earn permanent increases to base pay according to their performance. Merit pay rewards excellent effort or results, motivates future performance, and helps employers retain valued employees.

- Severance Pay:- entitlements are generally set on the basis of employees' length of service with the organization.

A severance package is pay and benefits employees receive when they leave employment at a company willfully. In addition to their remaining regular pay, it may include some of the following: any additional payment based on months of service. For unused annual leave, holiday pay or sick leave.

- Bonus Pay:- is a compensation that is over and above the amount specified as a base salary or hourly rate of pay. The base amount of compensation is specified in the employee after letter in the employee personnel file, or in a contract.

2.1.5.2 Indirect Compensation

According to Armstrong (2009) indirect compensation or employee benefits are elements of remuneration given in addition to the various forms of cash pay. They also include items that are not strictly remuneration such as annual holidays. Management used it ostensibly to facilitate its recruitment effort or influence the potential of employees coming to work for a company, influence their stay or create great commitment, raise morale, reduce absenteeism in general and improve the strength of the organization by instituting a comprehensive programmer in this area (Noe et al. 1996). Byars and Rul (2008) mentioned the following as some of the more popular indirect compensations offered by today's organizations.

- Retirement Plans:- which provide as source of income to people who have retired, represent money paid for past services. Give the time of employment one from of plan is contribution plan also known beneficial annual plan.

Under this, the employer pledges to provide a benefit determined by a definite formula at the employee's retirement date.

- Paid Vacations:- Typically, an employee must meet a certain length of service requirement before becoming eligible for paid vacation. Also, the

time allowed for paid vacations generally depends on the employee's length of service.

- Paid Holidays:- These comprise holidays such as Christmas Day, New year's Day, Independence Day, Labor Day, etc.
- Workers' Compensation:- This is meant to protect employees from loss of income and to cover extra expenses associated with Job related injuries or illness. The laws generally provides for replacement of lost income, medical expenses, rehabilitation of some sort, death benefits to survivors, and lump-sum disability payments.
- Leave and Career Benefits:- As working hours have increased, benefits relating to paid and unpaid leave, and to the recognition of employees' family and career responsibilities, have assumed increasing importance in organizations' reward management practices. Some such benefits are required by law; others are wholly voluntary. Benefits of this type are paid annual leave, sick leave, paid maternity and paternity leave.
- Social Security:-This is the insurance system, both employer and employee must pay into the system, and a certain percentage of the employee's salary is paid up to a maximum limit. How much is paid by employer and employee is calculated on.

2.1.6RELATING COMPENSATION TO EMPLOYEE PERFORMANCE

According to Baker (2002) the output or performance of an employee is a combination of effort, ability and an error margin, providing for all uncontrollable factors, at least from the employee's perspective. He stated that given the employees' private information vis a vis the employer, the employer must depend on performance measures in order to estimate the effort the employee has put in performance measure are selected based on two criteria: (a) alignment with the organizational objective and, (b) controllability by the employee as proposed by Baker (2002).

The performance measure is used to evaluate the performance of the employee, which forms the basis for determining the amount of variable monetary compensation and employee will receive and for making career decisions.

According to him fixed compensation, as opposed to variable compensation, does not induce effort and its role is limited to retention and selection.

In practice, completely fixed compensation is totally unrelated to performance is extremely role, For instance, the probability of being fired creates an incentive to perform. Further it breaking down, Baker identified two forms of fixed compensation as primary compensation and secondary compensation. Primary compensation he stated consists of monetary payments for employees whereas secondary conditions are the non-monetary benefits such as company car, call phone and pension benefits.

Performance – based compensation is the dominant human resource practice that firms use to evaluate and reward employees' efforts (Collins and Clark, 2003). Evidently, performance - based compensation has a positive effect upon employee and organizational performance.

In quantitative content analysis of the narrative descriptions of so-rapid-growth firms and a comparison group of so slow- growth companies conducted by Barringer et al., 2005 results demonstrated that employee incentive differentiated the rapid growth from the slow growth firms. Firms that were rapid-growth oriented provided their employees financial incentives and stock options as part of their compensation packages. In doing so, firms managed to elicit high levels of performance from employees, provide employees the feeling that they have an ownership interest in the form, attract and retain high-quality employees, and shift a portion of a firm's business risk to the employees.

Employee are the important part of any organization increasing the performance they can be motivated through financial and non-financial

benefits they can designing that compensation is reward which is receiving by the employee to show their performance. Good organization is maintained to design and enable the organizations to attract the highly skilled and qualified employee retain and motivation to wards objective and goals achieve and most employee getting is pay (Decenzo and Robbins, 1999).

Employees make comparison of their inputs (effort, experience, education and competence) and outcomes (reward) in relation to other people inputs and outcomes. Equity in the theory refers to workers' perceptions of fairness of rewards. It focuses on the individual's feelings of how fairly he/she had been treated compared to others. The heart of equity theory is money, viewed as the most important reward in and organization. Thus, employees try to balance the reward received by comparing what they are paid for their expanded efforts with what others in similar situation received before getting satisfaction on their Jobs.

Mayson and Barret (2006) Found that a firm's ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked to firm performance and growth on the other hand, Ine's and Pedro (2011) found that the compensation system used for the sales people has significant effects on individual salesperson performance and sales organization effectiveness. Therefore, in and ever competitive business environment, many companies today are attempting to identity innovative compensation strategies that are directly linked to improving organizational performance (Denies and Michel 2011).

2.2 THEORETICAL REVIEW

Various theories explain the impact rewards have on employee performance laying emphasis on the role of reward management in the exercise. These would thus be the theories that would form the foundation of the present study.

2.2.1 EXPECTANCY THEORY

Casio (2010) in discussing the expectancy theory stated that this theory emphasizes “perceived relationships”. What does a person expect, According to him combines ability and effort, that is, an employee’s skill, training information and talents, performance then produce certain output (rewards). These output (positive or negative) may be as a result of either the environment (example: coworkers, the organizations reward system or supervisors) or the completing of a performance task (example: personal worth or esteem and feelings of achievement and accomplishment). Sometimes people perform but do not receive rewards that are incorporated in the organization conditions of service. However, as the performance – reward system process occur again and again, actual events provide further information to support a person’s beliefs (expectancies) and beliefs affect how people are motivated in the future.

Aguinis an authority in the field of performance management has introduced some three approaches to performance measurement. He supports the trait, behavioral and result approaches to the measurement of employee performance. He alludes that every human being has certain traits which makes them different from other persons. He further suggested that traits such as abilities, aptitude, intelligence, skills, talents and conscientiousness among others can be a source of measurement of one’s performance. That is, the extent to which one possesses and demonstrates such traits.

He also makes a case for behaviors of employees on the job as a means of measuring their performance. By the nature of the job in question certain behaviors are required to make one successful on that particular job, so the more of such behaviors demonstrated could be an indication of whether or not the employee is performing at desired levels.

The result approach as mentioned by (Aguinis 2007) emphasizes the outcomes achieved by the employee. In this case the employee’s

performance is only measured by the results produce on the job. He also admonished that for a better understanding of the performance of an employee the trait, behavioral and results approaches could be used together to measure performance.

2.2.2 INSTRUMENTALITY THEORY

Instrumentality can be defined as the belief that if we do one thing it will lead to another. In its crudest form, instrumentality theory stated that people work only for money, though this early version has been modified with time. The theory emerged in the second half of the 19th century, when the emphasis was on the need to rationalize work and to concentrate on economic outcomes. At the time, the theory assumed that employee performance is tied to the direct relationship between rewards and penalties to performance, (Condly etal, 2005). From this basis, it is seen that the theory has its roots in the scientific management methods of Taylor and Muchinsky (1976), who wrote and the assertion that it is impossible, through any long period of time, toget work men to work much harder than the average men around them unless they are assured a large and permanent increase in their pay.

At present, instrumentality theory is based on the principle of reinforcement, which states that, with experience in taking action to satisfy needs, people perceive that certain actions help to achieve their goals while others are less successful. Success in achieving goals and rewards therefore acts as a positive incentive and reinforces the behavior, which is repeated the next time a similar need emerges. Conversely, failure or punishment provides negative reinforcement, suggesting the need to seek alternative means of achieving goals. This process has been called the law of effect (Tahir Etal, 2013).

