



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM IN PROJECT MANAGEMENT**

**ASSESSMENT OF EMPLOYEE PERCEPTION ON
COMPENSATION AND BENEFIT PRACTICES: THE
CASE OF ETHIO TELECOM**

**BY:
MESKEREM TASSEW HAILE MESKEL**

**June, 2017
ADDIS ABABA, ETHIOPIA**

**ASSESSMENT OF EMPLOYEE PERCEPTION ON
COMPENSATION AND BENEFIT PRACTICES: THE CASE OF
ETHIO TELECOM**

**This thesis submitted to St. Mary's University School of Graduate
studies in partial fulfillment of the requirements for the degree of
master of project management (MBA)**

**By:
MESKEREM TASSEW
SGS/0726/2007A**

**ADVISOR:
Dr. CHALACHEW GETANEH**

**June, 2017
Addis Ababa**

DECLARATION

I, Meskerem Tassew, hereby declare that this study is my original piece of research conducted in partial fulfillment of the requirements for the Masters of Project Management (MBA) degree at St. Marry University School of Graduate.

Full acknowledgements have been made for all references of other people's work that have been cited and ideas adopted. No part of this thesis has either been presented whole or in part to any other institutions for any award. I take full responsibility for any errors that may be included in this report.

Meskerem Tassew.

ENDORSEMENT

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

Advisor

Signature & Date

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

**ASSESSMENT OF EMPLOYEE PERCEPTION ON
COMPENSATION AND BENEFIT PRACTICES: THE CASE OF
ETHIO TELECOM**

By:

MESKEREM TASSEW

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Advisor

External Examiner

Internal Examiner

Signature & Date

Signature & Date

Signature & Date

Signature & Date

Table of Contents

ACKNOWLEDGEMENTS	III
LIST OF ABBREVIATIONS	IV
LIST OF TABLES	V
ABSTRACT	VII
CHAPTER ONE	1
INTRODUCTION	1
1.1. Background of the study	1
1.2. Back ground of the Organization	2
1.3. Statement of the problem	3
1.4. Research Questions	4
1.5. Research Objectives	4
1.5.1. General Objective	4
1.5.2. Specific Objective	4
1.6. Significance of the Study	5
1.7. Scope of the study	5
1.7. Limitation of the study	5
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1. Introduction	8
2.2. Definitions of compensation	9
2.3. Objective of compensation	10
2.4. Type of compensation	11
2.6. Definition of Employee Benefits	14
2.7. Types of benefit	15
2.8. Communicating the benefit packages	16
2.9. Compensation Strategy alternatives	17
2.10. Compensation Management Philosophy	18
2.11. Factors Affecting Compensation System	19
2.12. Ethio Telecom compensation and benefit practice	20
2.13. Empirical Review	20
2.14. Compensation and Benefits Model	21

CHAPTER THREE	24
RESEARCH METHODOLOGY	24
3.1. Research Design.....	24
3.2. Data Collection	24
3.3. Population, Sample size and Sampling Techniques.....	25
3.4. The Research Analysis Method	26
3.5. Ethical Consideration.....	26
CHAPTER FOUR.....	28
DATA PRESENTATION, DISCUSSION AND INTERPRETATION.....	28
4.3. Attractiveness of benefit practices	31
4.4. Company benefit comparing to other organization.....	32
4.5. Benefit policy and employee’s motivation	33
4.6. Alignment of C&B Policy and organizational Strategy.....	34
Table 4.6. Employee opinion on alignment between C&B policy and organizational strategy	35
4.7. Employees’ participation on policy development and implementation.	36
4.8. Sufficentness of the company compensation and benefit	38
4.9. Periodically update of compensation and benefit policy	40
CHAPTER FIVE	43
MAJOR FINDING, CONCLUSIONS AND RECOMMENDATIONS	43
5.1. Summary of the finding	43
5.2. Conclusion.....	46
5.4. Recommendation.....	48
References.....	li
Appendices.....	liv
Appendix-1	liv
Appendix-2	lx

ACKNOWLEDGEMENTS

I am grateful to the Lord Almighty for His mercies and grace to have finished this work. I could not have even started without Him. He saw me through the thick and thin and I am forever grateful.

My profound gratitude goes to my advisor, DR. Chalachew Getahun for his immense contribution to this work. I am grateful to him for giving of his time, expertise, advice, comments, encouragement, and constructive criticisms to ensure that this work was completed.

I say a very big thank you to the employees of Ethio Telecom for the essential contribution they provided during the data collection phase. They filled the questionnaires in the middle of very tight daily routines.

I am highly grateful to my family, my beloved husband Ato. Tirfu Dagnev for your support and my lovely children Gedion T. and Gebrella T. without their understanding, it would have been impossible for me to finish this course.

Great appreciation and thanks to Ato Adebabay, Ato Debebe M., Ato Leykun B., Ato Emishaw L. Ato Antenh W. and also extended to friends who always gave a great support during this research and for all Payroll section staffs for their continuous support and constant encouragement through the course of my education.

Meskerem Tassew

June 2017

LIST OF ABBREVIATIONS

IBTE	Imperial Board of Telecommunications of Ethiopia
ETS	Ethiopian Telecommunication Services
ETA	Ethiopian Telecommunications Authority
ETC	Ethiopian Telecommunications Corporation
CBD	Compensation and Benefits department
HQ	Head Quarter
C&B	Compensation and Benefit
CEO	Chief Executive Officer
IS	Information System
PMO	Project Management Office
CUG	Close Using Group
HR	Human Resource

LIST OF TABLES

Table 2.1. Components of a Compensation Program (Adopted from Thompson 2002, P.743)...	12
Table 4.1. Response rate of respondents	28
Table 4.2. Demography Characteristics of Respondents.....	29
Table 4.3. Employee opinion on attractiveness of benefits	31
Table.4.4. Employee opinion on company benefit policy compare to other companies....	32
Table.4.5. Employee opinion on motivation of company benefit policy Company	34
Table.4.6. Employee opinion on alignment between C&B policy and organizational goal.....	36
Table.4.7. Employee opinion on participation on development policy.....	38
Table-4.8. Employee opinion on the sufficientness of the benefit.....	40
Table-4.9. Employee opinion on periodically policy update	42

LIST OF FIGURES

Figure 2.1. Indirect Compensation.....	13
Figure 2.2. Compensation and benefit model.....	23

ABSTRACT

The major objective of this study is to assess the perception of current compensation and benefit practices of Ethio Telecom. The research adopted both quantitative and qualitative approach. The study used random sampling technique to collect the data. The targeted a population of 30 managers for interview and 285 non-manager level employees to fill questionnaires. All the samples were taken from the Ethio telecom head quarter employees purposively because strategies and policies are made at headquarter level and then cascaded to the zonal and regional branches. Data analysis was done using descriptive statistics with the help of numbers, percentage ratings were used to present the perception of the respondents. Consequently, findings showed that employees perceived the current compensation and benefits is somehow adequate, employees has never participate in compensation and benefits decision making, and compensation and benefit policy has not been periodically updated and communicated to employees. In addition, the management group reflected that the company doesn't have benefit policy for project teams. Moreover, it was perceived that the effectiveness of compensation and benefits package was not evaluated and revised based on needs and circumstances. In line with this a recommendation is forwarded on points that the compensation and benefit policy should be periodically revised, participation of employees on development and implementation of the policy must be considered positively in furthering mutual understanding and it is better to develop benefit policies for project management teams as their tasks are the most important,, complex and somehow peculiar from duties in operational divisions of the company.

Key Words: *Compensation; benefits; employee's perception; Employee perception: Ethio telecom*

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Compensation and benefit is a reward that employees receive in exchange for their performance. It is concerned with wages and salaries, pay raises, and similar monetary exchanges for employees' performance (Holt, 1993). It is a part of business deal between employee and employer.

Organization successes and failure is determined by the effective and efficient utilization of its human and non-human resource. Human resource is a valuable asset for an organization and the organization is established with the aim of using its resources effectively to achieve its objectives and to get competitive advantages (Armstrong, 2005). The people working in an organization individually and collectively contribute to the achievement of the organization's objectives. The overall purpose of human resource management is to ensure that the organization is able to achieve success through people.

According to DOC.B.C.M Patnalk, PrablrCH. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes' like assisting in recruitment, job performance, and job satisfaction. It is a tool used by management for a variety of purposes to further the existence of the company. Compensation may be adjusted according the business needs, goals, and available resources. It can be used to recruit and retain qualified employees, increase or maintain morale/satisfaction, reward and encourage performance, achieve internal and external equity, reduce turnover and encourage company loyalty.

Compensation and benefit is the payment given to the employees for the work they do for the organization. That means an employee is entitled to both financial and nonfinancial benefits in return for his contribution to the organization. To accomplish organizational goal compensation and benefit are more important to attract and retain employees in the company. An inadequate benefit contributes to low satisfaction level and increase employee turnover.

As Kate Greene (1989) recommended some central principles on compensation and benefit like: Keep it simple-pay structures needs to be easy to communicate and understand, create a system for the entire organization-not everyone should be paid the same or have the same benefits, bring into line to pay with company policy at an individual or company level, compensation sends a very strong message regarding what results are important to the organization. If customer loyalty and profit margin are the key determinates to profitability, then these should be included in the bonus or commission structure and also compensation and benefit encourages employees to look at the big picture. Rewarding for team or companywide goals extend the scope of what employee consider important. Meaningful incentives attached to group results or profitability margins encourage loyalty, teamwork and get employees to look beyond just their function or department.

Compensation and benefit represent both the intrinsic and extrinsic rewards employees receive for performing their jobs. Together, both intrinsic and extrinsic compensation and benefit describe a company's total compensation and benefit system. Intrinsic compensation reflects employees psychological mind- sets that result from performing their jobs. Extrinsic compensation includes both monetary and non-monetary rewards (Joseph J Martocchio).

This paper assess the employee perception on compensation and benefit schemes and practice in Ethio Telecom through interview and gathering of facts and opinions from questioners distributed to employees who are working in different divisions at the head-quarter. This is so to assess the company current compensation and benefit policy vis-à-vis its impact to support the successes of the company, employee satisfaction and future competitiveness.

1.2. Back ground of the Organization

According to the company profile booklet, the introduction of telecommunications services in Ethiopia dates back to 1894, i.e., seventeen years after the invention of telephone technology in the world. Because of different reason its name changed many times. Some of them are Imperial Board of Telecommunications of Ethiopia (IBTE), Ethiopian Telecommunication Services (ETS), Ethiopian Telecommunications Authority (ETA), and Ethiopian Telecommunications Corporation (ETC). Then regulation No 197/2010 Ethio-Telecom was established on November 29, 2010 as public enterprise (Ethio-Telecom establishment council of ministers regulation, 2010). Currently it provide telecom service in the entire country on voice, internet & data,

channels, with comprehensive plans in place to meet the requirements set out by the Ministry of Communications & Information Technology (MCIT) and peoples of Ethiopia. The vision of the company is to be a world-class provider of telecom services and its mission to connect Ethiopia through state-of-the-art telecom services, provide high quality, innovative and affordable telecom products and services that enhance the development of our nation, build reputable brand known for its customers,, consideration, Build its managerial capability and manpower,, talent that enables Ethio telecom to operate at international level and support community and environmental development. Thus, Ethio telecom is born from this ambition in order to bring about a paradigm shift in the development of the telecom sector to support the steady growth of our country. Following introduction of the new company, the current human resources division is structured around five main functions. One of the departments called compensation and benefits department, CBD is in charge of designing a compensation and benefits policy for all employees. It is also responsible for implementing this policy as well as regularly improving it in order to guarantee equity and competitiveness.

