



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

**EMPLOYEE PERCEPTION TOWARD COMPENSATION AND
BENEFIT PRACTICES: THE CASE OF ST.MARY'S UNIVERSITY
AND RIFT VALLEY UNIVERESITY: ADDIS ABABA**

BY: WONDWOSEN TEGENE ZELEKE

SGS/0512/2009A

**JANUARY, 2019
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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
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LIST OF ACRONYMS

AAU	Addis Ababa University
EPRDF	Ethiopian People’s Revolutionary Democratic Front
ESOPs	Employee Stock Ownership Plans
FASB	Financial Accounting Standards Board
GER	Gross Enrolment Ratio
GPA	Group Personal Accident
HR	Human Resource
KSA	Knowledge skill attitude
PHIs	Private Higher Educational Institutions

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ABSTRACT

The study aimed at describing and examining employee perception towards compensation and benefit practice: with particular references of St Marys and Rift Valley University in Addis Ababa. Descriptive research design was used for this study. The data were collected through survey questionnaires, interviews and from different documents like thesis and books. The target populations of the research were permanent academic and administrative staffs of the two institutions namely St Mary's university and Rift Valley University (Ethiopians). There are around 1082 permanent academic and administrative staffs in the two institutions (St Mary's University and Rift Valley University local staff) among which 116 voluntary respondents are participated in the survey questionnaires and two HR managers participated in the interview. The data were analysed using descriptive statistics (frequency and percentage) with the help of SPSS version 20. Results revealed that employees strongly disagree/disagree with most of the issue raised in the study those issues are effectiveness of compensation and benefit practice, Compensation and benefit decision process, Issues about over all compensation and benefit, issues related to pay package and benefit and most respondents rate their current basic salary unfavourable. The analysis also indicated that there was no significant difference in perception towards compensation and benefit practices as a result of demographic difference of employees. The finding shows that the compensation and benefit practice in private higher education institution were very unsatisfactory and the situation pave the way to say so. The researcher recommends the institution to update the current compensation and benefits practices.

Keywords: Compensation and benefits; Employee's perception; Private higher education

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Compensation is defined as the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required (Gary, 2005). Essentially, it's a combination of the value of your pay, vacation, bonuses, health insurance, and any other incentive you may receive, such as free lunches, free events, and parking. These components are encompassed when you define compensation. Compensation is a part of transaction between employees and employer that results in employment contract. From the employees point of view pay is necessity for life. The compensation received from work is one of the basic reason people seek employment. From the employers' point of view, it is one of the most important human resource management functions and constitutes a significant portion of organization cash out flow. Compensation often accounts for the majority of cash out flow of organizations, for some service organization is even larger. It may be the major instrument used to attract employees as well as a means to motivate employees towards more effective performance and retained them. "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).

Benefits are cash and non-cash rewards in addition to compensation. Benefits include health insurance, paid time off, wellness programs, pension, day care, company car, frequent flyer miles, hotel points and contests. Some employers pay for employees' health insurance, while others offer workers the chance to participate in an employee-sponsored plan that reduces employees' costs (Dessler, 2002). Benefit plans focus on employees' needs and the organization's overall objectives. Goals of benefit plans include improving employee satisfaction, keeping employees healthy, attracting new employees and motivating existing employees. Many different kinds of benefits exist, and employers choose which benefits to include in the package that they offer to employees. Some benefits such as unemployment compensation, workers' compensation and family medical leave are required by law. Other

benefits offer payment for time not worked. Although many employers offer unpaid time off, paid time off is an extra benefit. Paid time off can include holidays, sick leave and vacation. Many benefits centre on health. Medical benefits include medical and dental insurance, vision care and life insurance. Retirement benefits include pension plans, stocks and retirement bonuses. Other benefits include severance pay, employee discounts, child care and payment for educational expenses (Roslyn *Frenz*; 2017).

Higher education has only been available in Ethiopia to most qualified school leavers since the early 1990s when the current Government, the Ethiopian People's Revolutionary Democratic Front (EPRDF) led by Meles Zenawi, overthrew the hard-line Marxist Derg regime (1974-1991). The first higher education institution, Haile Selassie University, was established in 1961 and in 1974 the name was changed to Addis Ababa University (AAU). Until 1985, when Alameya University was established, this was the only university in Ethiopia. Since 2000 Ethiopia's higher education sector has grown from two public universities to more than 42 public universities (Federal Democratic Republic of Ethiopia, 2010).

Private higher education has also increased as part of a general liberalization of parts of the economy; there are now more than 160 private institutions offering undergraduate degree programs in Ethiopia and the private sector accounts for approximately 25 percent of the country's undergraduate enrolments. It is true that there has been a very rapid expansion of private higher education institutions, some of which are of dubious standard whilst others such as St Mary's University College outperform the public sector. Private universities are popular because they allow students to choose both their subject and their location, in contrast to courses and places at public universities that are allocated centrally by the Ministry of Education (Ministry of Education, 2011).

Private universities are also popular with female students as they can live at home and do not have to live communally on campus. The rapid expansion may be partially explained by the need for a larger trained work force, but the location of the new public universities also relates to the need for national unity: universities established within the regions create a measure of autonomy and self-respect, a stake in the national identity as well as being a catalyst for local economic development through the increased demand for goods and services in the local community. But in private higher education institutions there is high gap

in terms of compensation and benefit practice. Employees always in doubt and always in opposition there practices.

The aim of this research is therefore; to assess the employee perception towards compensation and benefit practice of the two selected private higher educational institutions in Addis Ababa, and degree of employee communication about the practice. So that assessment of those issues is essential for the institution as well as the nation in general.

1.2 Statement of the Problem

Private higher education institutions do not have good compensation and benefit practices to their employees and their compensation and benefit practices are not transparent and not agreed upon by employees. When we compare with the government higher educational institution they are too expensive for students to join in terms of fee. Even if this is the case their compensation and benefit packages are limited. Behavioural scientists want to find out why people behave the way they do. Scientific management school of thought assumes that most people are motivated primarily by economic rewards and emphasize the role of compensation and other incentives for increase in productivity. The behavioural approach claims a better physical environment and an increased economic benefit in themselves were not sufficient motivators in increasing productivity and shifted to psychological and social forces. Argument is going on among practitioners whether man is entirely a “Social man” or an “Economic man” (Chandan, 1995).

Pay levels is one of the most important factors for potential recruits to be considered when selecting alternative employment opportunities and the amount of total compensation received by employees relatively to other opportunities they may have, has a clear effect on attraction and retention (Gomez-Mejia and Balkin, 1992 cited in Dulebohn and Martocchio,1998). Pay has a significant impact on employee’s behaviour, performance and effectiveness in organizations. (Edwards and Gilman, 1999 cited in Fitsum Ghebregiorgis and Karsten, 2006). Attracting and retaining competent employees are becoming a headache for many companies.