2.2.3 EQUITY THEORY

Equity theory is a motivational theory but there are important points about satisfaction and dissatisfaction in it. According to Adams (1963, 1965),

satisfaction is determined by the perceived input- outcome balance. He states that,employee aim to reach a balance between their “input” and their “outcomes” , In puts are factors such as educational level, experience, ability, skill, effort, responsibility, age and effort, while outcomes are the things like performance, salary, good working conditions, work insurance, promotion, recognition, status, and opportunity (Holtum, 2007).

Equity theory suggests that employee perceptions of what they contribute to the organization, what they get in return, and how their return – contribution ratio compares to others inside and outside the organizations determine how far they perceive their employment relationship (Adams 1963).

Inequity exists where there is a perception amongst employees that they are under – rewarded relevant to others or whether they are over- rewarded in relation to their job outputs. The resultant effect is that individuals might contribute less in the workplace if they are of the opinion that they are being under paid. On the other hand, employees might offer more interms of their expected Job outputs as they may bemore motivated to contribute if a Job pays well in comparison to their Job outputs (Dessler, 1998)

Apart from expectancy theories, which focus on the relationship between performance and reward, Adam’s theory proposed that motivation process is more complicated and employees evaluate their rewards by social comparisons.

2.3 EMPIRICAL LITERATURE

In any competitive business environment, both locally and globally, it is common for companies to offer employees attractive, lucrative and competitive remuneration packages. These are directly linked or inter – related to improving individual’s Job competency, retaining high achievers and finally achieving the organizational performance and goals. An attractive remuneration package has been a norm of any employment contract. The appraisal and rewards systems for employees are now closely

linked to the performance measurement indicators of the companies. If such reward does not commensurate with their job performance, this can lead to low motivation and high attrition, finally affecting service delivery (Thun and Sardana, 2012).

According to Armstrong (2000), reward strategy is the policy that provides specific directions for the organization to develop and design programs which will ensure its rewards the performance outcomes supporting the achievement of its business goals. Furthermore, reward strategy gives specific direction to how the company will design its individual reward programs. This rises from the fact that a reward strategy is seen as the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units and individuals are directed toward to achievement of an organization's strategic objectives.

Rehman (2009) asserts that higher rewards would motivate the employees as they would feel more appreciated than their colleagues of the same qualification working in other firms and this high satisfaction would be translated to higher performance. Besides on organization paying higher rewards that other in an industry become an employer of choice thus there is high completion of prospective employees who would wish to be employed by the organization. This puts pressure on the existing employees (Cherotich 2012). OJiambo (2012) argues that this would become a better means of determining employee reward as it covers all aspects of the Job and the employee such as the employee academic qualifications and level of experience and skills as well as the level of performance the employee is expect to attain. This is balanced with the importance of the task in the organization to come up with a fair reward for the employee. This is in agreement with the equity theory which states that employees often desire to get from their organizations value perceived to be equivalent to their input in terms of academic qualification, skills and experience as well as the value of the task they do to the overall organization objectives.

(Mzera,2012) however argues that this form of reward would only be a motivator to self-driven employees who would be driven to attain the higher grades as the employees who are comfortable with their present grade however low would not be motivated to perform highly as a way of getting promotion to the next grade as seen in the civil service in Kenya where some employees don't seek promotion to the next grade and sit comfortable in their entry grade till they retire. Such employees would therefore need other reward schemes to motivate their improved performance.

On the other hand, the principal of contingent pay is the wage incentive which ties an employee's financial reward directly to performance which in this case is measured by output by paying the employee a fixed rate per unit of output made by the employee. In the service industry the base rate is often expressed in terms of input such a rate per given period of time. Osterman (2006) also modified the contingent pay structure to include rate as expressed in job rating units. According to Bohnstedt (2008), banks put high value on sales and service for this reason performance – based management systems are used, increasingly trying remuneration to performance, with a differentiated reward system. This systems works very well with production plants where outputs is very tangible and quantifiable and with sales teams where volume of sales is easy to determine but not in the service industry such as the hotel industry, (Free man, 2011).

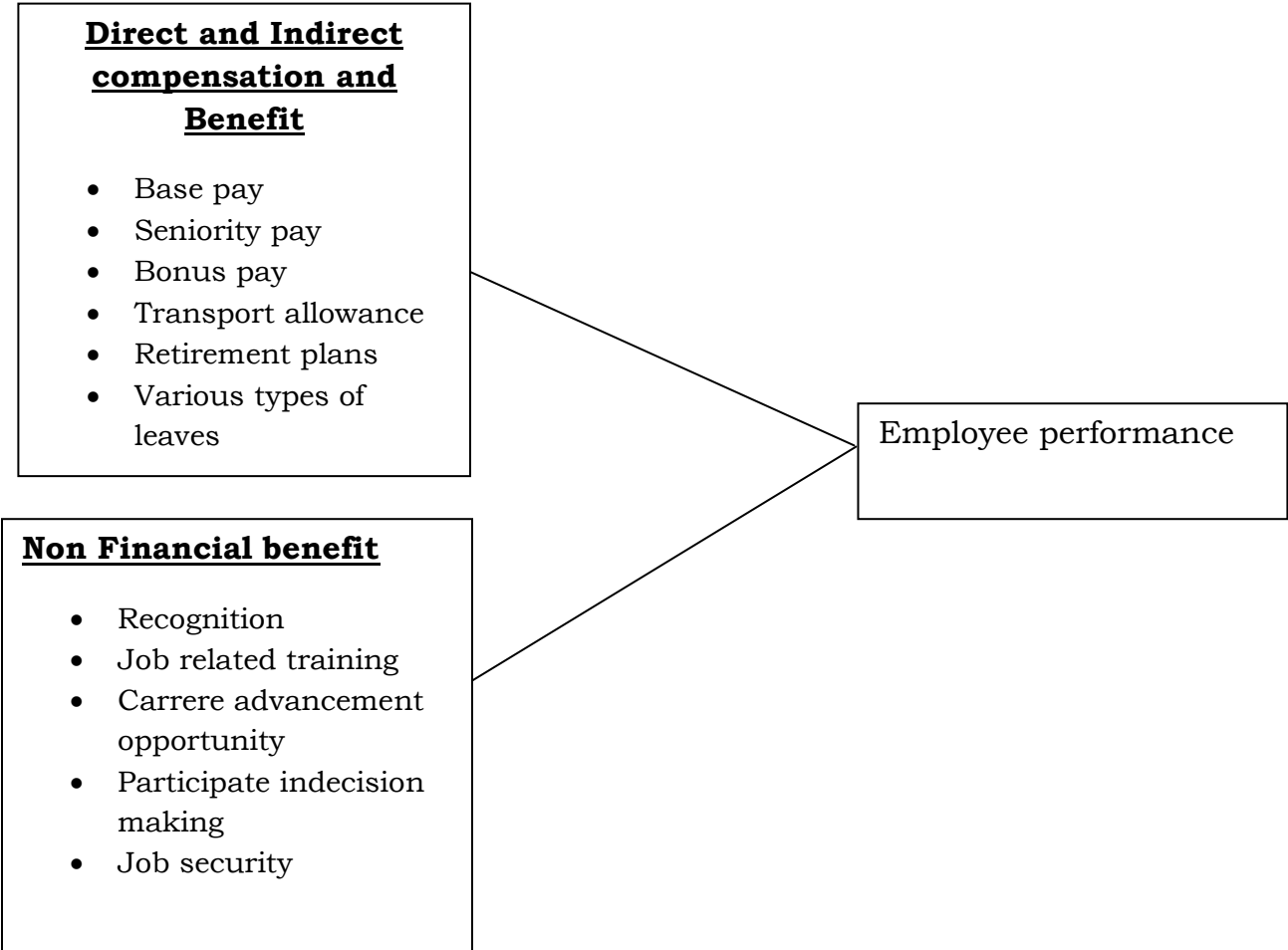
Finally, a market rate reward system is where an organization does and industry analysis to determine what the other players with in the industry and more specifically its competitors gives as a reward to its employees inorder to determine how to reward it employees. Such an organization in most cases sets its reward either at par with its competitors or above its competitors, (Condly etal, 2005).