1.3. Statement of the problem

Human resource is one of the most significant tools to achieve goals and objectives of the company. Hence, organizations need to attract, retain and motivate employees. Human resource managers must plan excellent and attractive compensation and benefit strategy that would be excellent to help in the achievement of desired goals of the company. Compensation and benefit plan and procedure should be developed and implemented in line with organization's goal and strategy and it needs continues assessment, evaluation and improvement based on company performance and achievements.

As per (Gomez-Mejia and Balkin, 1992 cited by Dulebohn and Martocchio, 1998), Pay level is one of the most important factors potential workers consider when selecting alternative employment opportunities and the amount of total compensation received by employees relative to other opportunities they may have has a clear effect on attraction and retention.

The telecom industry exists in an intensely dynamic environment. In such environment, capability to retain efficient and experienced workforce in an organization is very crucial for the overall performance of the organization. The highly motivated employees serve as the best advantage for companies because their performance leads an organization to well accomplishment of its goals. Hence, the compensation and benefit strategy is the extremely

important piece of the overall HR Strategy to keep the company competitive and successful. However, the current competitive conditions in the business world make it difficult to acquire, motivate and retain the top talents.

With the existence of the above theoretical facts, the study is to be undertaken on the assessment employee perception on compensation and benefit schemes in Ethio Telecom. Compensation generally defined as all forms of financial and non-financial rewards employees receive in return for their service to the organization. Benefits are defined as an indirect reward, such as health insurance, vacation pay, or retirement pensions, given to an employee or group of employees as a part of organizational membership. On the other hand, employee perception is defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

1.4. Research Questions

1. What is the perception of employees towards compensation and benefit policy of the company?
2. Is there a difference in perception towards compensation and benefit policy between employee characteristics such as gender, qualification, salary level, age stereotype, and work experience?
3. Does the benefit program updated and communicated periodically?
4. Does the compensation policy satisfy the criteria for effectiveness? Adequacy, fairness, equitability, balanced, cost effectiveness, security, and incentive providing?

1.5. Research Objectives

This research pointed out general and specific objectives.

1.5.1. General Objective

It is to assess the employee perception on implementation of the company systems to employees.

1.5.2. Specific Objective

- To examine the perception of employees towards the compensation and benefit policy of Ethio telecom.

- To describe the level of involvement employees have in compensation and benefit decisions and degree of communications about pay and benefit practices.
- To identify whether difference exist between employee characteristics such as gender, age, qualification, salary level, and work experience in perception towards compensation and benefit policy.
- Based on the findings, to summarize, conclude, and recommend alternative ways to design compensation and benefit policy.

1.6. Significance of the Study

The output of this research is expected to give feed back to the company, especially to compensation and benefit department, to see whether the company's existing compensation and benefit practice motivates employees or not and to create an understanding within the employees that compensation is there any time to reward no more than what employees perform. Besides, it gives clear knowledge to decision makers on compensation and benefit practice toward employee's motivation, job satisfaction, employee loyalty and competitiveness in the labor market. Finally, it can also serve as a reference for further related research works.

1.7. Scope of the study

The study has been studied the assessments of employee perception on current compensation and benefit practice of Ethio Telecom, (considering the selected effectiveness factors), and look in to the perception of management and non-management groups of employees.

Because of the geographical constraint, those employees working in Addis Ababa specific location Head office were considered in this study.

The research also see the compensation and benefit practice within the company by analyzing the existing collective agreement of the company and working policy and procedures in its human resource department.

1.7. Limitation of the study

The major limitations might appear, while conducting the study, in relation to expected unwillingness of respondents in filling out questioners which in turn affect time budget and

quality of data. The other challenge may relate with the hugeness of the company (both in geographic coverage and number of employees) and its long age; uncertainty on data representativeness and difficulty in sorting and organizing written documents would pose limitations.

1.8. Operational Definition of Terms

Compensation: The term compensation is used to indicate the employee's gross earnings in the form of financial and non-financial rewards. Compensation means the reward that is received by an employee for the work performed in an organization. The term „compensation“ is often used as an alternative to 'reward' or 'remuneration', especially in the USA, although it is becoming more common in the UK (Armstrong, 2002).

Financial compensation: Financial compensation includes salary, bonus, and all the benefits and incentives (Mathis and Jackson, 2010).

Non-financial compensation: Non-financial compensation includes awards, praise, recognition and appreciation, which can motivate the employees towards highest productivity (Mathis and Jackson, 2010).

Benefit: A Program an employer uses to supplement the cash compensation employees receive. These health, savings and retirement programs provide security for employees and their families (Armstrong, 2002).

Employee Perception: process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. For example, the factors in the situation may include: time, work setting, or social setting.

1.9. Organization of the paper

The thesis is organized and presented in five major different chapters. The first chapter stands for introduction of the study which consists of background of the study, background of the organization, statement of the problem, objectives of the study, scope of the study, limitation, and organization of the paper.

The next chapter which is chapter two contains different literatures on the area which discusses various theories and concepts on compensation and benefit practice. Then, chapter three shows the research methodology. Furthermore, chapter four presents all the collected data in a clear

manner and the analysis accordingly. Finally, the fifth chapter portrays the summary, conclusion and recommendation part.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Compensation and benefit is one of the key functions of human resource and employees are the backbone of an organization. The achievements of organizational objectives largely depend on the motivation of employees to work. Among other things, employees are satisfied and motivated to work when they are provided a fair financial and non-financial compensation for service rendered to the organization. **“Compensation is the reward employees receive in exchange for their performance. It is concerned with wages and salaries, pay raises, and similar non-monetary exchange for employee’s performance”** (Holt, 1993). Well-designed compensation and benefit system enables organizations to attract qualified employees required and retain and motivate the existing work force towards goal achievement. The most obvious reward employees get form work is pay (Decenzo and Robbins, 1999)

Planning implementing and executing compensation and benefits schemes is one of human resource management functions. Compensation to people at work has become one of the most demanding problems facing managers everywhere in any industry. “Donald Marshack, senior analyst at U.S Bureau of labor statistics (BLS) (2000)” stated that the most serious issues for employers today in all industries is hiring and keeping qualified and capable employees. Furthermore, the effect to control salaries has become a critical problem for companies competing in the global market place. Human Resource is one of the fundamental resources of an organization and compensation and benefit management play the important role for attracting and retaining employees in the company.

Compensation or paying employees for work and developing structures of compensation packages thus becomes one of the major responsibilities of HRM Managers. MirzaS. Saiyadain, (2004).

At company level, employees’ compensation affects their productivity and their tendency to stay with the organization. Therefore, if a company’s compensation and benefits programs are to be effective they must take factors affecting the program.

All the above views emphasize on how critical human resource is in achieving the company's mission vision and periodic goals. Having the human resource at the required level of skill and number never help to pursue an inch unless such resource is well motivated, properly maintained and sustainably retained. The gear towards such end is on the company's loyalty to the development and implementation of sound and competitive compensation and benefit schemes. Such schemes come to the mind of the organization if they matter on the productivity and efficiency of employees in the attainment of desired goals.

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

2.2. Definitions of compensation

Compensation is the remuneration employees receive in exchange for their performance. It is concerned with wages and salaries, pay raises, and similar non-monetary exchange for employee's performance" (Holt, 1993). Well-designed compensation systems facilitate organizations to attract qualified employees required and retain and motivate the existing work force towards goal achievement. Moreover Milkovich et. al. (2011) defines compensation as "all forms of financial returns on tangible services and benefits employees receive as part of an employment relationship".

Compensation management performs organizational influence the employer's ability to compete for employees in the labor market that attract the new employees and retain the existing company work force. In the other hand pay dissatisfaction may lower performance, causes strike, increase grievance, and leads to forms of physical or psychological withdrawal ranging from absenteeism and turnover to increased visit to dispensary and poor mental health (Werther and Davis, 1996).

Armstrong (2005) stated that compensation management is an essential part of human resources management approach to productivity improvement in the organization. It deals with the design, implementation and maintenance of compensation system toward the improvement of

organizational, team and individual performance. In addition, Armstrong (2005) further defined that reward management is concerned with the formulation and implementation of strategies and Policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organization. It deals with the design, implementation and maintenance of reward practices that are geared towards the improvement of organizational, team, and individual performance.

Effective compensation has identified the following seven objectives: Acquire qualified personnel, retain current employees, guarantee pay equity, reward desired behavior, control cost, fulfill with legal considerations, and facilitate understanding. Werther and Davis (1996)

Organizations usually associate compensation/pay ranges with job descriptions in the organization. The ranges include the minimum and the maximum amount of money that can be earned per month in that role.

When the above definitions are summarized we can say that compensation is financial or non-financial return made to employees in lieu for their performance in achieving organizational goals where the former shall be in conformity with standards of fairness, equity and consistency. Fulfilling the ultimate objectives of compensation, i.e. attraction and retention of qualified personnel, cost control, cultivating desired employee behavior and team spirit rely on effective compensation system design, implementation and maintenance. Therefore compensation is a process that ranges from strategy design to maintenance of the system implemented.

2.3. Objective of compensation

The objective of compensation system is creating a system of reward that is equitable to employers and employees. So that employees are attracted to work and motivated to do good job for the employer.

Employee compensation management system supports the achievement of the business strategy and it concern with developing a positive employment relationship and psychological **contract**, to address longer term issues relating to how people should be valued for what they do and what they achieve. It holds both financial and non-financial rewards, and thus all these need to be taken into account and integrated in order to maximize the effectiveness of the organization.

According to David Ross; success requires satisfied and loyal employees. Researches provide evidence that re-taking employees help customers and investors. “Organization with low turnover and satisfied employees tend to perform better. Job is the primary source of income and financial security for employees in an organization. Pay has large impact on employee attitudes and behaviors. It is also an indicator of status within the organization and in the society at large, so it contributes to some people self-worth. From the employers’ point of view, pay is powerful tool for meeting the organization’s goals. It is a screen that filters which kind of employees are attracted and remain with the organization. For these reasons, satisfaction with pay is significant in dealing with employees.

In general compensation system in an organization is designed to achieve certain objectives. Some of the objectives are the following.

1. To retain or hold employees in the organization,
2. To attract experienced employees,
3. To positively influence the attitudes and behaviors of employees,
4. To motivate employees at work,
5. To enhance the performance of the organization

2.4. Type of compensation

There are two types of compensation, these are Financial and non-Financial

2.4.1. Financial compensation

Financial compensation includes direct and indirect compensations made to on employee in terms of sum of money or its equivalent in kind or service.