With an increasingly educated workforce who desire more information about pay and benefit practices, it will be essential to communicate further more effectively than today and effective understanding and acceptance of compensation practice lead employees to contribute their maximum effort for the achievement of organizational objectives. When setting pay rates, compensation managers must take into consideration the employees' perception of fair, equitable compensation. Regardless of its being one of the most critical factor for which an individual join an organization less attention has been given to examining organizational members' evaluations of different compensation and benefit packages. A need exists to examine the employee’s perceptions of the compensation and benefit practice of their organization and how employees differ in their perceptions (Schuster & Zingheim, 1992 cited in Dulebohn and Martocchio,1998).

The perception of employees towards compensation and benefit practices in the case of some selected government higher educational institution in Addis Ababa was conducted by (Ahmed Kelil, 2010). Taking into account this, the researcher aimed to describe the perception of employees towards the compensation and benefit practice in two selected private higher education institutions in Addis Ababa.

1.3 Research Questions

- What is the perception of employees towards compensation and benefit practice of their respective institutions?
- To what extent are employees involved in compensation and benefit decisions and degree of communication about pay and benefit practice?
- Is there a difference in perception towards compensation and benefit practice between employees by their sociodemographic characteristics?

1.4 Research Objectives

1.4.1 General Objective of the Study

The general objective of the study was to describe the employees' perception towards compensation and benefit practice: the case of St Marys and Rift Valley university in Addis Ababa.

1.4.2 Specific Objective of the Study

The specific objective of the study was:

- To examine the perception of employees towards the compensation and benefit practice of the two selected private higher education institutions specifically those found in Addis Ababa.
- To describe the level of involvement employees have in compensation and benefit decisions and degree of communications about pay and benefit practices.
- To examine whether employee's perception of compensation and benefit practice varies by their socio demographic characteristics.

1.5 Significance of the Study

The study of this issue provides an insight on the perception of employees on certain compensation and benefit practices on employees' job satisfaction, rate of employee communication and involvement in the institution. In addition, the result of the study is important to inform the concerned private higher educational institutions in Addis Ababa to implement the recommendations that forwarded by the researcher. The study also gives the researcher the opportunity to gain deep knowledge on the effect of certain compensation and benefit practices on employees' job satisfaction towards private higher educational institutions. Finally, the study contributes to the existing literature and serves as a further reference on the field of study and to the future researchers who want to conduct a research in this area.

1.6 Scope and Limitations of the Study

Due to the rival among the private higher educational institutions found in Addis Ababa and unwillingness to cooperate for the study, and lack of companies' cooperation to provide information, the study was limited to the two private higher educational institutions that are found in Addis Ababa, St Mary's University and Rift Valley University.

The limitation of this study was the difficulty of collecting the Questionnaires from the respondents due to the crowded schedule of teacher's class. There was usual time borne situation in the area that are unexpected and the administration officers were on frequent meetings while the researcher wanted to contact them and the HR managers were busy on the recruiting of new employee for the branches and further meetings. All this affect the result of the study negatively but the researcher planned to extract all the needed and reliable data for the study.

1.7 Organization of the Study

The organization of the study has been organized in to five chapters. The first chapter dealt with introduction: background of the study, statement of the problem, objectives of the study, significance of the study, scope and limitation of the study. The second chapter contain review of related literature. Chapter three dealt with methodology of the study including, research approach, research design, research methodology (population, sample size and sampling technique), data collection technique and procedure, data analysis method and ethical consideration. Chapter four also focused on analysis and interpretation of the

data collected through different methods. Finally, conclusion and recommendation of the study presented in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Literature

As discussed and highlighted in the previous chapter, this research examines the relationship between compensation and benefits practices and among university staff. In order to gain a better understanding about this issue, an examination of literature on related study were carried out. This chapter will consist of different sections. First, key terms definitions of compensation and benefits are provided on the following sections. For thoroughly capturing the significances of compensation and benefits, the selection related literature is explained in detail. And, the relationship between compensation and benefits and job satisfaction among university staff is being discussed and explored in the following sections by using some nations and different industry for examples. Last, the comprehensive review of all the related studies will be provided.

2.1.1 The Definition of Compensation

Compensation is the management of every type of reward that employees receive in return for their services. compensation systems have been designed as integral part of organisational motivation and are a key factor helping to understand and directing the forces that drive organisations to performance. The term Compensation has been defined in a variety of ways by different scholars and different languages for instance, "compensation" is defined as something that counterbalances, offsets, or makes up for something else's. However, if we look at the origin if the word in different languages, we can get a sense of the richness of the meaning, which combines entitlement, return, and reward (Atul, Matt & George, 2002; Mark, 2002; Mansour, Peter, Mary, & Robert, 2006). In Japanese, compensation is defined as kyuyo, which is made up of two separate character (kyu and yo), both meaning "giving something". Besides, in China, the traditional characters for the word "compensation" are based on the symbols for logs and water; compensation provides the necessities in life (Milkovich & Newman, 2008). All in all the meaning of compensation vary in expression by different languages and scholars the general conception is the same. Compensation highly

aligned with, pay, reward, remuneration, or salary and wage management. These terms are often used interchangeably in the different institutions.

2.1.1.1 Types of Compensation

In general, there are two types of compensation: These are

A. Financial compensation

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

➤ ***Base-Salary***

The name directly indicates that Base- salary is the fixed and initially agreed and sated payment for the employee that payed per month trough out the contract period. Besides, base-salary is to represent the employee's straight-time pay for a standard weekly work hours. Base- salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. In other view of running a business, base- salary can also be viewed as the cost of acquiring human resources for running operations, and is then termed personnel expense or salary expense. Besides, Henderson (2006) and Young (1999) are stated that base-salary is a base pay that is given to employees on a weekly, monthly or yearly basis based on job structure. Base salary is the one that employee primary noticed and agreed to receive for the task performed.

➤ **Overtime Pay (OT)**

OT is another component of direct financial compensation it clearly stated in the government labour laws. Overtime pay (OT) is always paid to employees in the form of money (cash). It is the pay to time worked in excess of an agreed upon time for normal working hours by an individual employee (Answers.com, 2008). In addition, Overtime Pay (OT) is defines as the payment of exceptional time especially in the night, weekend and holydays.