2.4CONCEPTUAL FRAMEWORK

The study was conducted to check the implication and relationship of independent variables (Direct and Indirect Compensation and Benefits,

Non-Financial Benefits and Management of Compensation and Benefit Administration on Independent variable (Employee performance).

Figure – 1 Conceptual Framework



Source: Developed for the study

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

This data has employed descriptive research design with regard to research application; the study employed both qualitative and quantitative ones. The quantitative research methodology allowed for gathering empirical measurement of the implication of compensation on employees performance and the qualitative approach was more handy while probing into qualitative approach was more handy while probing ambiguous responses.

Data from both primary and secondary source used for the study. Primary data was gathered from employees of Public Employees Transport Service Enterprise with the help of the survey questionnaire and personal interviews to clarify some responses and secondary data gathered from sources including various published sources which included books on Human Resource Management, Compensation and Benefit, organization, Journal and internet resources as well as the Administrative and procedural manuals of public employees transport service enterprise. Data collected to be analyzed using frequencies, percentages, tables and graphs.

3.2 TARGETED POPULATION

The entire Public Employees Transport Service Enterprise was the target population considered for this study. The Size of the population what the researcher used was 602 and to reduce the time, cost involve for the research and to increase the credibility of data. The sample was chosen regardless of their age, gender, educational background and job title in order to avoid bias response. In this regard the level of precision ± 7 where confidence level is 93% is used for sample size. In this research Taro Yamane (1967: 886) formula for sample size determination was used. That is:

Where n= sample size

N=Population size

e=Level of Precision

$$n = \frac{N}{1 + N(e)^2}$$

Hence, $\frac{602}{1 + 602(0.07)^2} = 160$

n=160

3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE

The researcher chose a sample size of 160 of the population by using proportional sampling method for employees the questionnaires have been distributed. The permanent staff was selected from all directorate/ office for the study. The sample size and the directorate/ office selected are representative of the entire population of Public Employees Transport Service Enterprise. To be able to properly manage the data collection the total list of all permanent staff of public employees transport service in the sampled departments take from the human resource department.

Table 1. Sample of population

No	Directorate/office	PopulationSize	%	Sample Size
1	Human Resource Development Directorate	42	6.9	11
2	Finance Directorate	29	4.8	8
3	Maintenance and engineering Directorate	29	4.8	8
4	Logistics and supply directorate	20	3.3	5
5	North Branch office	140	23	37
6	South Branch office	111	18.4	29
7	East Branch office	111	18.4	29
8	West Branch office	88	2.15	23
9	CEO office	7	1	1
10	Transport operation service	6	1	1
11	Other support services <ul style="list-style-type: none">• Information Technology• Organizational change and Good Governance	19	3.1	5

	<ul style="list-style-type: none"> • Planning, marketing and Business Development • Communication service • Audit service • Legal service • General and social affairs 			
	Total	602	100	160

Therefore, 160 respondents were used as sample for this study to gather data through questionnaire. The researcher deemed necessary to take independent sample for each directorate/ office of the enterprise to ensure equal representation, because they have different number of employees. Therefore, the sample size for each directorate/office was calculated using proportion. The study used proportionate sample allocation formula so as to make each stratum sampled identical with proportion of the population.

The researcher selected 160 from the population of 602 and employed the use of the formula to determine for example the number of human resource development directorate as follows $42/602 \times 160 = 11$ These 11 were then selected with the help of the nominal roll in the institution which was obtained from the Human Resource Development directorate in the enterprise.

3.4 DATA COLLECTION INSTRUMENTS

To obtain the breadth of information obtained from the respondents in relation to compensation and benefit practice and its implication on employee performance the researcher used primary data was collected by questionnaires as the instruments for collecting data from the sampled population. Structured questionnaires were used by the researcher for collections of data have five sections.

The first section covered the bio data of the respondents and required them to provide age, sex and directorate, educational level and their length of service with their organization.

The second section addressed employees' views on level of satisfaction with compensation packages and expresses the opinion about management of compensation and benefit.

The third section addressed how the well-designed compensation packages influences employee performance. The fourth section revealed the implication of non-financial benefit on employee performance.

The last section addressed the challenge of compensation management in the public employees transport service enterprise.

3.5. DATA COLLECTION PROCEDURE

While undertaking the research, the data collection employed to obtain primary information includes questionnaire and interview open and close ended items are included in the questionnaires and interview is administered to selected personnel/officials and selected supervisor level employees. The questionnaire was directly sent to the sampled respondents to collect their opinions regarding the general performance level towards the enterprise compensation and benefit system.

3.6 DATA ANALYSIS

The collected data is first sorted for completeness, reliability and consistency which were done through analysis of internal reliability and internal consistency. This involved physical sorting of the returned questionnaires to remove the incomplete ones then checking for related questions to determine the internal reliability as well as going through specific questions for each of the questionnaires to determine the consistency margins thus discarding questionnaires not falling within the margins. The data then coded using Likert scale values corresponding to the number of options in the research question.

Descriptive statistics such as mean and standard deviation were used to analyze the data, percentages, graphs, bar chart and Frequency tables were used for data presentation.

Descriptive statistics were considered the most appropriate for this study as it helped to describe variables in central tendency and dispersion hence provides results required to meet the objectives of the study. The study was used representation analysis to establish relationship between the independent variables and the dependent variable.

3.7 VALIDITY AND RELIABILITY

Sound management must meet the tests of validity and reliability. In fact, these are the major considerations one should use in evaluating a measurement tool. “Validity refers to the extent to which a test measures what we actually wish to measure. Reliability has to do with the accuracy and precision of a measurement procedure”. (1977)

3.7.1 VALIDITY

The researcher attempted to construct some evidence on the degree of validity by checking whether there is a consensus among other researchers that the scale measures what is supposed to measure and cover everything that it should.

Two basic approaches, Face and content validity were used to confirm the validity of the scale. The face validity refers to the subjective agreement among professionals that a scale logically reflects the concept being measured. Validity is the most critical criterion and indicates the degree to which an instrument measures what is supposed to measure. (Kothari; 2004). To test the validity of the questionnaire sample questionnaires were distributed for the sample population and based on the comments corrections were made.

The content validity refers to the degree to which the measure covers the domain of interest. In this regard, the researcher incorporates the intuitive Judgment of the advisor whether the measuring instrument provides adequate coverage of the topic under study. Accordingly, the instrument gets approval for its validity.

3.7.2 RELIABILITY

In order to ensure reliability, statistical analysis was implemented to examine the internal consistency of the instruments utilized. Cronbach's alpha reliability test was used an examination indicator to determine the reliability of the measurement scale. As stated by Nunnaly (1978) the closer the reliability coefficient to 1.00 is the better. In general reliabilities less than 0.60 are considered poor; those in the range of 0.60 to 0.80 are considered good and acceptable.

Table2 Reliability Test Statistics

No	Variables	Number of Items	Cronbach's alpha
1	Compensation Package	15	0.791
2	Importance of Compensation	6	0.783
3	Employee Performance	9	0.761
4	Non-Financial Benefit	6	0.798
5	Challenges of compensations	4	0.777

Source: Survey Result 2019

As shown above in table test Results of the Instruments scored acceptable Cronbach's alpha and the scales are found reliable.

3.8 ETHICAL CONSIDERATIONS

This research work strictly adheres to the ethical principles with respect to the data used in the work. First, revisiting the literature all the ideas and concepts taken from other scholars are acknowledged. Secondly, the data obtained through questionnaire from employees also remain confidential as stated on the questionnaire. Moreover, the information secured through an interview with the human resource and other directorate officials of the enterprise was only used for the purpose of the research and the recording or the written notes will not pass to the third party at any circumstances.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND PRESENTATION

4.1 RESPONSE RATE

This chapter deals with analysis and presentation of the data collected through questionnaire. Descriptive statistics frequencies, mean and standard deviation were used to analyze them.