Compensation	
<p>Direct</p> <ul style="list-style-type: none"> • Base Pay <ul style="list-style-type: none"> • Wages • Salary • Variable Pay <ul style="list-style-type: none"> • Bonuses • Incentives 	<p>Indirect</p> <p>Variable pay</p> <ul style="list-style-type: none"> • Medical insurance • Life insurance • Over time • Pension

Table 2.1 Components of a Compensation Program (Adopted from Thompson 2002, P.743)

Direct compensation is the money directly paid to employees in exchange for their labor. Direct compensation includes wages, salaries, bonuses, tips and commissions. It is most well-recognized form of compensation and probably the first type of compensation preferred by most workers, is direct compensation.

Indirect financial compensation is a benefit that has financial value given to an employee, but it is not a direct monetary payment. It is often referred to as non-cash benefit. In certain circumstances, these noncash benefits may be more valuable to an employee than a high salary or wage (Mondey and Noe, 1990). Indirect financial compensations includes annual leave, overtime allowance, health insurance, life assurance, company car and mobile and pension funds.



Figure 2.1. Indirect compensation (Benefit)

2.4.2. Non-Financial compensation

Non-financial compensation: it doesn't have any monetary value. Includes any satisfaction which receive from the job, such as the need for recognition, responsibility, achievement, personal growth and the like or form environment in which they work including comfortable working condition, competent supervision, pleasant work friend and other related physical and social need of employees. (Monday and Neo 1990)

2.5. Determining the compensation and benefit packages

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

According to Ivancevich and Glueck, (1989), government directly affect compensation and benefits through wage control and guidelines which prohibit an increase in compensation for certain workers at certain times, and laws directed at the establishment of minimum wage rate, wage and hour regulations, and prevention of discrimination directed towards certain groups. Its

main concern is to ensure that the financial compensation support the social and economic interest of the broader society (Scarpello and Lendvinka, 1988).

Another important external influence on an employer's compensation program is the labor unionization. Unions have an effect whether or not the organization's employees are unionized; Union tended to be pacesetters in demand for pay, benefits, and working condition and affect the overall compensation policy of organizations (Ivancevich and Glueck, 1989). Its main concern is to protect, maintain, and increase the welfare of workers ((Scarpello and Lendvinka, 1988).

According to Ivancevich and Glueck (1989) the nature of the task affects compensation primarily in the method of payment for the job, such as the payment for the time worked or incentives. One of the most significant factors in compensation is the nature of the employee and how employee's attitude and preference directly affect performance and pay structure. Organizations appear to attribute similar value for similar jobs and different values to different jobs. Organizations pay for the value they attach to certain duties, responsibilities, and other job related factors (Mondey and Noe, 1990)

To sum up, employee preference, government regulation, 'trade union' influence, boom or recession experienced by overall economy and the nature of the task are factors important in determining compensation and benefit packages of an organization.

2.6. Definition of Employee Benefits

Employee benefits are optional, non-wage compensation may be provided to employees in addition to their normal wages or salaries. These types of benefits may include group insurance (health, dental, vision, life etc.), disability income protection, retirement benefits, daycare, tuition reimbursement, sick leave, vacation leave (paid and non-paid), funding of education, as well as flexible and alternative work arrangements.

Benefits are increasingly expensive for businesses to provide to employees, so the range and options of benefits are changing rapidly to include, for example, flexible benefit plans.

Benefits are forms of value, other than payment, that are provided to the employee in return for their contribution to the organization, that is, for doing their job.

Well-known examples of benefits are insurance (medical, life, dental, disability, unemployment and worker's compensation), vacation pay, holiday pay, and maternity leave, contribution to retirement (pension pay), profit sharing, stock options, and bonuses. (Some people would consider profit sharing, stock options and bonuses as forms of compensation.).

Benefits can be tangible or intangible. The benefits listed previously are tangible benefits. Intangible benefits are less direct, for example, appreciation from a boss, likelihood for promotion, nice office, etc. People sometimes talk of fringe benefits, usually referring to tangible benefits, but sometimes meaning both kinds of benefits.

Company usually pay for most types of benefits (holiday pay, vacation pay, etc.), some benefits, such as medical insurance, are often paid, at least in part, by employees because of the high costs of medical insurance.

2.7. Types of benefit

Disability Insurance is a form of Insurance that insures the beneficiary's earned income against the risk that a Disability creates a barrier for a worker to complete the core functions of their work.

Pension is a fund into which a sum of money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments.

Child care is the care of a child during the day by a person other than the child's legal guardians, typically performed by someone outside the child's immediate family.

Tuition payments are charged by educational institutions in some countries to assist with funding of staff and faculty, course offerings, lab equipment, computer systems, libraries, facility upkeep and to provide a comfortable student learning experience. Employers may dedicate money to cover accrued tuition fee of their recruits.

Sick leave is time off from work that workers can use to stay home to address their health and safety needs without losing pay. Some employers extend the duration of sick leave with pay beyond the base specified by law.

Annual leave is paid time off work granted by employers to employees to be used for whatever the employee wishes. Depending on the employer's policies, differing number of days may be offered.

Profit sharing refers to various incentive plans introduced by businesses that provide direct or indirect payments to employees that depend on company's profitability in addition to employees' regular salary and bonuses.

Employer student loan contributions are a type of employee benefit in the United States. With this benefit, employers pay back student loans on behalf of employees, at certain amount per month as decided by the employer.

2.8. Communicating the benefit packages

Providing benefit flexibility is good not only because it gives employees what they are more likely to want but also it makes them aware of the benefit they are gaining and thereby not only increase their morale but also their commitment to the organization. If employees have no knowledge of their benefits there is a little reason to believe the organizations benefit program objectives will be attained. Communicating the benefit packages and providing employees with benefit flexibility increase the positive impact of indirect compensation. To communicate total compensation to employees, some organizations use annual benefit summary to provide a detailed list of costs incurred by the organization to retain, train, support, and reward a member of that organization (Randal, 1998).

Communication is a major element in this entire compensation and benefits decision process. Many employees are unaware of employer efforts. Also, many employees do not understand how their usage patterns ultimately affect cost. Hence, employee education is a major gap that remains to be filled in most organizations .Finally; tomorrow's systems will be highly dependent on an effective understanding and acceptance of compensation policies. With an increasingly educated workforce who desire more information about pay and benefit practices, it will be essential to communicate far more effectively than today (Suddarth, et al. (1984) as cited by Schiemann, 1987).

The most technically sophisticated payment plan can generate desired employee reactions or exactly the opposite. The actual effect depends on whether the rationale for the payment plan is

understood and accepted and whether employees' perceptions of the facts upon which the rationale is built (e.g., the company's financial health, the pay of employees in other jobs or organizations) are the same as the perceptions of those charged with seeing that the payment plan has the intended effects. (Olsen et.al. 1994).

2.9. Compensation Strategy alternatives

As organization differ in size and purpose, so do in pay level. Glueck (1978) has identified three alternative strategies. These are:

The high-pay-level strategy:

Under this strategy organizations choose to pay higher than the average pay level that the market pays. The assumption is that a higher salary or wage will enable organizations attract and retain competent employees and this, in turn enhances employee's productivity.

The low-pay-level strategy:

In this alternative, the organization pays a minimum salary or wage to employees. This may be because a poor financial condition or the work doesn't require highly qualified personnel.

The comparable-pay-level strategy:

This strategy requires organizations to follow "equal pay for equal work". In this strategy employees are paid based on comparable value of jobs they are performing within the company and/or the market.

In general, compensation benefit management policy is an integral part of an human resource management approach to managing people, and as such it supports the achievement of the business strategy and is concerned with developing a positive employment relationship and psychological contract, to address longer term issues relating to how people should be valued for what they do and what they achieve. It embraces both financial and non-financial rewards, and thus all these need to be taken into account and integrated in order to maximize the effectiveness of the organization.

2.10. Compensation Management Philosophy

Compensation management is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to pass them. These include beliefs in the need to achieve fairness, equity, consistency and transparency in operating the reward system. The philosophy recognizes that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e., the return on investment they generate)(Armstrong, 2006).

As John R.walker, Jac E Miller (2009) noted, compensation management processes are based on compensation philosophies and strategies and contain arrangement in the shape of policies and strategies, guiding principles, structures and procedures which are developed and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation. This constitutes measuring job values, designing and maintaining pay structures, paying for performance, competence and skill, and providing employee benefits. However, compensation management is not just about money. It is also concerned with non-financial compensation which provides intrinsic or extrinsic motivation. Process of compensation management is to establish and maintain an equitable wage and salary structure and an equitable cost structure. It involves job evaluation, wage & salary survey, profit sharing and control of pay costs.

The philosophy of compensation management recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy (Bohlander, G. & Snell, S, 2004).

According to Mathis & Jackson (2010), two basic compensation philosophies lie on opposite ends of a continuum and most compensation systems fall somewhere in between these two extremes.

The philosophy will be affected by the business and HR strategies of the organization, the significance attached to reward matters by top management, and the internal and external environment of the organization (Armstrong, 2006).

In addition, Mathis & Jackson (2010) advocates regularly communicate to employees and managers about the compensation philosophy helps to reinforce the organizational commitment to it. A recent study found that communication of profit-sharing information increased knowledge, which influenced commitment and satisfaction. Communication also can enhance understanding and perceptions of pay policies, encouraging greater generalized pay satisfaction and career development. Finally, establishing a dialogue with employees about total rewards enables them to be more involved with the development of pay systems that enhance talent and return on investment. A company's compensation philosophy can be used to develop individual talent in an organization.

2.11. Factors Affecting Compensation System

As Armstrong (2002) noted, the most significant decisions that have to be made by those concerned with compensation management are about levels of pay. In making these decisions it is necessary to be aware of the various factors that influence pay levels. The following are economic theories and concepts provide guidance on the factors that affect pay levels: Labor theory of value, the labor market, classical economic theory, external competitiveness versus internal equity, efficiency wages theory, the effort bargain.

According to (Barr y A .Gerhart, Har vey B. Minkoff, Ray N. Olsen) Employee compensation plays such a key role because it is at the heart of the employment relationship, being of critical importance to both employees and employers. Employees typically depend on wages, salaries, and so forth to provide a large share of their income and on benefits to provide income and health security. For employers, compensation decisions influence their cost of doing business and thus, their ability to sell at a competitive price in the product market. In addition, compensation decisions influence employer's ability to compete for employees in the labor market (attract and retain) as well as their attitudes and behaviors while with the employer.

(Gerhart & Milkovich, 1992; Heneman& Schwab, 1979; Milkovich& Newman, 1993). Explain about compensation pay dimensions, pay can be in the form of cash or benefits (e.g., health care, retirement, paid vacation). On average, 70% of employees receive their payment in the form of cash, 30 % in the form of noncash. As per (Noe, Hollenbeck, Gerhart, &Wright, 1994) health care has been the fastest growing benefit, and most employers describe the challenge of

controlling this cost while providing quality coverage as one of their top human resource management challenges. Second, both benefits and cash compensation can be described in terms of their level (how much). Most organizations use one or more market pay surveys to help determine what other organizations pay specific jobs in making their own pay level decisions. Therefore, to assess competitiveness in the product market, organizations should not focus only on pay levels. They should compare total labor costs, and better yet, they should compare with other organizations the sort of return (or productivity) they receive in terms of profits.