➤ **Bonus**

Bonus is other type of financial compensations; most of the time institutions give bonus to employees when the company perform more than the goals and getting visible change in the company financial structure and profitability. Bonus refers as a cash payment provided to employees based on their performance. For example, monetary incentives for achieving job targets (Bloom & Milkovich, 1998; Gupta & Shaw, 1998; Lowery, Beadles, Petty, Amsler & Thompson, 2002). Steven and Loring (1996) stated that bonus is a single, one-off, lump-sum payment which can be in the form of cash or other creative monetary scheme, such as stock options. Bonus is defines as all payments to employees which is not paid regularly at each pay period, for example bonuses paid at fixed periods. Besides, bonus payments are generally linked to individual or collective performance. Bonuses like OT most of the time given to employees in cash.

B. Non- Financial compensation

Armstrong & Murlis (1994) state that while non- financial rewards play an important role in motivating and retaining employees, they can only be made effective when combined with financial rewards. Employers ought to remember that individuals differ, and a „one size fits all“ reward system does not work. The organization should customize its reward system to meet the needs of both the organization and the employee. According to Mondy and Noe (1990) non- Financial compensation divided in to two which are the job includes any satisfaction which employees receive from the job, such as the need for recognition, responsibility, personal growth and the environment in which including comfortable working condition, competent supervision, pleasant work companion and other related physical and social needs of employees. While pay and benefits are important, and getting them wrong can have dire consequences for the organization, they are not the only rewards that employers should consider. Research shows that non - financial rewards can be just as important.

2.1.2 The Definition of Benefits

Employee benefits are the indirect form of the total compensation. Which tend to be offered to all employees irrespective of their grade, such as paid time away from work, insurance and health protection, employee services, and retirement income which are not directly related to performance paid leave and employee assistance program. Benefits refer to the part of the

total compensation package provided to the employee in whole or in part by payments from the employer and it's did not include the pay for time spent on work (Milkovich & Newman, 2008). Besides, benefits are group membership rewards that provide security for employees and their family member. Benefits are a non-compensation paid to employees. Some benefits are mandated by law, for example social security, unemployment compensation and worker compensation. Employees' benefits include pension, health insurance, fringe benefits, welfare and etc. (Lee, Hsu & Lien, 2006). Benefits are a crucial part of an employee's total compensation package. Benefits packages are became popular after World War II, when wage controls made it more difficult to give competitive salaries. Besides, benefits can be treated as the payment or entitlement, such as one make under an insurance policy or employment agreement, or public assistance program or more generally, something of value or usefulness. Benefits may also be seen as a reflection of justice in society (Herman, 2005). According to Carter (2008), benefits are forms of value, other than payment, that are provided to the employee in return for their contribution to the organization, which is for doing their work. Zhou, Qian, Henan and Lei (2009) argued that benefits are provides flexible and market competitive health benefits to support employment brand and support attraction and retention. Employee's benefit includes disability income protection, retirement benefits, work-life balance (for example, sick leave, vacation, jury duty and etc.), allowances (for example, dental, insurance, medical, transportation, housing, mobile phone and etc.), and so on. The objectives of benefit strategy in the organizations are to reduce fatigue (tiring task), discourage labor unrest, and satisfy employee objectives, aid recruitment, reduce turnover and Minimize overtime cost. The following is the definition for the two components of benefits.

2.1.2.1 Allowances

An allowance is money that is given to someone, usually on a regular basis, in order to help them pay for the thing that they did. Bergmann and Scarpello (2002) and Milkivich and Newman (2008) stated that allowances is often related to additional financial rewards legally provided to employees based on the employment contract or organization related service, for example, entertainment allowance or allowance fixed for particular jobs or service schemes. Allowances is also defines as a amount paid to employees as part of their salary package, or defray their out of pocket expenses incurred on behalf of the firm (Business Dictionary.com, 2009).

2.1.2.2 Work-life Balance

Work-life balance is refers to the effectively managing the juggling act between paid work and the other activities that are important to people. Besides, work-life balance can defines as having enough time for work and enough time to have a life thus the work life balance. The concept of work-life balance is includes the priority that work takes over family, working long hours and work intensification (Dr. Mervyl, 2007). According to Milkovich & Newman (2008), work-life balance is a programs that help employees better integrate their work and life responsibilities include time away from work (vacation, jury duty), access to services to meet specific needs (drug counselling, financial planning, referrals for child and elder care), and flexible work arrangements (telecommuting, non-paid time off). Besides, Melissa (2007) also stated that work-life balance is about creating and maintaining supportive and healthy work environments, which will enable employees to have balance between work and personal responsibilities and thus strengthen employee loyalty and productivity.

2.1.3 Employees Attitudes toward Compensation and Benefits

Supposedly, increasing levels of benefits should be satisfying to most employees. However, recent data (Schliemann, William A. (1987) indicates that employee attitudes toward benefits have not kept pace with increases in employer contributions to benefit plans.

2.1.3.1 Attitudes toward pay

An organization is performed to accomplish a specific mission. To do this, it must attract and hire people who have certain knowledge, skills, and aptitudes. To attract and retain such people, the organization provides rewards. An organization designs and implements a reward system to focus workers attention on the specific behaviors the organization considerers necessary to achieve its desired objectives and goals. According to Morgan & Schiemann, (1986) employee attitudes toward pay show decreases in favourable pay ratings among managers, exempt, and non-exempt employees. These downturns are attributed to diminishing pay increases (due to lower inflation and lower merit increases); poor pay for performance relationships, and poor employee understanding of how pay is determined. Moreover, organizations are facing a problem with their performance appraisal. A recent study shows that the standards against which employees performance are judged are vague and highly subjective. Hence, the lack of clarity and objectivity of the criteria used to measure the performance of the employees creates role ambiguity, confusion and frustration

among the workers to undertake their job. As a result, the majority of the respondents questioned the legality and appropriateness of the current form used to measure the performance of workers to undertake administrative decisions. Hence, at least, employees do not perceive that their performance is measured; they believe that the performance record does not reflect their true performance. (Zelalem Bayisa, 2007) .Another problem is the lack of good communication regarding the relationship between the appraisal and subsequent pay. Furthermore, annual appraisals without continual supervisory feedback are unlikely to be effective in establishing accurate feedback regarding a subordinate's location in the performance distribution. Still another cause of low pay for performance ratings is the relatively small spread in merit increases. (Teel, 1986 as cited by Schiemann, 1987).