The findings from the questionnaires were analyzed by using SPSS (version 24), Among the 160 questionnaires that were distributed to employees as a representative of the total population 141 questionnaires were properly filled and returned which is 88% response rate.

All 141 respondent questionnaires were retrieved and the researcher discusses the responses in the light of the research topic.

The first part of the questionnaire consists of demographic information of the participants, whereas the second part intended to obtain respondent opinion and perception regarding compensation and benefit and its implication on employee performance.

4.2 DEMOGRAPHIC DATA OF RESEARCH

The Demographic information of respondent gathered for this study was gender, age, educational level and years of service as shown in the following Table 3: Demographic Data

	Items	Frequency	Percentages
Gender	Female	43	30
	Male	98	70
	Total	141	100
Age	Under 25 Years	15	11
	26 to 35	64	45
	36 to 45	36	25
	Above 45	26	19

	Total	141	100
Educational Level	Certificate	34	24
	Diploma(Level Iv/v)	47	33
	Bachelor degree	49	35
	Master's degree	11	8
	Total	141	100
Length of service	Less than 1 Year	4	2
	1to 2 years	36	26
	Above 2 Years	101	72
	Total	141	100

Source: own survey 2019

4.2.1 Background of respondents by gender

Table 3 above regarding gender of respondents show that 98(70%) were males and 43(30%) were females. This implies that more male respondents participated in subjects of the study than female respondents.

4.2.2 Background of respondents by age

Table 3 above regarding age of respondents show that 64(45%) were under age category of 26 to 35, 36(25%) under the age category of 36 to 45, 26(19%) in the age category of above 45 years and 15(11%) are below 25 years. This is a clear indication that the majority of respondents are the productive age group.

4.2.3 Background of respondents by educational level

With regard to educational level 49(35%) of the respondents have first degree, 47(33%) have Diploma (TVET), 34(24%) respondents have certificate (10,12 grades) and 11(8%) respondents have master's degree. From this educational background of the respondents, respondents are capable of being properly understanding and answering of the question provided to them and also is capable to take responsibility given by the enterprise.

4.2.4 Background of respondents by length of service

Table 3 above regarding length of respondents show that 101(72%) were above 2 years of service,36(26%) respondent had 1 to 2 years of service and 4(2%) years below one year of service.

4.3 ANALYSIS OF COLLECTED DATA

4.3.1 DESCRIPTIVE ANALYSIS

As far as identifying available direct and indirect benefit packages concerned, and desiring to know about the ways in which they are managed in the Public Employees Transport Service Enterprise.

The kinds of benefits are discussed below:

- Wages /salaries are directly related to the work done and are paid regularly /monthly to employees

- Bonus pay

Based on company profit performance and subject to board decision a maximum of 2 months' salary paid to employees and management members their performance appraisal result must be above 3 points out of 5.

- Cell phone Allowance

This was given to management and senior staffjob duties required the frequent need for a mobile device he/she eligible for stipend.

- Fuel allowance with car

Depending on the nature of work and the responsibility bestowed upon post incumbents the enterprise provides fuel allowance with car for chief executive officer, Deputy chief executive officer and for 12 (twelve) Directors.

- Cash indemnity

The purpose of cash indemnity allowance is to indemnify for cash shortages that may be sustained while performing the Job. Cash indemnity allowance is paid to employees such as thicketers, purchases and cash collectors whose duties are related to cash payment and collection.

- Pension /Retirement scheme:

The employer at the end of every month contributes the employer at the end of every month contributes 4-7% contribution by the employee. The total of % then lodged with the social security authority aimed towards providing basic income during the employees' retirement from active service after working a specified number of years to qualify.

- Insurance benefit:

As an enterprise in the transport sector, Insurance should be a top priority to PETSE provides workman Accident insurance to its bus drivers in addition to the compulsory 3rd party liability motor insurance and group personal accident insurance policiesto all employees.

- Annual Leave

Every employee is entitled to uninterrupted 14 (fourteen) working days annual leave with pay for the first one year of service; and fourteen (14) working days plus one working day for every additional year of service.

- Maternity leave

Female employees on delivering and the production of a medical certificate from a certified medical institution are entitled to a period of 1 month of leave with pay preceding the presumed date of her confinement and a period of 60 consecutive days of leave after her confinement.

Where a pregnant woman worker does not deliver within the 30 days of here prenatal leave she is entitled to an additional leave until her confinement.

- Paternity leave

Public employees transport service enterprise offers a maximum of five working days paternal leave to male staff whose wives deliver.

- Sick leave

Employees of the enterprise entitled to a sick leave upon presenting a valid medical certificate given by medical organization recognized by the Government.

- Long service award

An employee of the enterprise who is retired from active service after working a specified number of years awarded Birr 10,000

- Marriage leave

Whenever an employee of an enterprise legally marries, he/she will be entitled to a one-time three working days marriage leave.

Severance pay

When a case of severance pay occurs the relevant articles of the labor law proclamation No. 377/2003 shall apply.

- Compensation pay

When a case of compensation pay occurs the relevant articles of the labor law proclamation No. 377/2003 shall apply.

- Medical Assistance

It is the intent of the company to maintain health and energetic employees. In this connection, it shall cover up to 80% of the cost for male employees, 85% of the cost for female employees of domestic medical examination, medicines, surgery, treatment, hospitalization including food and bed provided by Government Hospitals.

4.3.3.1 RESPONDENTS VIEWS ON THE LEVEL OF SATISFACTION WITH MANAGEMENT OF COMPENSATION PACKAGES

In this section, the study sought to know the level of the respondents' agreement on various issues regarding views on the level of satisfaction with management of compensation and benefit packages.

The level of agreement was measured on a Likert scale of 1-5 where 1 = strongly disagreed (SD), 2 = Disagree (D), 3= Neutral (N) 4= agree (A) and 5= strongly Agree (SA).

Table 4. Respondents view on compensation packages

No	Statement	Very dissatisfied	Slightly Dissatisfied	Neutral /I don't know	Slightly satisfied	Very Satisfied	Mean	STD DEV
		F %	F %	F %	F %	F %		
1	SALARIES	F=9 %=6.4	F=40 %=28.4	F=31 %=22	F=53 %=37.6	F=8 %=5.7	3.08	1.070
2	BONUS	F=10 %=7.1	F=28 %=19.9	F=31 %=22	F=66 %=46.8	F=6 %=4.3	3.21	1.041
3	PENSION/RETIREMENT BENEFIT	F=6 %=4.3	F=10 %=7.1	F=25 %=17.7	F=92 %=65.2	F=8 %=5.7	3.61	.868
4	INSURANCE PLAN	F=6 %=4.3	F=12 %=8.5	F=41 %=29.1	F=74 %=52.5	F=8 %=5.7	3.47	.891
5	FREE MEDICAL SERVICE	F=8 %=5.7	F=24 %=17	F=21 %=14.9	F=80 %=56.7	F=8 %=5.7	2.86	.816
6	ANNUAL LEAVE	F=8 %=5.7	F=22 %=15.6	F=21 %=14.9	F=80 %=56.7	F=10 %=7.1	3.44	1.024
7	MATERNITY LEAVE	F=6 %=4.3	F=29 %=20.6	F=57 %=40.4	F=39 %=27.7	F=10 %=7.1	3.13	.963
8	PATERNAL LEAVE	F=9 %=6.4	F=42 %=29.8	F=48 %=34	F=35 %=24.8	F=7 %=5	2.92	1.001
9	EDUCATIONAL LEAVE	F=5 %=3.5	F=33 %=23.4	F=46 %=32.6	F=44 %=31.2	F=13 %=9.2	3.19	1.014
10	SICK LEAVE	F=8 %=5.7	F=19 %=13.5	F=37 %=26.2	F=71 %=50.4	F=6 %=4.3	3.34	.962