In addition, the compensation pay nature can be differing within organization, an employing unit, steps or employee grades and also between different levels in the company structure.

2.12. Ethio Telecom compensation and benefit practice

As per Ethio telecom compensation and benefit policy and procedures the company pays for indefinite term employees' salaries on monthly cycle. The monthly pay incorporates various benefits that are due permanently together with monthly salary and other benefits as they happen. Compensations and benefits of the company are salary, transport allowance, management (responsibility) allowance, supervisory allowance, fuel allowance, bonus, project allowance communication benefit like data, CUG, and voice call, medical 100% for permanent employee and 60% for their family, hardship (climatic) allowance, house allowance, relocation allowance, birth gift, accident insurance, annual leave, funeral support, retirement staff goodbye event, school fee for first degree and below.

2.13. Empirical Review

The researcher Eman Fuad in his assessment of compensation and benefit package practice in Ethiopian Road Authority (July 2010) he found that there is no employees discussion in preparing compensation plan in organization, not only this they don't know from where they can get information regarding the compensation plan of the organization. Employees are unsatisfied with the current monetary incentives bonus and so on. In general his finding shows that satisfaction level of employees with the existing remuneration system of the organization is limited in case of salary. This means employees may not stay in the organization for long period of time and this may lead to increased turnover and absenteeism. He also recommended that the company should give attention for improvement in area of existing remunerating system to

increase the level of satisfaction of employees and the organization should administer the salary scale fairly based on the responsibility qualification and relevant year of experience to retain and motivate employees for higher performance.

Another researcher Ahmed Kellil (2010) researched on employee perception on compensation and benefit policy in the case of some selected government institute in Addis Ababa. This study examined the perception of employees regarding the compensation and benefit policy in government higher education institutions found in Addis Ababa. The findings showed that employees perceived the current compensation and benefits inadequate, employees did not participate in compensation and benefits decision, and is not well communicated to employees. Moreover, it was perceived that the effectiveness of compensation and benefits was not evaluated and the policy was no revised. He concluded and recommended that the compensation and benefit policy should be periodically revised taking into account the market conditions and nature of the job. The analysis indicated that there was no significant difference in perception between gender and job category there was a slight difference between age groups, educational qualification, work experience, and salary level of employees.

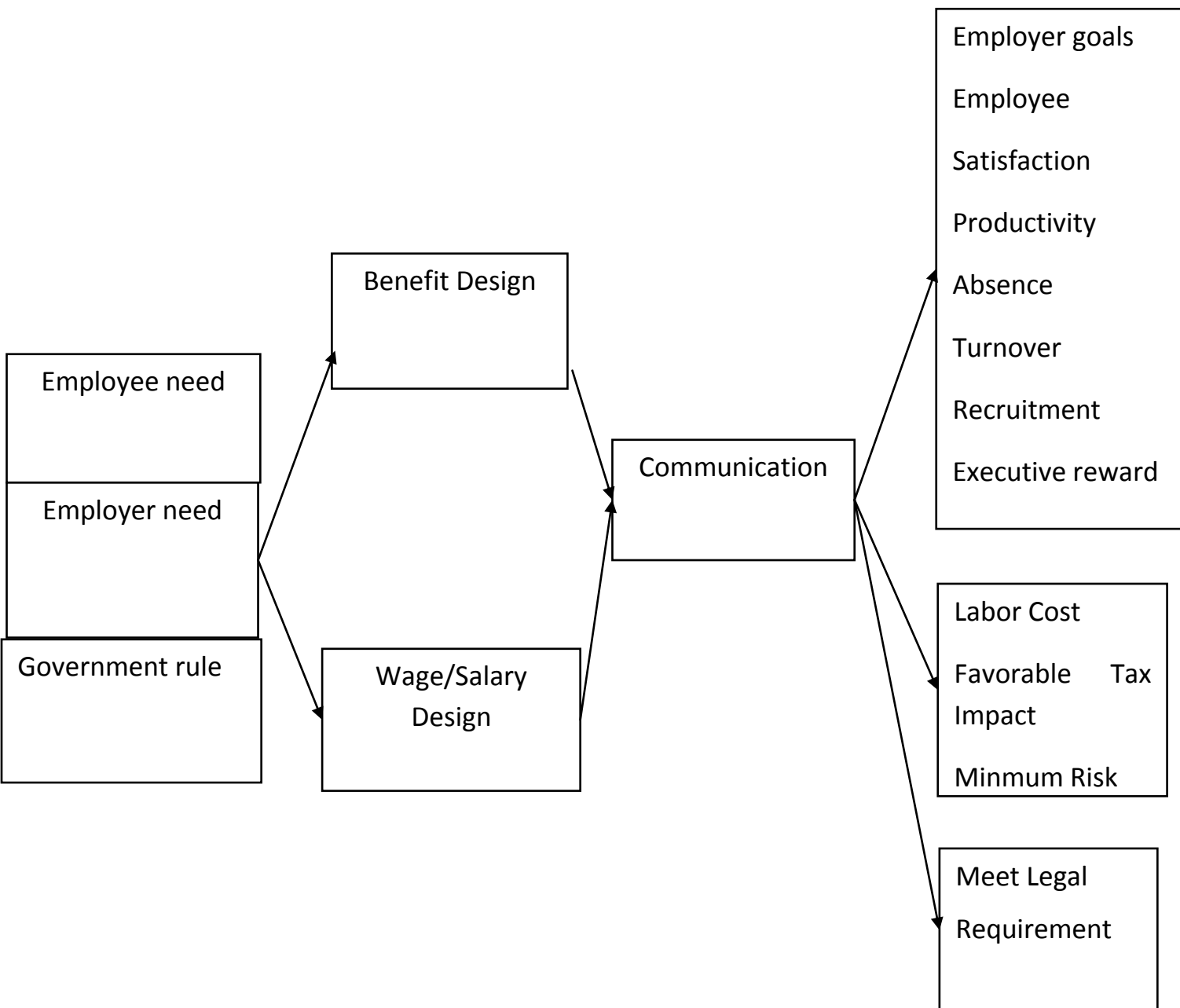
As we have seen above the researchers have given most emphasis on the assumption of compensation and benefit practices in different organizations, affect employee motivation organizational performance and retention.

2.14. Compensation and Benefits Model

Schiemann, (1987) in his article described that employers obviously have many goals that vary from one organization to another. However, there are a number of common goals that transcend most organizational boundaries like profitability (except in nonprofit organizations), long life, growth, and mission. For most organizations, this implies an effective use of labor. The cost of labor continues to be a major variable in the cost equation of most organizations. Employers strive to maximize labor output (in all forms) while minimizing the labor costs necessary to generate the output. The major labor costs come from direct and indirect forms of compensation, usually wages and fringe benefits. Moreover, there are other costs that must be considered as well: recruitment, selection, training, occupancy, and separation costs, for example to maximize organizational goal attainment and productivity, it is crucial for most employers to carefully

evaluate both labor costs and output in all forms. That is, most employers wish to improve output (individual performance levels, quality of products and services, waste reduction) more rapidly than they increase their costs to deliver the output. This implies the use of compensation and benefit policies that improve output yields while controlling costs. Practically, this means enhancing employee motivation, attitudes, and performance at costs that are less than the gains from increasing labor output. For example, if increases in compensation in the form of wages and benefits reduce unwanted employee turnover at a cost that is less than the labor replacement cost, then the investment might prove valuable.

Another example might be in recruitment. If a certain employer sponsors a child care program as part of the fringe benefit package, then presumably some employees would be more likely to work for this organization instead of its competitors (which do not have this benefit). If this benefit were to reduce recruitment costs (by increasing recruitment rates), increase employee commitment, and reduce turnover, the costs for such a program might improve overall productivity. The following figure shows the forces that have an impact on benefit policy.



Figuer.2.2. Compensation and benefit Model (Source William A. Schliemann 1987)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Design

The objective of this research is to describe the employee perception on the current Ethio Telecom compensation and benefit practice and its contribution to organizational effectiveness and efficiency. The researcher used mixed (both qualitative and quantitative) approaches to analyze the collected data. Blended

According to Creswell (2003) the use of both qualitative and quantitative approaches is cycle so that the overall strength of the study is greater than either qualitative or quantitative research. Thus, this approaches is selected to express the current phenomenon of a situation and gives prediction depending on the finding of the research and to describe the basic questions stated in the research.

In this particular study descriptive research is best suited to collect exact information concerning the current practice of the company compensation and benefit schemes. Descriptive researches are those studies which are concerned with describing the characteristics of a particular individual, or group and it includes surveys and fact-findings enquiry of different kinds. This technique was used to interpret and analyze the organized data.

3.2. Data Collection

With the intention of addressing its objectives the research would be based on both primary and secondary data. The primary data collected through structured questionnaires and interviews. It includes open ended and close ended questions.

The secondary data were collected from the organization's working processes, policies, procedures, and other documents which are related with the compensation and benefit practice in the company and also from different literatures on the area.

3.3. Population, Sample size and Sampling Techniques

The company is a big organization which has more than 12,000 employees in different zones and regions including head office; among these 1755 employees are placed in head office. For the sake of this research, employees of Ethio Telecom Head Office staff are considered as total population of the study. Human resource, finance, sourcing and facility, network, IS, audit and legal division workers was a major source of information for this research.

Ethio Telecom is organized in six hierarchical levels. These are CEO, chief officers, officers, managers, supervisors, and staffs. The first two levels are classified as top management group and the next two as middle management group whereas the other two levels are categorized as non-management group. Therefore, to make the sample representative, the sampling will consider the three groups. The researcher will use interview for top management and management groups and questioner for the non-management.

In determining the actual sample size the researcher may take in to account the minimum required returned sample size, type of data analysis to be used and the expected rate of missing data.

Due to the geographical constraint, the study will concentrate on Addis Ababa specifically head office level. Moreover, studying different zones and regions would not bring significant difference since the company follows centralized management system and most of the activities are similar.

To determine the sample size, formula of Israel from University of Florida was used.

First the author developed a formula for a large population:

$$SS = \frac{Z^2 pq}{c^2}$$

Where:

SS = sample size

Z^2 = abscissa of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the

Desired Confidence level, e.g., 95%)

c = desired level of precision (confidence interval)

p = estimated proportion of an attribute that is present in the population, and q is $1-p$.

The value for Z is found in statistical tables which contain the area under the normal curve.

The total distribution of 285 questioner and 30 interview question, 268(94.04%) questionnaires were returned and 13(43.33%) managements were willing to take my interview.

3.4. The Research Analysis Method

The collected data are clearly presented by using tables and charts which are expressed in the form of frequency, percentage, mean and standard deviation. Then, descriptive analysis technique was used to interpret and analyze the organized data. Meanwhile, SPSS was used as the main tool to conduct the analysis.