2.1.3.2 Attitudes toward benefits

Attitudes toward various benefits differ substantially. Conflicts over employee benefits are sharpened by the fact that social as well as economic issues are often central health care, living standards for retirees, leisure time, child care, and other complex issues. To further address concerns with labour costs and to provide greater incentives for employees, contingent forms of monetary, non- wage compensation have also increased in importance in recent decades (Fossum and McCall, 1997). The most favourably rated benefits are Profit sharing, savings plans, and stock purchase plans. The least favourably rated benefits are pensions, disability (short and long term), and sick leave (for some job groups). Al though 84% of employees rate medical benefits as the most important benefit they receive, only 67% rate health insurance favourably. Moreover, 60% or fewer rate dental, sick leave, and disability insurance favourably. Furthermore, some of the most expensive benefits (pension and health related benefits) are not rated most favourably; in fact, pension plans are rated favourably by only half of the employees having retirement programs (White & Becker, 1980 as cited by Schiemann, 1987). Schiemann (1987) stated that historically, these ratings do not vary dramatically across job groups, sex, or different age groups. Females and older employees (with higher tenure) are somewhat more favourable than their counterparts, but they do not differ substantially in the benefits that they rate most favourably. With respect to tenure, newer employees (those with tenure under one year) rate their benefits most favourably, followed by periods of declining ratings, which then turn upward after 15 or so years of service. The favourable ratings during early years probably reflect a "honeymoon" period, and the more positive ratings of longer tenured, older employees reflect greater usage patterns (for health benefits), more accrued benefits (e.g., vacation, savings, stock), and a

realization that they will probably be with this organization until retirement (and therefore, some rationalization of benefit quality). Thus, it appears that employers are not receiving the value in employee satisfaction with benefits that current expenditures might warrant. Some of the most expensive benefits are the least favourably rated. In surveys conducted by Hefferan, (1985) across organizations in various industries, pensions and health coverage are the two benefits that employees most want to see improved. Clearly something is wrong given that these two benefits represent the largest and fastest growing expenditures for most employers (Schiemann, 1987). Major employee benefits include employer- provided health insurance and pension plans as well as vacation and sick days, life and disability insurance, supplemental unemployment benefits, paid holidays, dental insurance, educational and legal assistance, and myriad other items were given due attentions by employee. With growing concern over work- family balance, recent attention has also focused on family - friendly benefits such as parental and family leave, flexible work hours, on- site child care, job- sharing, and work- at- home programs.

2.2 Theoretical Literature

In today fast moving world, developments have made it more important than ever for companies to make sure they have a strategic, holistic and integrated approach to compensation. To compete in a tough arena, organizations now more than ever need the support of an informed, involved and motivated their employees (Chun-Hsien Lee, Mu-Lan Hsu & Nai-Hwa Lien (2006). Here, compensation and benefits is a primary motivator and rewards for employees. As noted by Lawler (1995), compensation can be an effective motivator only if it is important to people and it is seen to be tied to their performance in ways that are perceived to be credible and direct. Without rewards, a company is planting seeds for high turnover, low productivity and long-term failure.

According to Herman (2005), compensation help to focus on the position and duties performed. And, it attempts to influence employee's current and future working performance. Besides, compensation servers' different objectives, the main ones being to attract, retain and motivate high-potential employees. Meanwhile, the fulfilments of those goals are subject to constraints such as the maintenance of equity, cost control and legal requirements (For example, wage and salary legislation) (Steven & Loring, 1996). To employee, compensation may be seen as a return in exchange between the firms they work for and themselves, as an

entitlement for being an employee of the company, or as a reward for job well done. It is given to employees in exchange for work performed (Milkovich & Newman, 2008).

Steven and Loring (1996) observe that for employees, compensation is an important issue since pay is perceived to be an indication to their personal and market value to the organization. Based on about.com (2009), for employers, compensation is one of the crucial communication tools, to send a message about your organization's expectations and goal achievement rewards. Besides, Yale and Donald (2002) stated that compensation rewards performance relative to others and progressive improvement in year-to-year results and providing regular measures of success or progress. It also balances rewards with risk and providing capital accumulation opportunity. Therefore, compensation has very crucial to not only the employees but also the employers.

Carter (2008) proposed that benefits are increasingly expensive for businesses to provide to employees, so the range and options of benefits are changing rapidly to include, such as flexible benefits plan. For employers, they use benefits to attract and retain good and talented workers. For employees, they rely on benefits (for example, medical subsidies, vacations, and retirement) to secure their financial well-being. By linking benefits (for example, pension and holidays) to seniority, workers will be reluctant to change jobs (Gerhart & Milkovich, 1992).

Lee, Hsu and Lien (2006) stated that benefits are designed to safeguard employees and their family against problems due to sickness, accidents or retirements. Here, let use some examples of components of benefits to bring out its effect of employees. Work life balance with regard such as temporal flexibility, leave benefits, and interpersonal relationships has the potential to reduce or increase stress on workers with life responsibilities. The provision of work life balance strategies can provide a positive and direct effect on an employee's decision to remain with an employer (Macran, Joshi & Dex, 1996).

Based on Milkovich & Newman (2008), income protection helps protect employees from the financial risks inherent in daily life. It serves as a backup to employees' salaries in the event that an employee is sick, disabled, or no longer able to work. Besides, workers allowances are absolutely needed for employees. It helps to reduce the financial burden of employees and also can treated as extra sum of salaries indeed (Herman, 2005). Therefore, a benefit has great significance to the whole organizations.

2.3 Empirical Evidence

Empirical studies on compensation and benefits could be useful for aligning the actions of agents with the overall wealth optimization of the firm's value and eliciting the desired organisational outcomes. We know that money can be a powerful motivator. Beruk. (2015) conduct a study on assessment on professional employee turnover causes at bank of Abyssinia". Hence, the study revealed that the bank of Abyssinia has not attractive salary and benefit package, the employee employer relation was not good, there is job security problem, the employee reward program was not attractive, the work place were unfavourable, employees were handled unfairly and irrespectively. Therefore, changes in pay practices have the potential to significantly change attitudes, behaviours, and organization functioning. The challenge, however, is to realize the potential of money as a motivator without running afoul of the many roadblocks that arise in terms of measuring performance, setting standards that are perceived as fair, and choosing the right mix of individual, group, and organization objectives to reward.

Seifu, (2014) conduct a study on compensation management practice in ethio telecom. The study investigates compensation management practice in ethio telecom by analysing the link between compensation package, job satisfaction, motivation and performance. The study revealed that employee are somehow satisfied with some of their compensation and benefit package and this this could not be taken as the best compensation management practices of the organization. The equitable and holistic compensation package are more likely to attract , develop, motivate and retain qualified and competent personnel. The fact that organization-based bonuses and incentives work for high-level managers does not necessarily mean they will work for other types of employees, most of whom have less influence over organization performance and thus, weaker instrumentality perceptions. The empirical evidence on profit sharing plans, in fact, generally paints a positive picture, with organizations using profit sharing having higher productivity. In addition to having a pay-out measure that is controllable, gainsharing plans often have the advantage of covering a smaller number of employees, which is also beneficial for motivation, because there is less likelihood of employees "free riding" (i.e., working less hard because others will work hard).