No	Statement	Very dissatisf	Slightly Dissatis	Neutral / I don't	Slightly satisfie	Very Satisfie	Mean	STD DEV
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		ied	fied	knows	d	d Mean		
		F %	F %	F %	F %	F %		
11	MARIAGE LEAVE	F=5 %=3.5	F=57 %=40.4	F=27 %=19.1	F=44 %=31.2	F=8 %=5.7	2.95	1.044
12	FREE TRANSPORTION SERVICE	F=5 %=3.5	F=10 %=7.1	F=17 %=12.1	F=94 %=66.7	F=15 %=10.6	3.74	.875
13	LONG SERVICE AWARD	F=25 %=17.7	F=43 %=30.5	F=1 %=.7	F=5 %=3.5	F=67 %=47.5	3.33	1.692
14	EMPLOYEE PERFORMANCE AWARD	F=21 %=14.9	F=54 %=38.3	F=17 %=12.1	F=38 %=27	F=11 %=7.8	2.74	1.227
15	CASH INDEMNITY	F=16 %=11.3	F=46 %=32.6	F=4 %=2.8	F=21 %=14.9	F=54 %=38.3	3.36	1.532

Source: survey result (2019)

The study established that most satisfied on statement were that free transportation service provided by the enterprise scored a mean range of 3.74 and STD= .875. The respondents also agreed on the pension benefit of the enterprise (M=3.61, STD=.868) and the Insurance plan (M= 3.47, STD=.891)

In general these imply that an employee of Public Employees Transport Service Enterprise has strong relationship on the direct and indirect compensation and benefit provided by the enterprise.

The most disagreed on statement were that employees performance award given by the enterprise scored a mean range of 2.74 and STD=1.227, followed by paternal leaveM= 2.92, STD=1.001

4.3.1.2 RESPONDENTS OPINION RELATED TO THE IMPORTANCE OF COMPENSATION ON EMPLOYEE PERFORMANCE IN PETSE

Respondents were asked to give their opinion on what role they thought the administration of compensation and benefit practice played in the organization.

Table 5 Respondents Opinion on importance of Compensation

No	Statement	Very dissatisfied	Slightly Dissatisfied	Neutral /I don't know	Slightly satisfied	Very Satisfied	Mean	STD DEV
		F %	F %	F %	F %	F %		
1	The compensation and Benefit package are well defined and explained to employees	F=12 %=8.5	F=68 %=48.2	F=16 %=11.3	F=39 %=27.7	F=6 %=4.3	2.71	1.092
2	The reward offered by the enterprise show its investment and care for employees	F=25 %=17.7	F=52 %=36.9	F=26 %=18.4	F=29 %=20.6	F=9 %=6.4	2.61	1.182
3	The rewards offered by the enterprise motivate me to work toward the achievement of the organization goal	F=9 %=6.4	F=56 %=39.7	F=20 %=14.2	F=48 %=34	F=8 %=5.7	2.93	1.106
4	Employees are well informed and involved in the formulation, discussion, and implementation of policies concerning compensation and benefit	F=9 %=6.4	F=72 %=51.1	F=18 %=12.8	F=34 %=24.1	F=8 %=5.7	2.72	1.078

No	Statement	Very dissatisfi	Slightly Dissatisf	Neutral /I don't	Slightly satisfied	Very Satisfied	Mean	STD DEV
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		ed	ied	know				
		F %	F %	F %	F %	F %		
5	The enterprise should focus on rewarding good performance than status or seniority	F=14 %=9.9	F=65 %=46.1	F=21 %=14.9	F=36 %=25.5	F=5 %=3.5	2.67	1.073
6	The reward practice employed by the enterprise takes employees need into consideration	F=12 %=8.5	F=64 %=45.4	F=22 %=15.6	F=34 %=24.1	F=9 %=6.4	2.74	1.111

Among the six factors that measured the importance of compensation and benefit administration on employee performance in PETSE, five factors indicate low level of implication on employee performance.

In general the study found out that the respondents disagreed overall.

The most disagreed on statements were that the reward offered by PETSE show investment and care for employees (M=2.61, STD=1.182), the respondents disagreed on the statement that the enterprise should focus on rewarding good performance than status or seniority (M=2.67, SD=1.073), the compensation and benefit package are well defined and explained to employees. The tied in with the fact that management of the enterprise must ensure that they are working within the confines of the vision and mission of the enterprise and the laws governing employment in the country where they operate.

**4.3.1.3 RESPONDENTS OPINION RELATED TO HOW EFFECTIVE
COMPENSATION AND BENEFIT PACKAGES INFLUENCE
EMPLOYEE PERFORMANCE**

Respondents were asked to indicate the well-designed compensation and benefit packages, its management and implementation influence on performance.

The level of agreement was measured on a Likert Scarle of 1-5 were 1= strongly disagree (SD), 2=Disagree (D), 3= Neutral (N), 4=Agree (A) and 5= strongly Agree (Sa).

Table6 Respondents opinion on employee performance

<u>No</u>	<u>Statement</u>	<u>Very dissatisfied</u>	<u>Slightly Dissatisfied</u>	<u>Neutral /I don't know</u>	<u>Slightly satisfied</u>	<u>Very Satisfied Mean</u>	<u>Mean</u>	<u>STD DEV</u>
		<u>F</u> <u>%</u>	<u>F</u> <u>%</u>	<u>F</u> <u>%</u>	<u>F</u> <u>%</u>	<u>F</u> <u>%</u>		
1	The effectiveness in which work is performed in the enterprise has an influence on my performance	F=13 %=9.2	F=34 %=24.1	F=16 %=11.3	F=66 %=46.8	F=12 %=8.5	3.21	1.176
2	Make employees feel appreciated and they give their best	F=13 %=9.2	F=46 %=32.6	F=27 %=19.1	F=46 %=32.6	F=9 %=6.4	2.94	1.132
3	The nature of my job in itself influences my level of performance at my job	F=8 %=5.7	F=29 %=20.6	F=18 %=12.8	F=74 %=52.5	F=12 %=8.5	3.38	1.079
4	Create very good working relationship between management and employee to improve performance	F=10 %=7.1	F=49 %=34.8	F=23 %=16.3	F=47 %=33.3	F=12 %=8.5	3.01	1.146
5	Motivates employees to perform better	F=8 %=5.7	F=47 %=33.3	F=22 %=15.6	F=48 %=34	F=16 %=11.3	3.12	1.162

No	Statement	Very dissatisfied	Slightly Dissatisfied	Neutral /I don't know	Slightly satisfied	Very Satisfied	Mean	STD DEV
		F %	F %	F %	F %	F %		
6	Rewards hard working employees to sustain high performance	F=8 %=5.7	F=49 %=34.8	F=19 %=13.5	F=48 %=34	F=8 %=5.7	2.87	1.178
7	Improves employee willingness to do extra work and go the extra mile	F=17 %=12.1	F=49 %=34.8	F=19 %=13.5	F=48 %=34	F=8 %=5.7	2.87	1.178
8	Increases employees readiness to learn new skills and preparedness to transfer skills on job	F=8 %=5.7	F=61 %=43.3	F=20 %=14.2	F=43 %=30.5	F=9 %=6.4	2.89	1.103
9	Makes employees committed to the enterprise and therefore commitment to work increases	F=16 %=11.3	F=49 %=34.8	F=18 %=12.8	F=48 %=34	F=10 %=7.1	2.91	1.195

Source: Survey result (2019)

The study established that the most agree on statement was the nature of my job in itself influences my level of performance at my job (M=3.38, SD=1.079) this indicates the respondents agreed. The respondents

moderately agreed on the statements that the effectiveness in which work is performed in the enterprise has an influence on my performance (M=3.21,SD=1.176),makes employees feel appreciated and they give their best (M=2.94, SD=1.132) makes employees committed to the enterprise and therefore commitment to work increases (M=2.91, SD, 1.195)

The most disagreed on statements were that Rewards hard working employees to sustain high performance (M=2.87, SD=1.178 The standard deviations indicate the extent to which the respondents opinions were varied.

These finding buttressed the argument by Noe et al. (1996) that management uses compensation to motivate its employees to raise their morale, reduce absenteeism and improve the strength of the organization. Also tying in with Chhabra (2001), which according to him the main purpose of compensation is to attract and maintain efficient human resource and to motivate them.