3.5. Ethical Consideration

The informed consent of all participants was obtained. Respondents were given a clear explanation about the nature of the study and advised that they were free to withdraw from the study any time. In addition participants were informed about data collecting procedure. The secrecy of the subjects was protected and guaranteed by preventing to write their names and providing clear instruction. Furthermore, the information obtained thorough the above-mentioned procedure was only used for the research purpose and the confidentiality was maintained.

Validity

According to Kothari, (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity can also be thought of as utility. In other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested.

As stated on the methodology, questionnaire was used to collect the primary data. Meanwhile, the questionnaire was adopted from different accredited sources. Therefore, to assure validity of

the instrument the researcher has given a chance for professionals on the area to review the questionnaire and finally it was validated by the advisor.

Reliability

The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results, (Kothari, 2004). Moreover, reliable measuring instrument does contribute for validity. Hence, to prove reliability of the instrument, the researcher has distributed some questionnaires as a pilot test and then made some adjustments if there was any inconsistency. Finally, reliability of the questionnaire has been tested by using Cronbach Alpha. Therefore, as stipulated on table the SPSS result shows that the questionnaire's reliability is 0.908 Cronbach's Alpha.

Reliability test table (SPSS result)

		No	%
Cases	Valid	268	94.04
	Excluded	17	5.96
	Total	285	100.00

Reliability Statistics

Cronbach's Alpha	No of Items
0.899	30

CHAPTER FOUR

DATA PRESENTATION, DISCUSSION AND INTERPRETATION

This chapter deals with the presentation, discussion and interpretation of the collected data. It consists of two parts. During the study, questionnaires and interview were conducted to collect the necessary data; where interviewing method was applied to collect data from management group and questionnaire to that of non-management group. Next to this the data analysis and interpretation is made under each table.

The researcher has used 10 questioners for pilot test to get feedback from selected respondents. All questioners have been returned and such responses put forth strong and helpful advices and comments in a bid to make the questioner easy and understandable for the respondents.

In the abovementioned statement the total rate of return of questioners is 89.9% and this is used to make analysis of the study. The first part of the analysis devotes on indicators on the characteristic of the respondent that include personal & professional characteristics; the second part deals with the presentations, discussion and interpretation of the major findings in description of the basic questions that were analyzed based on the response obtained from the employees. The data were analyzed and interpreted in the form of table.

4.1. Questionnaire distribution and response Rate

Table 4.1. Response rate

Division	Total population			Distributed			Collected	Response Rate
	Management	Non-Management	Total	Management	Non-Management	Total		
Human Resource	16	288	304	8	75	83	72	86.75%
Finance	14	298	312	7	125	132	130	98.48%
Sourcing and Facility	20	820	840	5	47	52	46	88.46%
Audit	5	80	85	5	8	13	7	53.85%
Network	10	204	214	5	30	35	26	74.29%
Total	65	1690	1755	30	285	315	281	89.21%

4.2. Demography Characteristics of Respondents

Table 4-2 Demography

Demographic Variables	Category	Frequency	Percent
Gender	Female	99	35.4
	Male	182	64.6
	Total	281	100
Age Group	Below 30	103	36.65
	31-40	96	34.16
	41-50	69	24.56
	Above 50	13	4.63
	Total	281	100
Qualification	Below First Degree	10	3.7
	BA/BSC Degree	222	79
	MA/MSc Degree	49	17.3
	Total	281	100
Division	HR	72	25.62
	Finance	130	46.26
	Network	26	9.25
	SFD	46	16.37
	Audit	7	2.5
	Total	281	100
Service Year	<5 Year	69	25.7
	6-10 Year	101	35
	11-20 Year	86	30.4
	>20 years	25	8.9
	Total	281	100
Basic Salary	<2000	7	2.49
	2,501-5,000	10	3.56
	5,001-10,000	94	33.45
	10,001-15,000	145	51.6
	>15,000	25	8.9
	Total	281	100

According to the collected data Table 4-1 shows the demography distribution of management and non-management groups of the respondent. The data indicate 64.6% of the respondents are male and the rest 35.6% are female. Based on the data, in the management and non-management category, my respondents dominantly constitute male employees. In relation with this, proportion of male employees is higher in the case of all staff in the company. They cover 76.84% of the total population of employees whereas the remaining 23.16% is covered by female employees. Therefore, from the investigated fact, we can assume that Ethio Telecom's human resource is highly dominated by male employees and the sample proportion with this regard can be taken as representative.

Whereas 36.65% of the respondents are below 30 years old, 34.16% are between 31 to 40 years old and 24.56% of the respondents are between ages 41 to 50, while the remaining 4.63% are above 51 years old. This indicates that the company is staffed with young employees who belong to the productive age group. Most of my respondents fall beyond age 30; so long as people of such age are regarded to be emotionally cool and stable, it is expected that the questioners will yield, though not always, genuine results

Regarding to employee qualification, from all respondents, 3.7% are below first degree, 79% are first degree holder and the rest 17.30% are with post graduate degree. Therefore, Ethio telecom's majority staffs have at least a first degree.

For the sake of manageability, the researcher has selected five divisions as strata. In line with this, out of the 268 employees who returned the questionnaire and 13 management level of employee who accept my interview, 25.62% are from human resource division while finance division covers 46.26% and the other 9.25% of respondents are from network division. In addition, 16.37% of the respondents are from sourcing and facility division and the remaining 2.50% goes to audit division.

With regard to years of experience, majority of the employees have relatively long existence in the company. To be specific, 25.7% of the respondents have an experience between 0 and 5 years, 35% of the respondents have been working in the company for at least 6 up to 10 years, 30.40% of the respondents have an experience which ranges from 11 to 20 years and the remaining 8.9% of the respondents have service of 21 years and above in the company. Employees' long time service in an organization benefits the organization to get competitive advantages through its organizational culture. In general the sample population for this study has adequate experience to their current employer and this helps the researcher to get sufficient data.

The last item in the demography part is the Basic salary 2.49% of the respondents earn below 2000.00 basic monthly salary, 3.56% between 2001.00 and 5000.00, 33.45% of the respondents have salary ranging 5001.00 to 10,000.00, 51.60% from br. 10,001.00 to 15,000.00 the rest 8.9% of the respondents are above 15,000.00. So pursuant to the respondents replay highest number of respondents fall in the salary range between from 10,000 to 15,000.

4.3. Attractiveness of benefit practices

This part covers the data presentation and analysis on how the attractiveness of the current Compensation and benefit practice looks like.

Table 4.3. Employee opinion on attractiveness of benefits

Variables	Ratings (Likert-scale)						Mean	Std. deviation
	strongly agree	Agree	No opinion	Disagree	Strongly Disagree	Total		
The current compensation and benefit package is capable of attracting and retaining competent employees	50%	13%	13%	6%	18%	100%	2.31	1.587
Adequate payment is made for the responsibility discharge	24%	28%	33%	9%	6%	100%	2.49	1.397
The Compensation and benefit practices of the company are free from discrimination based on demographic factors such as race, gender, age, etc.	20%	35%	16%	16%	13%	100%	2.74	1.807

The question which employees asked that the current compensation and benefit package capability of attracting and retaining competent employees. 63% of the respondents agree, 24% disagree that the compensation and benefit package is less powerful to attract new employees and retain the existing ones and also 13% of the respondents have no opinion.

Whereas 52% of the respondents agree on the point that adequate payment is made for the responsibility discharged 15% strongly disagree; the rest 33% have no opinion. Regarding the question, whether compensation and benefit practices of the company are free from discrimination based on demographic factors such as race, gender and age, above average, i.e.,

55% of the respondents agree with the statement, about 19% of the respondents disagree, the rest 16% have no opinion.

Generally, as indicated on table 4.3, in all of the three questions raised by the researcher to assess the company’s current compensation and benefit package capability to attract and retain employees’, majority of the respondents reflect that the benefit is attractive and capable to retain existing employees and competitive to attract external work force. Further, it can be concluded that the company’s compensation and benefit provisions are free from any form of discrimination.

4.4. Company benefit comparing to other organization

This part of the question is intended to exploit the perception and attitude of employees towards compensation and benefit package of their company in comparison with

1. Comparable government agencies
2. Privet sector organizations

Table 4.4. Employee opinion on company benefit policy compare to other companies

Variables	Ratings (Likert scale)						Mean	Std. deviation
	strongly agree	Agree	No opinion	Disagree	Strongly Disagree	Total		
Compensation and benefit package available in my company is equitable with comparable to government organizations	41%	36%	10%	3%	10%	100%	3.26	1.063
The benefits I receive is as good as most available in private sector	33%	13%	12%	23%	19%	100%	3.61	1.187

Concerning with the question that compensation and benefit package available in the company is equitable with comparable government organizations, 77% of the respondents agree for the statement and 13% disagree, 10% of the respondents have no opinion for this question.

Regarding the question that the benefits received is as good as most available in private sector 46% agree, 12% have no opinion and 42% of the respondents disagree that the benefit they receive is not good when compared to private sector organizations. In other words, there is a belief among employees that Ethio telecom's compensation and benefit package is comparable or better than other government agencies. Whereas, their perception of the place of Ethio telecom against private organizations is somehow unevenly distributed to come up with a single conclusion.

Such divergence in perception like the above one, is presumed to be the result of information gap and both group responded based on, mostly hearsay information than factual data.

4.5. Benefit policy and employee's motivation

Some employees are motivated by money. In fact, most are motivated by money; at least for their basic needs. Employee motivation through compensation can come in the form of raises, performance bonuses, commissions, profit sharing, or any number of "extra benefits" like, automobiles, vacations, or other tangible items purchased and used as rewards. (George Elton Mayo)

Table 4.5. Employee opinion on motivation of company benefit policy

Variables	Ratings (Likert scale)						Mean	Std. deviation
	strongly agree	Agree	No opinion	Disagree	Strongly Disagree	Total		
The current compensation and benefit package is motivating and provide an incentive for better performance	19%	41%	17%	13%	10%	100%	2.55	1.232
The current compensation and benefit secure me from being exposed to unemployment	10%	16%	10%	23%	41%	100%	3.71	1.452
In my opinion, the current pay system has a positive effect on employee productivity	27%	32%	16%	11%	14%	100%	2,59	1.622
The amount of pay I currently receive is comparable to what I think it should be	2%	21%	19%	40%	18%	100%	3.61	1.993

Regarding the question whether compensation and benefit package of the company is motivating and provide an incentive for better performance, 60% of my respondents have a positive stand towards the statement. Whereas 23% of the respondents disagree with various degree to the statement as 17% remain with no opinion. This is an indication that Ethio telecom's compensation and benefit package is a motivating factor towards better performance. But it is Most respondents do not agree with the statement that the current compensation and benefit secured safeguard them from being unemployed with 64%, 26% agree with the statement the company compensation and benefit secure the employee from unemployment, the rest 10% have no opinion. This has an implication that majority of the employees do not worry about their future employment if in case they lose their current job. In other words they are confident that their skill and tenure could easily secure them from being unemployed. This argument in furtherance ascertains that Ethio telecom's compensation and benefit package is capable of at least retaining skilled man power.