Most people work for a living. It is rational that employee demand an appropriate level of compensation for their effort. Such compensation may be offered in monetary reward, such as salary and bonus or bundled with other non-monetary reward (Mondy, 2010). The organization was then faced with two difficult options. First, it could include all employees

under the same plan, but that would likely increase the free rider problem and reduce the motivational impact. Second, it could have a separate plan for each division, but this could easily result in unequal payoffs to employees in different divisions, raising the same problems originally encountered with employees and the union. Many organizations are moving to group and organization variable pay plans because they are frustrated with what they see as the failure of more traditional merit pay plans. Commonly cited problems include a lack of adequate differentiation between good and poor performers, employee and supervisor resistance, and the fact that merit increases sometimes seem to have become viewed as an entitlement by employees that is costly, and does not vary with business performance.

Ahmed, (2010) indicated that level of disagreement increases with the increase in educational qualification, age of employees, salary level, and work experience. However, there is no significant difference between gender and job category of employees. Furthermore, irrespective of age, gender, educational qualification, salary level, job category, and work experience the majority of employees believe the current salary and benefits as unfavourable. In addition, they agree or strongly agree with idea of revision and rationalization of pay structure and benefit packages. It was also observed that the best favoured benefit instrument was paid leaves followed by social security and insurance respectively. However, significant number of respondents have claim that they didn't receive any of the benefit packages listed in the questionnaire. Non-financial compensation are also not attractive, the good performance of employees hardly praised and recognized. Moreover, the current house and position allowance is not sufficient. The analysis shown that the compensation and benefit packages available in the institutions under the study are hardly communicated to employees so that significant number of employees show no opinion towards the statements about the institutions compensation and benefit policy and its link to its organizations strategic plan.

In summary, incentive plans and benefits based on the review of the relevant literature are necessary ingredients to any reward system being it in the private or public sector. As in the UNDP Report Wignaraja (2006:8) observes “organisations must continually seek ways to keep their employees and work groups engaged in their work, motivated, efficient and productive. An organisation's success can depend on its ability to create the conditions and systems (formal and informal) that entice the best people to work there. Also, a good incentive system encourages employees to be productive and creative, fosters loyalty among those who are most productive and stimulates innovation”.

2.4 Synthesis of the Reviewed Literature

It is an anomaly that proposals for performance pay for academicians rarely suggest inclusion of principals, administrators, and superintendents. Their exclusion sends many unfortunate signals to academicians, one being that the burden of making improvements falls solely on their shoulders, and that principals and administrators are exempt from the need to be effective performance managers of their teachers. A performance pay plan is really a performance improvement plan, and it should include all of those responsible for improving performance. There should be a performance management chain throughout the instructional hierarchy, with the performance pay plan but a single (albeit critical) component of the improvement plan. Develop compensation and benefit Strategy and Plan As noted, a performance pay plan should be embedded within a broader strategy to improve the institutions. The linking of performance results to pay is insufficient to drive performance improvement. The part of the improvement plan that is of relevance here pertains to academicians, specifically the need to remove roadblocks to their individual improvement and to provide them with performance enablers, the enablers being actions and programs that facilitate the development and use of new knowledge and skills that will help employees deliver higher performance. Examples include professional development, mentoring, professional learning communities, and feedback and coaching. Such enablers foster a higher expectancy of achieving good results and thus motivation to improve performance. Align Human Resource Systems to Performance Improvement many of the drivers of employees performance improvement reside within the Human Resources (HR) domain (Heneman & Milanowski, 2004). Indeed, there are eight major HR practice areas, and each area has components that can be aligned with employee performance improvement plan. The eight HR practice areas are employee recruitment, selection, induction, mentoring, professional development, compensation, performance management, and instructional leadership. Each of these areas must focus the content of its programs on the knowledge, skills, and performance competencies that employees need to be successful in the working places. During recruitment and selection, for example, desired performance competencies can be identified, sought, and assessed in job candidates. In induction and mentoring, teachers can receive targeted information and assistance from other teachers centred around the performance competencies. Professional development can be revamped so that only courses and in-service activities that address the performance competencies are offered and “count” toward movement on the single salary schedule. In the compensation area, the district can offer

various sweeteners (hiring bonuses, relocation assistance, and higher placement on the salary schedule) for candidates with exceptional competencies. Performance management practices by principals can be honed to help teachers improve via better performance planning, observation and evaluation, and feedback and coaching. Finally, instructional leaders themselves should be selected and trained on the basis of their competencies in managing and employees performance, and should be held accountable for their performance. In these myriad ways, HR practices can be aligned around employees' performance and become an important component of an overall strategy to improve the employee performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 The Research Approach

According to different literatures there are three common approaches to conduct research namely, quantitative, qualitative and mixed methods approach. Quantitative research is a means for testing objective theories by examining the relationship between variables (Creswell, 2009). However, qualitative research approach is a means for investigating and understanding the meaning individuals or groups attribute to a social or human problem with intent of developing a theory or pattern inductively. Finally, mixed methods approach is an approach in which the researchers will emphasize the research problem and use all approaches available to understand the problem (Creswell, 2009). Hence, based on the above discussions and because of the nature of data collection instrument of the research and by considering the research objective, in this study, the qualitative and quantitative method were be primarily used.

3.2 Research Design

There are different types of research design used in conducting research. In this study the researcher used descriptive research design. This design is useful to describe characteristics of objects, people, groups, organizations, or environments. It serves to achieve a variety of research objectives and to describe the characteristics of the study subject (who, what, when and how). This design is also important to estimate the proportion of a population that has particular characteristics and to discover association/correlation among different variables. The reason for the use of these method for this study is it will bring a wide and good amount of response from a wide range of people and it is also more help full to describe and interpret the trend of events that exist. Also it will meet the objective of the study to set out under the first chapter. As a result, descriptive research design will be adapted to employee's perception of private higher educational institutions compensation and benefit practice.

3.3 The Research Methods

3.3.1 Population, Sampl Size and Sampling Technique

According to Sekaran (2001) defines a population as “the entire group of people, events or things of interest that the researcher wishes to investigate.” The population is any complete group of entities that share some common set of characteristics. The population of this study are those employees, who are currently working at St Mary’s University and Rift Valley University. The population for this study included Administrative and academic staff (Ethiopian) employees including directors, deans, department heads, teachers and different experts working permanently in the selected higher education institutions. There are around 1082 academic and administrative staff in the selected institutions.