4.3.1.4 RESPONDENTS OPINION RELATED TO THE IMPLEMENTATION OF NON FINANCIAL BENEFIT ON EMPLOYEE PERFORMANCE

Respondents were asked to give their opinion about what role they thought non-financial rewards played on employee performance.

Table 7 Respondents opinion on non-financial benefit

No	Statement	Very dissatisfied	Slightly Dissatisfied	Neutral /I don't know	Slightly satisfied	Very Satisfied Mean	Mean	STD DEV
		F %	F %	F %	F %	F %		
1	Employees get feedback and recognition from their supervisors	F=15 %=10.6	F=49 %=34.8	F=15 %=10.6	F=54 %=38.3	F=8 %=5.7	2.94	1.178
2	The enterprise provides job related training opportunity to its employee	F=14 %=9.9	F=48 %=34	F=19 %=13.5	F=53 %=37.6	F=7 %=5	2.94	1.148
3	I have challenging and interesting job	F=18 %=12.8	F=47 %=33.3	F=13 %=9.2	F=51 %=36.2	F=12 %=8.5	2.94	1.247
4	The company offers career Advancement opportunity	F=19 %=13.5	F=64 %=45.4	F=20 %=14.2	F=28 %=19.9	F=10 %=7.1	2.62	1.157
5	Employee participate indecision making that concern them	F=18 %=12.8	F=72 %=51.1	F=18 %=12.8	F=26 %=18.4	F=7 %=5	2.52	1.086
6	The enterprise guaranteed job security to its employee	F=6 %=4.3	F=26 %=18.4	F=15 %=10.6	F=64 %=45.4	F=30 %=21.3	3.61	1.139

Source: Survey result (2019)

Among of six factors that measured the implication of non-financial benefit on employee performance in the PETSE, Five factors indicate low level of implication on employee performance. With it except one which indicates high level.

Table 5 shows that the enterprise guaranteed job security to its employee scored a mean range of 3.61 (STD =1.139), employees gets feedback and recognition from their supervisors scored a mean range of 2.94 (STD=1.178), the enterprise provides job related training opportunity to its employee scored a mean range of 2.94 (STD= 1.148), challenging and interesting job scored a mean range of 2.94 (STD=1.247), The enterprise offers career advancement opportunity scored a mean range of 2.62 (STD=1.157), participation of employees participating indecision making scored a mean range of 2.52 (STD 1.086).

The result of the study shows that the enterprise not given enough attention for non-financial benefit as a means to encourage employees to work hard and helps for effective operational performance that result to increase profit of the enterprise.

4.3.1.5 CHALLENGES IN THE MANAGEMENT OF COMPENSATION AND BENEFIT ADMINISTRATION

Respondents were asked to indicate the well-designed compensation and benefit packages, its management and implementation influence on performance.

The level of agreement was measured on a Likert Scarle of 1-5 were 1= Strongly disagree (SD), 2=Disagree (D), 3= Neutral (N), 4= Agree (A) and 5= Strongly Agree (Sa).

Table 8 Descriptive analysis related to challenge of compensation and benefit administration

No	Statement	Very dissatisfied	Slightly Dissatisfied	Neutral or I don't know	Slightly satisfied	Very Satisfied Mean	Mean	STD DEV
		<u>F</u> <u>%</u>	<u>F</u> <u>%</u>	<u>F</u> <u>%</u>	<u>F</u> <u>%</u>	<u>F</u> <u>%</u>		
<u>1</u>	All employees receive equal reward for the same kind of work	F=20 %=14.2	F=56 %=39.7	F=21 %=14.9	F=35 %=24.8	F=9 %=6.4	2.70	1.177
<u>2</u>	The packages of compensation and benefits managed well	F=10 %=7.1	F=29 %=20.6	F=41 %=29.1	F=48 %=34	F=10 %=7.1	3.18	1.084
3	Employees receive adequate notice and information on any changes that will affect their packages	F=16 %=11.3	F=62 %=44	F=24 %=17	F=32 %=22.7	F=7 %=5	2.66	1.101
4	I don't know what is going on as far as compensation is concerned in this organization	F=19 %=13.5	F=48 %=34	F=17 %=12.1	F=41 %=29.1	F=16 %=11.3	2.91	1.276

Source: survey result (2019)

Discussing the mean frequencies of the responses on continuum from 1 to 5, It can be observed from table 6 the most agree on statement was that the enterprise manages the compensation and benefit packages well scored

a mean range of 3.18 and STD=1.084, not know what is going on as far as compensation is concerned in the PETSE (M=2.91, STD=1.276). All employees receive equal reward for the same kind of work scored (M=2.70; STD=1.177), employees receive adequate notice and information on any changes that will affect their compensation and benefit packages (M=2.66; STD=1.101). The result indicated that most of the respondents considered in this research were not very satisfied on the statements.

4.3.2CORRELATION ANALYSIS

Correlation is a bivariate analysis that determines the strength of association between dependent and independent variables and the direction of the relationship. In this study the relationship between compensation and Benefit (Direct and indirect,non-financial benefits, management of compensation and benefit and its implication on employee performance is a measure).

In terms of the strength of the relationship, the value of correlation coefficient varies between +1 and -1 when the value of the correlation coefficient lies around ± 1 , then it is said to be a perfect degree of association between the two variable. As the correlation values goes forward 0, the relationship between the two variables would be weaker. The direction of the relationship would be weaker. The direction of the relationship is simply + (Indicating a positive relationship between the variables or – (Indicating a negative relationship between the variables).

The analysis sought to found the relationship between independent variables (Direct/Indirect benefit, Non-financial benefit and management of compensation and benefit administration) dependent variables (employee performance) of the public Employees Transport Service Enterprise as computed by using person product – moment correlation coefficient.

Table 9. Correlation between Independent and Dependent variable.

		Direct and indirect benefits	Compensation and benefit administration	Employee performance	Non-Financial benefits	Challenges of compensation and benefit administration
Direct and Indirect benefits	Pearson Correlation	1	.853**	.891**	.888**	.871**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	141	141	141	141	141
Compensation and benefit administration	Pearson Correlation	.853**	1	.936**	.937**	.992**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	141	141	141	141	141
Employee performance	Pearson Correlation	.891**	.936**	1	.952**	.945**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	141	141	141	141	141
Non Financial benefits	Pearson Correlation	.888**	.937**	.952**	1	.947**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	141	141	141	141	141
Challenges of Compensation and benefit administration	Pearson Correlation	.871**	.992**	.945**	.947**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	141	141	141	141	141

** . Correlation is significant at the 0.01 level (2-tailed).

Source – SPSS Result

Significant correlation existed between non-financial benefit and employee performance ($r = .952$; $P < 0.01$). This implies that increase or decrease in the adjustment of non-financial benefits is associated with similar change in employee performance.

There was also significant relationship between compensation and benefit administration and employee performance ($r = .936$; $P < 0.01$).

This implies that the improvement in management of compensation and benefit administration is associated with similar changes in employee performance.

In addition, there is also a positive relationship between Direct and Indirect benefits and employee performance ($r = .853$; $P < 0.01$).

This implies that increase or decrease in payment (such as salary Bonus, cash indemnity, Free medical services, paid leaves etc) amount is associated with similar changes in employee performance.

Table 10. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.964 ^a	.930	.928	.294

a. Predictors: (Constant), Direct and Indirect benefit, Non-financial benefit, Management of compensation and benefit administration

b. Dependent variable - employee performance

4.3.3 REGRESSION ANALYSIS

A regression analysis was conducted to determine how independent variables relate to employee performance. SPSS was used to code, enter and compute the measurements of the multiple regressions for the study. Finally, the hypothesis tests were undertaken based on the proposed hypothesis and the regression output results,

4.3.3.1 Regression Results for Employee performance

In the course of model estimation, it is common practice to evaluate the appropriateness of a single descriptive model for the problem under study with the help of the coefficient of determination, R^2 . In empirical studies, the most important benefit of R^2 is that it serves as a fast and easily interpretable measure for the goodness of fit of the estimated model (Reisinger, 1997). However, R^2 is not an absolute indicator of goodness of fit. It is just a relative measure of explained variance relative to total variance in the dependent variable (Reisinger, 1997; Thompson, 2002). Thus the best value for R-square depends on what the researcher measured. This study depends on participant's perceptions which were collected through questionnaire. Therefore, r-squared value more than 25% can be respectable and good to fit (Reisinger 1997; Thompson, 2002).