Even though the question that, the current pay system has a positive effect on employee productivity was partially reflected in the first question of this category, to clarify more, 59% of my respondents agree, 25% disagree and 16% have no opinion that Ethio telecom's compensation and benefit practice is capable of maintaining employee productivity. As last two years periods successive physical and financial reports suggest, Ethio telecom's accomplishment is rewarding. This is one of the indicators of human performance level.

For the question "The amount of pay I currently receive is comparable to what I think it should be", most of the respondents (58%) disagree with the statement, the rest 23% and 19% of the respondents agree and have no opinion in their respective order. It is not surprising to hear from a human person complaining about benefits and salary. Our theory on "need" hierarchies too affirms that satisfaction of certain level of need basically start a motive for another higher hierarchy of human need. Therefore we all are in search tools to tackle such unsatisfied need. So, if at all money is satisfier, no one could positively appreciate his current earning as fair and just.

4.6. Alignment of C&B Policy and organizational Strategy

As Lawler (1990, pp.15) noted, "The process of designing effective compensation system for any organization should be started aligning with business and HR strategic of that organization". Once the compensation system aligns with the business strategy of the firm, compensation acts

as a powerful means through which companies may attract the right people, retain those talents and provoke expected behavior outcomes in the form of motivation, commitment and trust, all of which, in turn, may be conducive to generate positive organizational outcomes.

Table 4.6. Employee opinion on alignment between C&B policy and organizational strategy

Variables	Ratings (Likert scale)						Mean	Std. deviation
	strongly agree	Agree	No opinion	Disagree	Strongly Disagree	Total		
The current compensation and benefit system of my company is connected to the organization's strategic plan	5%	15%	37%	34%	9%	100%	3.32	1.182
The current compensation and benefit policy facilitate and support the achievement of organizational goals	15%	9%	22%	14%	40%	100%	3.62	1.840
The Current compensation and benefit pay practices are designed by considering the nature of the staff the organization wants to have	9%	23%	10%	34%	24%	100%	3.51	2.185
The Current compensation and benefit administration practice shows dependability among varied department of the company.	13%	23%	30%	28%	6%	100%	3.02	2.152

The above indicates the participant's response regarding employee's opinion on whether the company compensation and benefits policy has a link with organizational strategy. 43% of the respondents' disagree that the current compensation and benefit system of Ethio Telecom has connection with organization's strategic plan, 20% agree that the pay system has link with organizational plan, the remaining 30% have no comment.

The next question that was raised to the respondents is whether the current compensation and benefit policy facilitate and support the achievement of organizational goals. 24% agree that the policy facilitate and support organizational goal and 22% have no opinion however 54% of the

respondents' do not agree with the statement that the policy facilitate and support to accomplish organizational objective.

For the question that the company current compensation and benefit pay practices are designed by considering the nature of the staff the organization wants to have, 58% of the respondents disagree, 32% agree with the statement the rest of the respondents' (10%) have no opinion.

Proximate number of respondents agree and disagree on the point that the current compensation and benefit administration practice shows dependability among varied departments of the company with 36% agree, 34% disagree, the rest 28% no comment for the question.

To clarify the above responses on the question that associate compensation and benefit package with strategic plan, organizational goal, human resources requirement and department's horizontal and vertical relations, it seems that the responses provided by the respondents of the questioners are not as such far from a guess. Two points can be raised in support of this argument.

- Any organization at modern times never runs its operations without comprehensive planning. Ethio Telecom is among the most huge and sophisticated companies in the country. So it is inevitable that Ethio Telecom never implement a pay system in disregard of its relation with the strategic plan, therefore it is possible to say that there are systematical approaches towards compensation and benefit packages to serve strategic plan and organizational goals as well as maintains quality human resource in an already established smooth efficient organizational structure. This premise is a well-supported one by management members of Ethio Telecom who responded to my interview questions.

This question were answered by management members through the interview program that would be mentioned

- ❖ It is extracted that composition and benefit packages are prepared in line with strategic plans and companies goals to meet some specific objectives like maintaining and secure the right man power.

Company's undertaking of aligning compensation and benefit packages with strategic planning, organizational objectives and human resource planning.

4.7. Employees' participation on policy development and implementation.

As Helen (2005) noted, transparency can help to ensure that employees at all levels receive timely and accurate information, rather than a regular undercurrent of rumors. Compensation policy communication is important as it affects company performance, employee satisfaction

with pay, employee retention and employee motivation. Based on this idea, the below questions were raised to employees to assess their opinion towards the employees participation on policy implementation.

Table 4.7. Employee opinion on participation on development and implementation policy

Variables	Ratings (Likert scale)						Mean	Std. deviation
	strongly agree	Agree	No opinion	Disagree	Strongly Disagree	Total		
I participate in compensation and benefit decision process	3%	12%	6%	37%	42%	100%	4.04	1.122
My company provides more flexible benefit option	32%	29%	10%	20%	9%	100%	2.50	1.650
I have good understanding of how my retirement benefits are calculated	7%	22%	38%	21%	12%	100%	3.14	1.458
I know where to go for information related to benefits	3%	21%	23%	39%	14%	100%	3.47	1.462
I should be given the option to decide on the pay mix at the beginning of the year.	38%	35%	6%	15%	6%	100%	2.26	2.105

Regarding Participation on C&B policy development and implementation 15% agree, 6% doesn't give their opinion but 79% of respondents disagree on my question whether one participates on the decision of compensation and benefit. Moreover 61% of the respondents agree with the statement the company provide more flexible benefit option. 29% agree and the other 10% respondents didn't take either of the two sides.

Regarding to the question related to information related to benefit 53% of the respondents disagree that they didn't know where to get information about benefit, 24% agree with the statement but 23% of the respondents are neutral to the statement.

It is a well-known practice that employees' participation during strategic planning and setting of organizational goals is very low, even to the extent of non-existent, in the case of Ethio Telecom; it goes farther to the extent of qualifying some acts as secrets, like developing new compensation and benefit packages. Therefore the responses gathered from randomly selected sample members on such types of "technical questions" if deviates from the normal practice, may not be taken as surprise.

Those some management group respondents claim that there is employees participation in setting objectives, plan preparation and composition package preparation the results from the questioners suggest the absence of such knowledge on this part of employees.

Generally the data collected on level of employee participation in developing compensation and benefit policy is low to a level that too suggests, information dissemination and upholding employee participation at various levels of decision making seem weaker in case of Ethio Telecom.

4.8. Sufficentness of the company compensation and benefit

Compensation and benefit has a close link with the individual performance. Employees basically become dissatisfied if they perceive a mismatch between the compensation offered by the employers and the efforts they deployed to perform any task.

Table 4.7 is constructed to gather employees' opinion on the sufficiency of the telecom company pay and benefit provision to shoulder survival of one's life provided that the term survival is extended to average standard of life.

Table-4.8. Employee opinion on the sufficientness of the benefit

Variables	Ratings (Likert scale)						Mean	Std. deviation
	strongly agree	Agree	No opinion	Disagree	Strongly Disagree	Total		
The current compensation and benefit package being offered by my Company are sufficient to survive with the ongoing cost of life	22%	28%	14%	17%	19%	100%	2.82	1.435
Compensation and benefit package available in my company is fair	26%	29%	1%	34%	10%	100%	2.72	1.414
The compensation and benefit package available in my company keep a balance between employees contribution and cost of the employer	4%	11%	60%	11%	14%	100%	3.22	1.016
It provides the opportunity to achieve self-interests (like building house, car, paying children school fee etc.	34%	37%	7%	6%	16%	100%	2.36	1.504
The current compensation and benefit package provides appropriate payment for the work related experience and qualification I have	3%	19%	19%	39%	20%	100%	3.58	1.301

From the above classified data we can summarize that Ethio Telecom's compensation and benefit package is capable of carrying life burden at least up to the time of collection of this data as it indicates that more than 50% of the respondents agree in such manner. But 36% disagree with this statement and 14% have no opinion. It can be determined in a strong way by looking at the percentage share of respondents who favor that the company's compensation and benefit package is fair which 55% is and 44% of the respondents disagree and 1% are neutral for this statement.

This category incorporates a question that shade light on the employees level of knowledge on how different types of pays are administered to evaluate their capability of weighing payments in vis-a-vis company's gain and individuals expenditure. Majority (60%) of the response to this question unfortunately turns to "no opinion", 15% agree and 25% disagree. As current modern situations attach owning of a house and a vehicle as normal necessities, a question to assess the company's interference in assisting employees to realize such needs was posed. With this regard 71% of respondents agree positively. But 22% of the respondents disagree with the statement the benefit does provide the opportunity to achieve self-interest, the rest 7% have no opinion.

The response to the last question appears inconsistent with responses obtained for the previous four questions under this category. 59% of the respondents disagree with the statement "The current compensation and benefit package provides appropriate payment for the work related experience and qualification I have", 22% agree and 19% no opinion. The researcher has no any critics towards such inconsistencies.

4.9. Periodically update of compensation and benefit policy

Compensation and benefit management must be updated timely with accurate information to keep current with events that have an impact on compensation and benefits programs. Companies provide a variety of compensation and benefits to employees for performing their jobs. These compensation and benefit strategies should be clearly defined and communicated to employees through employee handbook or company policies and procedure manual as the later should also be updated when the policy is updated. (Study.com instructor Sherri Nash).

The researcher has raised seven questions to check if the company updates its compensation and benefit policy periodically and communicate to employees.

Table-4.9. Employee opinion on periodically policy update

Variables	Ratings (Likert scale)						Mean	Std. deviation
	strongly agree	Agree	No opinion	Disagree	Strongly Disagree	Total		
The compensation and benefit scheme in my company comply with government regulations	40%	27%	8%	21%	4%	100%	2.23	1.287
compensation and benefit management policy periodically updated and communicated to employees	8%	18%	11%	39%	24%	100%	3.55	1.259
The company for whom I am working has a written compensation and benefit policy	8%	30%	41%	11%	10%	100%	2.89	1.191
My company periodically evaluate the effectiveness of compensation and benefit packages	4%	11%	26%	29%	30%	100%	3.73	1.262
There is a pressing need to review and rationalize the pay structure to improve employee efficiency	15%	35%	15%	28%	7%	100%	2.86	1.908
Compensation and benefit practices of the company revised whenever there is a change of strategy by the telecom.	14%	7%	25%	18%	36%	100%	3.63	2.045
Compensation and Benefit Package can be changed depending on the change in employees demand	48%	27%	11%	9%	5%	100%	2.06	2.033

As shown in the above Table, the first question was posed to evaluate employees' knowledge on the issue that compensation and benefit system of their company is regulated in accordance with government regulations. Majority of the respondents agree with that the policy of the company comply with the government regulation, 25% do not accept or disagree with the statement. 8% of

the respondents forwarded no comment. High number of response may not however signify that there is an effort on the part of the company to aware employees on this and other similar matters. Government policies are more general rules imposed in the form of legislations basically focusing on labor conditions, minimum standards of pays and the nature of employment relations; hence, such matters are presumed to be known by every citizen who is supposed to be the domain of such rules. A further similar point on abridging information throughout the company is proved weak in the above discussions. That is why; only 26% of respondents affirm periodical updating as well as communicating of compensation and benefit policies of the company and share of respondents who are aware of the existence of written compensation and benefit policies is limited to 38%. In a point extracted in an interview with respondents sampled from management group, there is implicit consensus that projects and preparations on compensation and benefit packages should be kept secret. The fact that such a stand is not an opinion is clearly revealed from other respondents answers to questions of 'My company periodically evaluate the effectiveness of compensation and benefit packages' and 'Compensation and benefit practices of the company are revised whenever there is a change of strategy by the company', where only 15% and 20% of the respondents comply in agreement in the respective order of the questions.