Leary (2004,) defines sampling as, “the process by which a researcher selects a sample of participants for a study from the population of interest”. It is very difficult to take all members of the two institutions permanent workers and hence only samples will be considered. In this study, a total of 127 academic and administrative staff has responded survey questionnaire and interviews. Since compensation and benefit practice is almost similar across the institutions, so data collected from some selected respondents can be replicated and projected for the rest of the employees as well. Moreover, due to time and financial limitations and the nature of the population using, the sample determination method developed by Carvalho (1984), Zelalem, (2005) a sample of 125 employees were selected from the two institutions to respond the questionnaires. The researcher also used non-probability sampling approach, particularly purposive sampling technique were used to select the participants/ respondents to this study, accordingly two HR managers were selected to respond the interview questions.

The following table shows the breakdown of population range the small, medium, and large sample that can be drawn for the study.

Table 3.1: Sample determination method

Population size	Sample size		
	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3021-10000	80	200	315
10001-35000	125	315	500
35001-150000	200	500	800

Source: (Zelalem, 2005: Issues and Challenges of Rural Water Scheme: The Case Study of Burayu)

In selecting the target population simple random sampling and purposive sampling was used. In distributing the questionnaires 11 branches of Rift Valley and 3 branches of St Mary’s university’s which are located in Addis Ababa were considered. In the two institutions there are 1082 academic and administrative staffs and the researcher distributes questionnaires proportionately to the employees of the two institutions.

$$\text{Sample} = \frac{\text{Number of employees from the each institution}}{\text{Total population}} \times \text{Sample size}$$

Total population

$$\text{Accordingly, from St Mary’s University} = 507/1082 \times 125 = 59$$

$$\text{Rift Valley University} = 575/1082 \times 125 = 66$$

$$\text{Total -----125}$$

And the HR managers of the two institutions were participated in interview guides.

3.3.2 Data Collection Technique and Procedure.

To undertake the study both primary and secondary data were collected. Secondary data were collected from different sources including journals, books, and online from internet sources from St Mary's university and Rift valley university sources. Primary data were collected from the participants using interviews and questionnaires.

Close ended questionnaire in a five point Likert scales were used to collect data from the sample respondents. The questionnaire has 5 rating scales ranging from 1 = strongly disagree, 2 = disagree, 3 = no opinion, 4 = agree, 5 = strongly agree. Data gathered through questionnaires is simple and clear to analyses and it allows for tabulation of responses and quantitatively analyses certain factors. Furthermore to this it is time efficient for both the respondents and researcher. The questionnaires were structured in such a way that it included all relevant parts and information to clearly acquaint the respondents.

3.3.3 Data Analysis Method

Data processing is an important part of the whole survey operation. Descriptive analytical technique used with the aid of Statistical Package for Social Sciences (SPSS) to analyse the data collection with the use of questionnaires. Among those techniques frequency and percentage were used. The study used tables to present the collected data. While the others, means that the interview questions analysed qualitatively in order to attain the objective of the study and draw important conclusions followed by recommendations.

3.4 Reliability Test

The reliability test is an important instrument to measure the degree of consistency of an attributes which is supposed to be measured. Cronbach's alpha is one of the most commonly accepted measures of reliability. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency.

Table 3.2: Reliability Statistics

Cronbach's Alpha	N of Items
.931	35

Source: Own survey, 2018.

The table above depicts that the value of Cronbach's alpha for the entire questionnaires. As it can be seen from the table, the value of Cronbach's alpha equals 0.931 for the entire questionnaires which indicates very good reliability since the value is considered as high. So, based on the test the result are reliable.

3.5 Ethical Considerations

This research work strictly obeys to the ethical principles with respect to the data used in the work. First, revisiting the literature all the ideas and concept taken from other scholars are acknowledge. Secondly, the data gathered through questionnaires from employee also remain confidential as stated on the questionnaire and no one even the researcher himself never know who say what. Moreover, the information secured through an interview with the human resource managers of the institution was only used for the purpose of research and the written notes will not pass to the third party at any circumstances.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents and discusses the results of the study. The following discussions organized around sub-topics reflecting the research objectives and questions. The purpose is to simplify the discussion and to contribute to a better understanding of the research findings. Findings about the demographics of study participants, and the statistical analyses used to answer research questions. This helped to interpret and understand the results.

The main focus of this study is to describe the employee perception towards compensation and benefit practice: the case of some selected private higher educational institution in Addis Ababa. Based on the data which is obtained from the two institutions through different instruments the researcher described, analysed and synthesized in tables by using percentage, frequency distribution, and, also mean done with the help of SPSS.

One hundred twenty five (125) questionnaires were distributed to employees and out of which one hundred sixteen (116) questionnaires were returned, and the researcher found it suitable for further analysis. Meaning 92.8 percent response rate is recorded. And the researcher conduct interview with HR managers of the two institutions.

4.2 Background Characteristics of the Respondents

Table4.1: Background characteristics of respondents.

No.	Demographics		Frequency	Percentage
1.	Age (year)	18-25	22	19.0
		26-34	27	23.3
		35-44	44	37.9
		45-54	13	11.2
		55-85	10	8.6
	Total		116	100%
2.	Sex	Male	52	44.8
		Female	64	55.2
	Total		116	100%
3.	Educational qualification	High school graduate	1	0.9
		Technical school graduate	6	5.2
		College Diploma	12	10.3
		BA/BSc Degree	72	62.1
		Master's Degree	24	20.7
		PhD	1	0.9
	Total		116	100%
4.	Salary level (birr)	< 600	-	-
		601-1650	2	1.7
		1651-3200	27	23.3
		3201-5250	23	19.8
		5251-7800	30	25.9
		7801-10,900	24	20.7
		Over 10,900	10	8.6
	Total		116	100%
5.	Job category	Academic	57	49.1
		Administrative	59	50.9
	Total		116	100%

Source: Own survey, 2018.

The demographic characteristics of the respondents shows that, around 51.8% of the respondents worked in the educational sector for 1 up to 5 years, 36.2% worked in educational sector for 6-10 years, 6% of the respondents for 11-15years, 1.8% of the respondents worked for 16-20 years and 4.4% of the respondents worked above 20 years in educational sectors. The respondents their year of work in the current institutions shows that, 63.7% of the respondents' work 1- 4 years, 27.6% 5-9 years and 8.6% of the respondents work 10-14 years in the current institution. The majority of the respondents have been a good

experience in educational sector. So it implies that the result of the study become reliable and acceptable.

Table 4.1 shows that the demographic profiles of the respondents under the sample size it includes the Age, sex, educational qualification, salary level and job category of the respondents under the study.

According to the above table as indicated among the sample size of the respondents the age distribution shows that 22 or 19% of the respondents was in the Age of 18-25, 27 or 23.3% of the respondents was in the Age of 26-34, 44 or 37.9% of the respondents was in the age of 36-44, 13 or 11.2% of the respondents was under the age of 45-54 and 10 or 8.6% of the respondents was under the age of 55-85.