Table 8 present the appropriate indicators of the variables used to show the employee performance. It means that the overall contribution of direct and indirect benefit, non-financial benefit, management of compensation and benefit accounted for 93% (.93) of the variation in the performance, the rest 7% may be explained by other variables which are not included in this study.

4.3.3.2 Analysis of variance

Table 11. Anova

Model	Sum of squares	df	Mean square	F	Sig.
1. Regression	156.100	4	39.025	450.830	.000 ^b
Residual	11.772	136	.087		
Total	167.872	140			

- a. Predictors: (Constant), Direct and Indirect benefit, Non-financial benefit, Management of compensation and benefit administration
- b. Dependent variable - employee performance

Based on Table 9 the ANOVA test shows the significance of the model by the value of F-statistics ($P=.000$) and $F=450.830$ which indicates there were a strong relationship between the predictors and the outcomes of the regression variables.

4.3.3.3 COEFFICIENTS

Table 12. Coefficients

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.156	.114		-1.367	.174
Direct and Indirect benefit	.204	.063	.166	3.238	.002
Non Financial benefit	.479	.092	.441	5.191	.000
Challenges of compensation administration	.085	.023	.350	3.739	.000
Importance of compensation and benefit administration	.029	.077	.033	.373	.709

Source: SPSS result

- a. Dependent variable: employee performance

The regression equation is

$Y = -156 + 204(D/I) + 4.479(NF) + 0.085(CCA) + 0.029(ICMA)$ where by $Y =$ the dependent variable (employee performance)

D/I – Direct and indirect benefit

NF – non financial benefit

CCA – challenges of compensation and benefit administration

$ICMA$ – Importance of compensation administration

The Beta sign (β) indicates a sign of positive (+) and negative (-) which shows the effect of independent variables over the dependent variable (field, 2009). Table 10 beta sign of the independent variables shows both positive (+) and negative (-). Thus, independent variables had positive effect on the predicating dependent variable (employee performance) that the results of any increase in independent variables lead to increase in dependent variable.

According to Brooks (2008) and Hair, et al., (1998), the independent variable with the level of significance (S.g.) value less than 5% can make a significant contribution to the predicated value of the dependent variable whereas the variable with the level of significance (S.g.) value greeter than 5% cannot make a significant contribution to the predicator value of the dependent variable. From Table 10 the statistical significance of the independent variable over the dependent variable at 5% level of significance, all independent variable direct and indirect benefit, non-financial benefit, compensation and benefit administration significantly contributed for the dependent variable (employee performance).

4.3.3.4 Hypothesis Test Result

This study has intended to test three hypotheses of factors affecting employee performance (Direct and Indirect Benefit, Non financial benefit compensation and benefit administration). This section reports the discussion of testing the research hypothesis using multiple regression analysis, and empirically examines whether there is relations, between the explanatory variables and the employee performance.

The regression analyses whose results are presented in table 10 above provides a more comprehensive and accurate information of the research hypothesis. The hypothesis testing is used to see if there is a significant influence of independent variables on dependent variable (Field 2009). Therefore, in this study, the hypothesis testing used to test a significant influence of direct and indirect benefit, non financial benefit and challenges of compensation and benefit administration of employee performance.

As shown in table 10 the P-values for all independent variables statistically significant at ($P < 0.01$) which shows a strong support for hypothesis 1, 2, and 3.

The following hypothesis test were conducted based on the regression results of the employee performance obtained from the regression output.

- HYPOTHESIS - NON FINANCIAL BENEFIT

H₁. Has significant impact on employee performance in Public Employee Transport Service Enterprise

As the regression result shows in the table 10 there is a positive relationship between the non-financial benefit and the employee performance at a statistical significance level equal to 0.000 (1%), where the magnitude of the effect of this variable on employee performance is 0.479 and the value of (t) 5.191 is higher than the value (2), indicating non-financial benefit is the factor for employee performance. The coefficient of 0.479 also indicates that for every increase in non-financial benefit, there would be an increase of 47.9% in the employee performance if all factors held constant. Therefore, the researcher does not reject the hypothesis of the study that the non-financial benefit has a significant impact on employee performance in Public Employees Transport Service Enterprise. It shows that non-financial benefit practices are positively and significantly associated with employee performance of the enterprise.

The result reveals that non-financial benefit plays significantly and positive influence on employee performance. The result of this study is consistent with Serena Aktar. S, Kamruzzaman. M. and Ali. E(2015) studies that indicate Non-Financial rewards are non- monetary/ non-cash and it is a social recognition such as acknowledgement, certificate and genuine appreciation etc. can be utilized positively to enhance performance behaviors of employees.

- HYPOTHESIS – DIRECT AND INDIRECT BENEFITS

H₂Direct and Indirect Benefits significantly affects employee performance of Public Employees Transport Service Enterprise.

As it is displayed in table 10 there is a positive relationship between direct and indirect benefits and employee performance at a statistical significance level equal to 0.002, where the magnitude of the effect of this variable on employee performance is .204 and the value of (t) 3.238 is higher than the value (2), indicating that it is a determinant variable in the study.

The coefficient of .204 indicates that for every improvement in compensation and benefit administration, there would be an increase of 20.4% in employee performance, if all factors are held constant. As a result, the researcher does not reject the hypothesis of the study that compensation and benefit administration significantly affects employee performance in the Public Employees Transport Service Enterprise. It shows that direct and indirect benefit practices are positively and significantly associated with employee performance eof the enterprise. This findings is supported by the studies done by shezed et al. (2008) and Baloch et al. (2010). The extent to which high employee performance followed by high monetary benefit such as bonus will make future high performance.

- HYPOTHESIS – MANAGEMENT OF COMPENSATION AND BENEFIT ADMINISTRATION.

H₃Management of compensation and benefit administration significantly affects employee performance of Public Employees Transport Service Enterprise.

As the regression result shows in the table 10 there is a positive relationship between management of compensation and benefit administration and the employee performance at a statistical significance level equal to 0.000 (1%), where the magnitude of the effect of this variable on employee performance is .085 and the value of (t) 3.739 is higher than the value (2), indicating it is a factor for employee performance.

The coefficient of .085 indicates that for every improvement in compensation and benefit administration there would be an increase of 8.5% in employee performance, If all factors are held constant. As a result, the researcher does not reject the hypothesis of the study that compensation and benefit administration significantly affects employee performance. The study shows that compensation and benefit administration has a powerful tool of attracting and retaining talent, and for improving the performance of employees' of the Public Employees Transport Service Enterprise.

CHAPTER FIVE

5.1 SUMMARY OF KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Based on the finding of the research the following summary conclusions and recommendations are presented.

5.1.1 SUMMARY OF KEY FINDINGS

- This study aimed to investigate compensation and benefit package practice and its implication on employee performance in public Employees Transport Service Enterprise based on the questionnaire of proportionally selected employees of 160. From the distributed 160 questionnaire 141 were returned and response rate 88% which was acceptable for data analysis and discussion of the study.
- In the descriptive analysis most of the respondents are male (72%), 48% aged in category of (26-35) and 43% of the respondents are first degree and master's degree holders. In addition, with regard to service year above 2 years (74%)
- The Pearson's product moment correlation coefficient result shows there is a significant and positive correlation exist between independent variables (Direct and Indirect Benefit, Non-Financial Benefit, Management of Compensation and Benefit Administration) and dependent variable(employee performance)
- The model summary indicate, the linear combination of the independent variable way significantly related to the dependent variable, $R = .964$ adjusted R square = .930 $F = 450.30$ ($P = 0.000$). The result implies on estimated 93% of total variation in the dependent variable (employee performance) is jointly explained by the predictors, direct and indirect benefit non-financial benefit and management of compensation and benefit administration.
- The hypothesis test shows that there is significance and strong relationship between independent variables and dependent variable and also

independent variables has positive effect on employee performance. As a result the three hypotheses are accepted.