Interestingly however, the unavoidable need to accommodate employees' ideas and opinions in the formulation of policies and vicious desire of workers to have knowledge of the company's policy are clearly reflected in the respondents' opinion towards the questions 'There is a pressing need to review and rationalize the pay structure to improve employee efficiency' and 'compensation and benefit packages can be changed depending on the change in employees demand'. 50% and 75% of the respondents agree with the above two statements in their respective order. This knowledge suggests that employees are prepared even to accept the contraction of some benefit packages at times employers suffers from bankruptcy and paralysis in competitiveness. In conclusion, responses in "disagreement" may come from knowledge gap and it will be improper to judge based on figures in support of absence of periodic review of compensation and pay policies since the researcher is a witness, being staff member of the company, in the existence of periodic review. The reviews are often conducted by consulting firms which are hired for that specific purpose though both the company and the consulting firms are unwilling to allow access of the documents by third parties.

CHAPTER FIVE

MAJOR FINDING, CONCLUSIONS AND RECOMMENDATIONS

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

5.1. Summary of the finding

- Demographic analysis of personal information of members of the sample revealed that the data gathered from such members of the sample selected is reliable; 58.72% of the respondents belong to an age group from 31-50, 65.4% belongs to those that have served the company for more than five years. More over 96.44% from a group with an education level of more than 1st degree, where in all cases the responses are believed to be genuine and forwarded responsibly. Further, 71.88% of the respondents were from HR and finance departments where such people are more acquainted with working and academic knowledge regarding compensation and benefit theories, practices and current national statuses than other groups. Besides the researcher used opinions/facts gathered from top level staffs through interviewing to substantiate or disregard doubtful outputs.
- Regarding to the researcher questions that whether the Ethio telecom compensation and benefit attract and retain employees, majority of the respondents reflect that the company compensation and benefit has a capability of attract new employee and retain the existing employees in the company.
- In relation to compliance of compensation management practices, the finding identified that the majority of the respondents reflect that Ethio Telecom compensation and benefit practice is free from biasness based on biographical factors. And also the company pays sufficiently payment for responsibility discharged.
- Regarding to comparing Ethio Telecom compensation and benefit to government and privet organization majority of respondent responded that the company benefits is better than government organization but, approximate number of the respondents agree and disagree with the privet organization.

- In relation to motivation majority of the respondents agree that the company compensation and benefit is motivate employees so it leads employees to better performance, and also the respondents reflect that company has positive pay system. This increase the company productivity.
- Regarding to company benefit secure employees expose from being unemployment, Majority of the respondents disagree on this statement. This has an implication that majority of Ethio telecom employees are confidential that they have skill and experience these safeguards from being unemployment.
- Majority of the respondents are disagreeing that when comparing the amount ethio telecom pay is less than what employees estimated. No one could positively appreciate his current earning as fair.
- Related with the benefit linkage with the organizational strategy plan, achieving organizational goal, the majority of the respondents disagree and indifferent that there is no any relation or link with the strategic plan and goal of the organization. But the management group argue with this question that the company benefit policy have a link with company strategy plan and organizational goal.
- Majority of the respondents be against that the company current compensation and benefit pay practices are not designed by considering the nature of the staff the organization.
- In the case of employee's participation on the set up of company compensation and benefit policy implementation and getting feedback, majority employees disagree with the statement. But the management groups contradict with the employee's argument that they reflect that some employees participate on the implementation of the policy.
- Regarding Ethio Telecom policy implementation significant proportion of the respondents replied that the company does not get feedback from its employees. In addition to this majority of the respondents agree that Ethio Telecom have many benefit policy.
- Related to benefit information most of the respondents have no idea information where they ask about their benefit and also they have no idea how calculate their salary and benefit. And also the management groups agree that there is a communication gap.
- Related to life survival, significant numbers of the respondents agree that the company benefit is more or less sufficient for going life. It can determine that more than 50% of the respondents reflect that the compensation and benefit of the company is fair. Some of the management group agree with the benefit is sufficient fare.

- Significant no of the employees have no opinion on there is a balance between what the employees contribute to the company and what the company pays for them. Additional to this the company employees argue all in one the company payment is not considered employee qualification and experience.
- Regarding to the question the company policy meet the terms with government regulation and the company policy change in change of demand majority of the respondents agree because the government policies are country general rules forced in the form of legislations basically focusing on labor conditions, minimum standards of pays and the nature of employment relations so all government and privet company must link with government rule. And the company policy change depending on demand change. The management group also supports the non-management idea.
- Furthermore most of the employees not believe that the company benefits policy not update periodically. In addition to this the majority of the respondents reply that they didn't agree that the company have a written compensation and benefit policy. But the management group disagree with this statement that they replay the company have written compensation and benefit policy and it evaluate and update.

5.2. Conclusion

- Based on the finding most of the respondents responded that Ethio Telecom has good compensation and benefit policy that has a capability of retaining the company's existing employees and attracted the external. The company's benefits practice also not biasness on biographical factors. It indicates that the company benefit policy is attractive and has a power to maintain its experienced employees long time in the company.
- The findings indicate that when to comparing of the company benefit with government and Privet Company. Majority of the respondents agree that it is better than the government and there is no significant difference of respondents that agree and disagree compare to privet. This leads that the Ethio Telecom company compensation and benefit policy practice better than Government Company but relatively the same from private company.
- The research findings also revealed that Ethio telecom's compensation and benefit provision is not conformity with employees' qualification and work experience. Further it is proved that there is a great gap in participating employees in the development and implementation of compensation and benefit practices. This has happened as a result of company's weakness or for that matter tendency of adhering to a wrong principle of categorizing the compensation and benefit scheme as a secret. Failure of the company to involve employees in the development and implementation of compensation and benefit practices and in creating awareness among the entire work force is found destructive to the company. Consequences ranging from employee dissatisfaction to a high rate of turnover have been exhibited due to such communication gap.
- Majority of the respondents agree with there is poor strategic alignment between the company compensation and benefit policy and company strategic plan and organization goal. But the management groups have reservation about the sentences. The management groups reflect that the company benefit policy have a link with company strategy plan and organization goal. This indicates that there is a communication gap between the management and staffs.
- With regard to company policy design most of the respondents responds that the design is not considered the nature of the staff.

- Ethio telecom staffs agree in one that there is desk that gives them information about their benefit. The management groups also accept this idea but some time it will communicate in company email but not all. This leads the researcher the communication gap is very high.
- The management and the staffs of Ethio telecom agree that the compensation and benefit of the company more or less sufficient and it is fair. And they agree that the company payment policy not consider the staff qualification and experience, the management group accept their idea but there is one project that consider the staff experience and qualification that implement in few months.
- Ethio telecom management group agree that the company has project management office (PMO) that follow the Network and IS (information system) division project. But PMO doesn't have the project benefit policy for its project team. Sometimes the company gives project allowance.
- The researcher is of the opinion that some work departments which are peculiar in their function and are highly decisive to the organization's purpose of existence should be treated with a different compensation and benefit package. With this regard Ethio telecom has a weakness as project management teams of the company are treated uniformly in terms of compensation and benefit with other work units.

5.4. Recommendation

Several theories discussed in the preceding chapters literate on the importance of well developed, effectively communicated and periodically updated compensation and benefit policies in organizations for the effective achievement of goals of various levels. The theories emphasized that good compensation and benefit packages in organizations yield motivated work force willing to serve the organization for long.

To maximize benefits from the above propositions the following recommendations are forwarded to Ethio telecom for consideration.

- According to Deddlar, 1997, at company level, employees' compensation affects their productivity and their tendency to stay with the organization. Therefore, if a company's compensation and benefits programs are to be effective they must take factors affecting the program. The researcher suggests to Ethio telecom further focusing in provision of more appropriable compensation and benefit for its employees. This is because employees can be serving the telecom for long period of time. This is supposed to be ensured by providing appropriate compensation and benefit based on individual employees, team and organizational performance.
- The company should invite the employees to participate in to the compensation and benefit package development and implementation, so that the sense of responsibility entrusted into employees. Compensation and benefit should not be a onetime issue and need to be evaluated periodically for effectiveness.
- Compensation and benefit practices shall depend on predetermined standards; standards that are objective fair and just. Above all employee qualification and relevant experiences should exist. This would create a sense of equality and determination for self-upgrading by individual employees.
- With an increasingly educated workforce who desire more information about pay and benefit practices, it is essential to educate and communicate employee about compensation and benefits. Therefore, Organizations are expected to communicate the compensation benefit packages so that the objective for which the compensation and benefit packages designed can be achieved.

- The result of the study shows that employees perceive that the compensation and benefit packages being offered are not linked to organizational objectives but the management refuse that there is a linkage to the organization objective. It is believed that the greatest deficiency of most compensation and benefit systems today is their lack of congruency with organizations strategic goals and objectives. Therefore, the company should associate their compensation and benefits to the organizational goals and objectives. If there is a discrepancy, the company must fill the gap of the employees. Because the objectives of compensation and benefit can be achieved if employees have clear understanding of employer's contribution they can exert better effort towards the achievement of the organization objectives.

- Various theories stress on the essentiality of good compensation and benefit package; one that has been well communicated and introduced to employees and periodically updated in conformity with the nature of work and various situations in the surrounding to increase employee productivity, enhance organizational performance and create employee loyalty. In the case of Ethio telecom; even though figures indicate that there is attractive compensation and benefit; significant number of employees are with a stance that their current employment is not a shield to a risk of unemployment. Hence, it is clear that employees could flee whenever they find a little better benefit somewhere else. Therefore, to what extent could loyalty be maintained and what sort and way of managing/administering compensation and benefit is capable of exacting employee loyalty is still a question that may instigate further study.

- The project management approach is relatively modern. It is characterized by methods of restructuring management and adapting special management techniques, with the purpose of obtaining better control and use of existing resources. (Harold Kerzner,PH.D). This implies that all projects must have its management. Ethio telecom is the one who lead huge project in our country. According to its management group they reflect that there is a project management office that initiate and follow the network and IS an information system project. It is good that to have the project office but this is not enough to initiate and follow the project. There must be project benefit policy, it is important that the

project has its own Cost (budget), so the project management office must implement the benefit policy based on the nature of the project.