Accordingly, majority of the respondents in the study which accounts 37.9% were under the age of 35-44 and there is a few numbers of respondents which accounts 8.6% under the age of 55-85 ages.

The table also shows that the sex distribution of the respondents under the study, majority of the respondents 64 or 55.3% was females and 52 or 44.8% of the respondents was males there is a good proportion of participant's in terms of sex distribution.

In the same time the table above states the educational qualification of the respondents under the study 1 or 0.9% of the respondents was a high school graduates, 6 or 5.2 % of the respondents was a high school graduates, 6 or 5.2% of the respondents was technical school graduates, 12 or 10.3% of the respondents was college diploma qualified, 72 or 62% of the respondents educational qualification was BA/BSC degree graduates, 24 or 20.7% of the respondents under the study was master's degree graduates and 1 or 0.9% of the respondents under the study was PHD holders.

Accordingly the majority of respondents under the study which accounts 72 or 62.1% were BA/BSC degree qualified and there are a few high schools and PHD graduates which account 1 or 0.9% for each under the study.

In addition to the above items the above table shows the salary level of the respondents under the study, so no respondents was in the salary level of < 600, 2 or 1.7% respondents was under the salary level of between 601 up to 1650, 27 or 23.3% of the respondents was under the salary level of between 1651 up to 3200, 23 or 19.8% of the respondents was under the

salary level of between 3201-5250, 30 or 25.9% of the respondents salary level was between 5251 up to 7800, 24 or 20.7% of the respondents salary level was between 7801 up to 10,900 and finally 10 or 8.6% of the respondents salary level was over 10,900 Ethiopian birr.

Generally the majority of respondent's salary level, which accounts 25.9%, was under the level between 5251 up to 7800 and there are a less number of respondents which accounts 1.7% was under the salary level of between 601 up to 1650

Finally, the above table consists the job category of the respondents under the study. Accordingly, 57 or 49.1% of the respondents was under the academic job category and the rest which accounts 59 or 50.9% was under administrative job category.

The background character of the respondents implies that the respondents were composed of varieties of characters which are important to extract the perception of different group of employee with different identity. This variety also essential to get reliable information about compensation and benefit practices of St Mary's University and Rift Valley University.

4.3 Perceptions towards the Effectiveness of Compensation and Benefit Practice

The table below contains around ten issues which are related with the effectiveness of compensation and benefit practice in the private higher educational institutions.

Table 4.2: Perceptions towards the effectiveness of compensation and benefit practice

Item	Response										Total	
	SD(1)		D(2)		N(3)		A(4)		SA(5)		No	%
	No	%	No	%	No	%	No	%	No	%		
1.compensation enough to cope with the cost of life	42	36.2	55	47.7	14	12.1	5	4.3	-	-	116	100
2. Compensation fairness.	31	26.7	56	48.3	17	14.7	12	10.3	-	-	116	100
3.Equitable with comparable organizations	44	37.9	43	37.1	17	14.7	9	7.8	3	2.6	116	100
4. Alienation with the country regulation	12	10.3	41	35.3	42	36.2	21	18.1	-	-	116	100
5. Motivating employees	30	25.9	60	51.7	15	12.9	11	9.5	-	-	116	100
6. Capability pulling and retaining employees	35	30.2	54	46.6	11	9.5	16	13.8	-	-	116	100

7. Employees paid on performance	26	22.4	62	53.4	15	12.9	13	11.2	-	-	116	100
8. keep a balance employees contribution and employer cost	23	19.8	66	56.9	10	8.6	17	14.7	-	-	116	100
9. Secure you from unemployment	30	25.9	31	26.7	19	16.4	36	31.0	-	-	116	100
10. Compensation attain self-interests (building house, car)	45	38.8	45	38.8	15	12.9	11	9.5	-	-	116	100

Source: Own survey, 2018.

NB: SD (1) = strongly disagree, D (2) = disagree, N (3) = no opinion, A (4) = agree, SA (5) =strongly agree for table 4.3 up to 4.6

Table 4.2 shows the issues related with perceptions towards the effectiveness of compensation and benefit practices. According to the table 42 or 36.2% of the respondents are strongly disagree with the compensation and benefit practice adequacy to cope with the cost of life, 55 or 47.7% of the respondents are disagree with the issue, 14 or 12.1% of the respondents have no opinion and 5 or 4.3% of the respondents agree with the issues.

Generally the majorities of the respondents disagree with the adequacy of the compensation and benefit practice to cope with the current cost of life. Surprisingly no one strongly agree with the issue.

The table also shows the fairness of compensation practice in the two institution accordingly 31 or 26.7% strongly disagree with the issue, 56 or 48.3% disagree in its fairness, 17 or 14.7% of the respondents have no opinion and 12 or 10.3% of the respondents agree with the fairness of compensation and benefit practices.

Generally the table inferred that majority of the respondent's strongly disagree /disagree with the fairness of the compensation and benefit practice in the two private higher educational institutions and no one strongly agree with the concept and a few 12 or 10.3% of the respondents agree.

The table also display's the equitability of compensation and benefit practice with the comparable organization accordingly 44 or 37.9% of the respondents strongly disagree with the equitability of the practice, 43 or 37.7% of the respondents disagree, 17 or 14.7% % of the respondents have no opinion, 9 or 7.8% of the respondents strongly agree with the equitability of the practice.

Generally the high portion of the respondents around 75% strongly disagree/disagree and a few number of people 2.6% strongly agree with the equitability of compensation and benefit practice with the comparable institution.

In addition the above table shows the alienation of the compensation system and practice with the country regulation, 12 or 10.3% of the respondents strongly disagree with the issues, 41 or 35.3% of the respondents disagree, 42 or 36.2% have no opinion and 21 or 18.1% of the respondents agree. In general the majority of the respondents no opinion about the alienation of the compensation and benefit practice with the country regulation and no one strongly agree with the issue.

Table 4.2 also shows that how much the compensation and benefit practice motivate employee. Accordingly, 30 or 25.9% of the respondents strongly disagree with the concept, 60 or 51.7% disagree and 15 or 12.9% of the respondents have no opinion and 11 or 9.5% of the respondents agree with the practice capability in motivating of employee.

Generally the high portions of the respondents, 60 or 51.7% disagree with the issue and no one's strongly agree with the practice in terms of employee motivation.

The above table also inferred the capability of the compensation and benefit practice in retaining the current employee and attracting new competent employee from outside. Accordingly, 35 or 30.2% of the respondents strongly disagree, 54 or 46.6% of the respondents disagree, 11 or 9.5% of the respondents have no opinion and 16 or 13.8% of the respondents agree with the system capability in retaining employee and pulling competent employee from outside.