5.1.2 CONCLUSIONS

In brief, the study has demonstrated that direct and indirect compensation and benefits package, Non-financial benefit and compensation and benefit administration effect on employee and organization performance in PETSA. The importance of compensation and benefit in the organization has been highlighted in literature review. The purpose of this study is to examine the effects of compensation and benefit practice on employee performance with in public employees transport serve enterprise.

The findings reported in this study suggest compensation and benefit practices have an impact on the performance of employees.

Based on the research finding, the study concludes that performance of Public Employees Transport Service Enterprise depend more on utilization of effective compensation and benefit package.

The study further concludes that both direct and indirect benefit, non-financial benefit, compensation and benefit administration have a positive effect on the performance of employees at PETSE. However, non-financial benefits have a greater influence on employee performance.

5.1.3 RECOMMENDATIONS

Based on the study conclusion the following recommendations could be considered to address the issues revealed by the study. Compensation and benefits plays a vital role for improving employee and organizational performance. This study revealed inadequate implementation of the compensation and benefit package in the Public Employees Transport Service Enterprise; hence, there may be a need for the management of PETSE to critically consider the issue of employees' compensation management as it can affect employees and organizational performance.

The study revealed that some compensation and benefit packages had been neglected and it is in this light that the researcher recommends Funeral grant – upon the loss of an employees' relative (spouse, child, parents) the

enterprise better to grant to the employee to help with the process of putting the love one to rest.

The enterprise should conduct a continuous appraisal measurement based on its vision and mission to know the existing level of performance by external or internal professionals and effectively implement the areas of improvement pointed by its employees. This will enhance employee performance and maximize the productivity of employee.

The study further recommends that the management of PETSE should practice accommodative team based management practice and capacity development training to achieve employee performance.

5.1.4 AREA FOR FURTHER RESEARCH

Future study should be done to establish the other factors that influence employee performance other than compensation and benefit practices.

A similar research should also be done in future covering all organization in Ethiopia as this would serve to provide more generalization conclusion.

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ST. Marry University School of Graduates

Dear respondents,

I am doing master's thesis about compensation and benefit practices and its implication on employee performance. Also about your enterprise compensation and benefit practice and its employee feeling toward the same.

As a part of this thesis; I have developed a questionnaire and I would be very grateful if you could take just few minutes to complete the questionnaire. Please note that the questionnaire is made to protect your identity and the answers you give cannot be traced in any way. The result of the questionnaire will be used only for this research paper. The name of the respondent shall not be appeared in any part of the paper.

Based on the response you give for these questions; I hope we would have better information on compensation and benefit practices and performance relationship and also employee attitude toward the company's reward efficiency.

Only your honest and truth response for the question determine accuracy of the research finding. Thus, we kindly request you to fill this questionnaire with utmost honesty and to forward your true feeling.

Appreciate your cooperation

Mulugeta Tesfaye

Appendix -2

Questions to be filled by employee of public employees transport service enterprise.

Section One:Demographic Profile Questions

- 5 Please specify your gender? Male Female
- 6 Please specify your age group?
Under 25 26 up to 35 36 up to 45 above 46
- 7 Please specify your educational background?
Certificate Diploma/TVET First Degree Above first degree
- 8 Please specify your length of service in this enterprise?
Below 1 year 1 year up to 2 years Above two years

Below are list of statements pertaining to impact of compensation and benefits packages on employee performance.

Please indicate whether you agree or disagree with each statement by circling on the spaces that specify your choice from the options that range from “Strongly satisfied” to “Strongly dissatisfied”. Each choice are identified by numbers ranged from 1 to 5.

- Note:** 1) strongly dissatisfied/disagreed 2) Dissatisfied /disagreed
3) Neutral 4) Agree /satisfied 5) Strongly agree /satisfied

Section Two

Table 2.1.1 Employee views on level of satisfaction with management of compensation and benefit packages.

No	Compensation and Benefit packages	Range 1 to 5				
		Very dissatisfied 1	Slightly dissatisfied 2	Neutral 3	Slightly satisfied 4	Very satisfied 5
	Scale the significance of the below list compensation and benefit for you; which are currently offered by your enterprise					
1	Salaries	1	2	3	4	5
2	Bonus	1	2	3	4	5
3	Transport allowance	1	2	3	4	5
4	Housing allowance	1	2	3	4	5
5	Cell phone allowance	1	2	3	4	5
6	Pension/Retirement benefit	1	2	3	4	5
7	Insurance plan	1	2	3	4	5
8	free medical services	1	2	3	4	5
9	Leave	1	2	3	4	5
9.1	---- Annual leave	1	2	3	4	5
9.2	---- Maternity leave	1	2	3	4	5
9.3	---- Paternal leave	1	2	3	4	5
9.4	---- Educational leave	1	2	3	4	5
9.5	----- Sick leave	1	2	3	4	5
9.6	----- Marriage leave	1	2	3	4	5
10	Free transportation	1	2	3	4	5

11	Fuel allowance with car	1	2	3	4	5
12	Long service award	1	2	3	4	5
13	Employee performance award	1	2	3	4	5
14	Recognition and feedback from supervisors	1	2	3	4	5
15	Job related training	1	2	3	4	5
16	Cash indemnity	1	2	3	4	5

Table 2.1.2 Management of compensation and benefit practice

2) The compensation and benefit package are well defined and explained to employees

1 2 3 4 5

3) The rewards offered by the enterprise show its investment and care for employees.

1 2 3 4 5

4) The rewards offered by my enterprise motivate me to work toward the achievement of the organization's goal.

1 2 3 4 5

5) Employees are well informed and involved in the formulation, discussion and implementation of policies concerning compensation and benefit

1 2 3 4 5

6) The enterprise should focus on rewarding good performance than status or seniority.

1 2 3 4 5

7) The reward practice employed by the enterprise takes employees need into consideration.

1 2 3 4 5

Section Three: questions related to how effective compensation and benefit packages influences employee performance.

No	Statement	Range 1 to 5				
		Strongly Disagree (1)	Disagree (2)	Natural (3)	Agree (4)	Strongly Agree (5)
	A well designed compensation and benefit package and its effective management and implementation an implication on employee performance and it influences performances in the following ways					
1	The effectiveness in which work is performed in the enterprise has an influence on my performance	1	2	3	4	5
2	Makes employees feel appreciated and they give their best	1	2	3	4	5
3	The nature of my job in itself influences my level of performance at my job.	1	2	3	4	5
4	Creates very good working relationship between management and employee to improve performance	1	2	3	4	5
5	Motivates employees to perform better	1	2	3	4	5
6	Rewards hard working employees to sustain high performance	1	2	3	4	5
7	Improves employee willingness to do extra work and go the extra mile	1	2	3	4	5
8	Increases employees' readiness to learn new skills and preparedness to transfer skills on the job	1	2	3	4	5
9	Makes employees committed to the enterprise and therefore commitment to work increases	1	2	3	4	5

Section Four: Questions Related to Non financial benefits

No	Statement	Range 1 to 5				
		Strongly Disagree (1)	Disagree (2)	Natural (3)	Agree (4)	Strongly Agree (5)
1	Employees gets feedback and recognition from their supervisors					
2	The enterprise provides job related training opportunity to its employee					
3	I have challenging and interesting job					
4	The company offers career advancement opportunity					
5	Employees participate indecision making that concern them					
6	The enterprise guaranteed job security to its employee					

Section Five:-Related to challenge of compensation and benefit management

		Range 1 to 5				
		Strongly				Strongly

No	Statement	Disagree (1)	Disagree (2)	Natural (3)	Agree (4)	Agree (5)
1	All employees receive equal reward for the same kind of work	1	2	3	4	5
2	The packages of compensation and Benefits managed well	1	2	3	4	5
3	Employees receive adequate notice and information on any changes that will affect their packages	1	2	3	4	5
4	I do not know what is going on as far as compensation is concerned in this organization	1	2	3	4	5