- Ethio telecom's Project Management Office is only for Network and IS division; this is one of the difficult conditions for the company. If there is any project in other division the PMO doesn't give any advice. So the projects follow with managers who have no any idea about how the projects lead and manage. One example Employees Carrere Management project (ECMP) is a project which took three years over schedule and budget and still now on progress. So Ethio telecom must use the PMO division to all projects that initiate over the company.
- The overall existing compensation and benefit policy practices of telecom fare to get employees agreement in the aspects of its potential to satisfy the needs of employees, motivate and ability to attract and retain potential employees. To solve this, the researcher advises the management to make need assessment of the employees and readjusted compensation and benefit policies that can motivate employees for higher performance because compensation and benefit system affects the productivity and happiness of employees, as well as the ability of organization to effectively realize its objective.
- Concerning problems with the current compensation and benefit practice, the company should give attention for all of the identified problems based on their level of occurrence and severity and resolve accordingly. For instance, problems; "information gap between the company policy and employees, participation in the compensation and benefit policy process" and "Project Management policy implementation according to the nature of the project and responsibility to all division" has to be given the first priority since they are identified as the top problems frequently observed ones.
- Therefore, the company should see to what extent could loyalty be maintained. What sort and way of managing compensation and benefit is capable of exacting employee loyalty is still a question that may instigate further study.

References

- Ahmed Kellil (2010) *Employees' Perception towards Compensation and Benefit Policy: The case of some selected Government Higher Education Institutions in Addis Ababa*
- Ethio Telecom *Compensation & Benefits Policy and Procedural Manual* (2011), Published by EthiopianEthio Telecom
- Dave Ulrich and Dale Lake (1990), *Organizational Capability*, Published by John Wiley &Son, Inc, Canada
- DOC. B. C. M. Patnaik (2012), *Compensation Management: A Theoretical Preview*, Publishedby *Trans Asian Journal of Marketing & Management Research Vol.1 Issue 1*
- Decenzo, David A. and Stephen P. Robbins (1999). *Human Resource Management (6thed.)*. New York: John Wiley and Sons, inc.
- Dulebohn, James and Joseph J. Martocchio. (1998). *Employees' Perceptions of the Distributive Justice of Pay Raise Decisions: A Policy Capturing Approach*. *Journal of Business and Psychology*. Vol. 13. No. 1. pp. 41-64.
- Donald Marshack, senior analyst at U.S Bureau of labor statistics (BLS) (pine, 2000)
- Eman Fuad (July 2010) *assessment of compensation and Benefit package practice in Ethiopian Road Authority*
- Ethiopian Telecommunication Corporation Annual Report (1999-2000), 48th edition
- Glueck, William F. (1978). *Personnel: A diagnostic Approach*. Texas: Business publishing. Inc.
- Gerhart, B., & Milkovich, G.T. (1992). Employee compensation: *Research and practice*. In M.D. Dunnette, & L.M.
- Hough (Eds.), *Handbook of industrial and organizational Psychology, 2nd Edition*, pp. 481-569
Palo Alto, CA: Consulting Psychologists Press, Inc.

Gomez-Mejia, L.R., & Balkin, D.B. (1992). *Compensation organizational strategy and firm performance*. Cincinnati: South-Western.

Holt, Davis H. (1993). *Management: Concept and Practices*. New Jersey: Prentice Hall, Englewood Cliffs

Ivancevich, John M. William F. Glueck. (1989). *Foundations of Personnel/Human Resource Management (4th ed)*. Boston: Irwin.

Joseph J Martocchio (1988) *Strategic compensation on the 6th edition*

John R.Walker, Jac E Miller (2009) *International Human Resource Management*

Kate Greene, 1987 *Employee Compensation that Encourages Performance*

Kothari, C. R. 2004. *Research Methodology*, 2nd. New Delhi: New age international limited.

Lawler, E. (1990), *Strategic Pay: Aligning Organizational Strategies and Pay Systems*. San Francisco:

Michael Armstrong, M (2005). *A Handbook of Human Resources management practices*. UK: Kogan Page Limited

Michael Armstrong, (2006), *A Hand Book of Human Resource Management Practice*, 10th edition, published by Kogan Page Limited

Michael A. & Helen M. (2005), *A Handbook of Reward management* 5th edition
Published.....by Kogan Page India Pvt.Ltd

Milkovich G.T, Newman J. M., and Ratnam C S V. (2011), *Compensation, 9th edition*, TataMcGraw Hill Education Private Limited

Mitchell, Terence R. Brooks C. Holtom, Thomas W. Lee. (1993). *How to Keep Your Best Employees: Developing an Effective Retention Policy*. The Academy of Management Executive. Vol. 15. No. 4. pp. 96-109.

Monday, R. Wayne and Noe, Robert M. (1990). *Human resource management*. Massachusetts: Simon and Schuster, Inc.

Mirza S. Saiyadain, (2004) *Personnel Management* Published by McGraw-Hill co

Michael A. & Helen M. (2005), *A Handbook of Reward management*, 5th edition Publishedby Kogan Page India Pvt.Ltd

Mathis, Robert L. Jackson John H. (1997). *Human Resource Management* 8th ed. New York: West Publishing Company

Noe, R. A., Hollenbeck, J. R., Gerhart B. & Wright, P. M. 1994. *Human Resource Management- Gaining a Competitive Advantage*.

Olsen, Ray N. Barry A. Gerhart Harvey B. Minko. (1994). *Employee Compensation: Theory, Practice, and Evidence*. Working Paper 95 – 04 Cahrs / Cornell University.

Olsen, Ray N. Barry A.

Scarpello, Vida G. and Ledvinka, James (1988). *Personnel/Human Recourse Management*. Baston: Pwskent publishing Company.

Schliemann, William A. (1987). *The Impact of Corporate Compensation and Benefit Policy on Employee Attitudes and Behavior and Corporate Profitability*. Journal of Business and Psychology. Vol. 2. No. 1. pp. 8-26.

Study.com instructor Sherri Nash <http://www.compesation> and benefit .com/..... Aug.2016 05:00

Werther, Williams B. and Davis, Keith. (1996). *Human resource and Personnel management*. New York: McGraw Hill, Inc.

Appendices

Appendix-1

Questionnaire

Dear staff member/Respondents,

I am inviting you to participate by filling up this questionnaire. I kindly request you to spend your Precious time to fill the questionnaire as frank as and responsible as possible. I inform you that, the information you provide will be consumed for academic purpose only. Your accurate response makes the paper very much valuable. So, please read it carefully and give your conscious opinion. Thank you for your participation and contribution to the completion of this research. The questioner has three part the first part is the demography of the respondent, the second part contain questions related to the company compensation and benefit practice and the third part is open ended questions. I ask you again to answer all questions. **Thank you** for your participation.

General Instructions

1. You are not required to write your name.
2. All questions are equally important for the completion of the study.

PART I

Demographic Characteristics of Respondents

Instruction: please answer by making a tick () in the box provided

1. Age group

- a) Below 30 b) 31-40 c) 41-50
d) Above 50

2. Gender

Male Female

4. Division _____

5. Years of service in Ethio Telecom

A) >5 year b) 5 -10 c) 10 - 20

D) More than 20 years

6. Monthly Salary

a) < 1, 500 b) 1, 500- 2, 500 c) 2, 501- 4, 000
d) 4,001-7, 000 e) 7, 001- 10, 000 f) Above 10, 000

PART II

Questions related to the compensation and benefit practice in Ethio Telecom

Listed below are statements about compensation and benefit policy in your organization. Please indicate your level of agreement with the statements so that your answers to these questions will enable the researcher to assess what you think about the compensation and benefit schemes practice in your organization, where: 1= strongly agree 2=Agree 3=No opinion 4= Disagree 5= Strongly disagree

1. Attractiveness of benefit						
No	Question	1	2	3	4	5
1	The current compensation and benefit package is capable of attracting and retaining competent employees					
2	Adequate payment is made for the responsibility discharged					
3	The Compensation and benefit practices of the company are free from discrimination based on demographic factors such as race, gender, age, etc.					
2. Comparing to other company						
No	Question	1	2	3	4	5
1	Compensation and benefit package available in my company is equitable with comparable to government organizations					
2	The benefits I receive is as good as most available in private sector					
3. Motivate employees						
No	Question	1	2	3	4	5
1	The current compensation and benefit package is motivating and provide an incentive for better performance					
2	The current compensation and benefit I receive secure me from being exposed to unemployment					
3	In my opinion, the current pay system has a positive effect on employee productivity					
4	The amount of pay I currently receive is comparable to what I think it should be					

4. Aliment of Policy and organizational strategy						
No	Question	1	2	3	4	5
1	The current compensation and benefit scheme of my company is connected to the organization's strategic plan					
2	The current compensation and benefit facilitate and support the achievement of organizational goals					
3	the current compensation and benefit pay practice are designed by considering the nature of the staff the organization want to have					
4	the current compensation and benefit administration practice shows dependability among varied department of the company					
5. Employees Participation on development and implementation						
No	Question	1	2	3	4	5
1	I participate in compensation and benefit decision process					
2	My company provides more flexible benefit options					
3	I have good understanding of how my retirement benefits are calculated					
4	I know where to go for information related to benefits					
5	I should be given the option to decide on the pay mix at the beginning of the year					

6. Sufficiency of benefit						
No	Question	1	2	3	4	5
1	The current compensation and benefit package being offered by my Company are sufficient to survive with the ongoing cost of life					
2	Compensation and benefit package available in my company is fair					
3	The compensation and benefit package available in my company keep a balance between employees contribution and cost of the employer					
4	It provides the opportunity to attain self-interests (like building house, car, paying children school fee etc.					
5	The current compensation and benefit package provides appropriate payment for the work related experience and qualification I have					
7. policy update and link with government regulation						
No	Question	1	2	3	4	5
1	My company periodically evaluate the effectiveness of compensation and benefit packages					
2	Compensation and benefit practices of the company revised whenever there is a change of strategy by the telecom.					
3	The compensation and benefit scheme in my company comply with government regulations					
4	compensation and benefit management periodically update and communicated to employees					
5	The company for whom I am working has a written compensation and benefit policy					
6	There is a pressing need to review and rationalize the pay structure to improve employee efficiency					

	compensation and benefit package can be changed on the change in employee demand					
--	--	--	--	--	--	--

Part III

3. Additional questions:

1. Please, specify the important benefits that are being offered by other organization that is not available in your institution.

2. What particular problem you have observed in the current compensation and benefit practice of your company?

3. What do you think the solution to the problem will be?

Appendix-2

Interview questions:

1. Is there a compensation and benefit policy in your organization? What is the objective of compensation and benefits policy as stated in policy manual?
2. Do you think that the compensation and benefit policy of your company is serving its purpose?
3. What are the major problems that your department is facing with respect to compensation and benefit?
4. Do you think the current compensation and benefits packages facilitate human resource functions?
5. How do you communicate the compensation and benefit packages to employees in your company?
6. Did Ethio Telecom have compensation and benefit policy for project?
 7. Do you think the current compensation and benefit package available in your company is linked to the company strategic plan?
8. Do you think the current compensation and benefits is sufficient?

If No, why?
9. Are there benefits and services which you think necessary but not considered?
10. Finally, is there anything that you want to give comment about current compensation and benefit practices of your organization?