Generally the majority of the respondents meaning 54 or 46.6% disagree and no respondents strongly agree with the compensation and benefit practice capability in retaining employee and pulling outsiders

In this table there is also the response of employee with regarding to whether the employee paid based on performance or not 26 or 22.4% of the respondents strongly disagree, 63 or 53.4% of the respondents disagree, 15 or 12.9% of the respondents have no opinion and a few 13 or 11.2% of the respondents agree.

In general the majority of the respondents 75.8% strongly disagree /disagree and no one strongly agree with the performance based pay for the employee in the two institution

Table 4.2 also shows the compensation and benefit practice effectiveness in keeping balance between employees contribution and cost of the employer, 23 or 19.8% of the respondents strongly disagree, 66 or 56.9% of the respondents disagree, 10 or 8.6 % of the respondents have no opinion and 17 or 14.7% of the respondents agree.

Generally the table inferred the majority of the respondents 56.9% disagree and no respondents strongly agree with the practice effectiveness in keeping balance between employee's contribution and cost of the employer.

The table states also, is the current compensation and benefit receive secure you from being exposed to unemployment? Accordingly, 30 or 25.9% of the respondents strongly disagree, 31 or 26.7% of the respondents disagree, 19 or 16.4% of the respondents have no opinion and 36 or 31.0% of the respondents agree with the concept.

In general the majority of the respondents 52.6% strongly disagree/disagree and no respondents strongly agree with the practice in securing them from exposing to unemployment.

Lastly table 4.2 infers the compensation system in attaining self-interests like building house, car and the like. 45 or 38.8% of the respondent's strongly disagree, 45 or 38.8% disagree, 15 or 12.9% have no opinion and 11 or 9.5 % of the respondent's agree with its attainability of self-interest.

In general the majority around 77.6% of the respondents strongly disagree/disagree and no one's strongly agree with the compensation and benefit package attainability of self-interest (little house building car and pay children school fee).

The data in table 4.2 implies that employees have a depraved perception towards the effectiveness of compensation and benefits practices in their institution. Almost in the entirely issues majority of employee strongly disagree/disagree. This is a signal for the institutions to think about the current compensation and benefit practices. The operational weakness of the practice hides them to strive a lot for the achievement of the organizational goals.

4.4 Compensation and Benefit Decision Process

The table below contains a total eight issues which is related with the compensation and benefit decision process.

Table 4.3: Compensation and benefit decision process

Item	Response										Total	
	SD(1)		D(2)		N(3)		A(4)		SA(5)		No	%
	No	%	No	%	No	%	No	%	No	%		
1. Regularly updated and communicated	33	28.4	48	41.4	18	15.5	17	14.7	-	-	116	100
2. Practice is participatory	30	25.9	60	51.7	11	9.5	15	12.9	-	-	116	100
3. Written document	31	26.7	40	34.5	24	20.7	21	18.1	-	-	116	100
4. Periodically evaluates practice	35	30.2	38	32.8	21	18.1	22	19.0	-	-	116	100
5. Compensation is linked to the organization's plan	30	25.9	34	29.3	32	27.6	20	17.2	-	-	116	100
6. Do you have information where to go?	25	21.6	46	39.7	24	20.7	20	17.2	1	0.9	116	100
7. Understanding of how your retirement benefits are calculated	21	18.1	50	43.1	21	18.1	23	19.8	1	0.9	116	100
8. Is your institution provides a more flexible benefit options	26	22.4	59	50.9	20	17.2	11	9.5	-	-	116	100

Source: Own survey, 2018.

The above table infers the concept related to the compensation and benefit decision process. Accordingly, the table shows the compensation and benefit practice is updated with the change in the country and communicated with employee, 33 or 28.4% of the respondent's strongly disagree, 48 or 41.4% of the respondents disagree, 18 or 15.5% or the respondents have no opinion and 17 or 14.7% of the respondents agree with the item.

Generally majority of the respondents 41.4% disagree and no respondents strongly agree with the compensation and benefit practice is updated with the change in the country and communicated with employees.

Table 4.3 also shows how much the compensation practice is participatory, 30 or 25.9% of the respondent's strongly disagree, 60 or 51.7% of the respondents disagree, 11 or 9.5% have

no opinion and 15 or 12.9% of the respondents agree. Generally the majority of the respondents (51.7%) disagree and no respondents strongly agree with the participatory of the compensation practice.

In addition the table also shows the availability of written compensation document in the institution. Accordingly, 31 or 26.7% of the respondents strongly disagree, 40 or 34.5% of the respondents disagree, 24 or 20.7% have no opinion and 21 or 18.1% of the respondents agree. In general the majority of respondents (34.5%) disagree and no respondents strongly agree with the availability of written compensation and benefit document.

The table also shows how much the institutions periodically evaluate the effectiveness of compensation and benefit practice. Accordingly, 35 or 30.2% of the respondents strongly disagree, 38 or 32.8% of the respondents disagree, 21 or 18.1% of the respondents have no opinion and 22 or 19% of the respondents agree with the issue.

Generally the majority of the respondents (32.8%) disagree and no respondents (32.8) disagree and no respondents strongly agree with the institutions efficiency in periodically evaluation of the effectiveness of compensation and benefit practice.

The table also inferred the compensation and benefit practice linkage with the organization strategic plan. Accordingly, 30 or 25.9% of the respondents strongly disagree, 34 or 29.3% disagree, 32 or 27.6% have no opinion and 20 or 17.2% of the respondents agree with the linkage. Generally the majority of the respondents (29.3%) disagree and no respondents strongly agree with the compensation and benefit linkage with the organization strategic plan.

In table 4.3 there is also the response of respondents about where to go for the issue related to compensation and benefit practice. Accordingly, 25 or 21.6% of the respondents strongly disagree, 46 or 39.7% of the respondents disagree, 24 or 20.7% of the respondents have no opinion, 20 or 17.2% of the respondents agree and 1 or 0.9% strongly agree. In general the majority of the respondents 39.7% disagree and a very few 0.9% of the respondent strongly agree with the information about where to go.

In addition the table shows the understanding of employee in relation to how their retirement benefit is calculated. Accordingly, 21 or 18.1% of the respondents strongly disagree, 50 or 43.1% of the respondents disagree, 21 or 18.1% have no opinion, 23 or 19.8% of the respondents agree and 1 or 0.9% of the respondents strongly agree with the understanding of employee about how their retirement benefit calculated.

Generally the majority of the respondents 43.1% disagree and 0.9% of the respondents strongly agree with how the retirement benefit is calculated.

Lastly the table states is your institution provides a more flexible benefit option? So that, 26 or 22.4% of the respondents strongly disagree, 59 or 50.9% of the respondents disagree, 20 or 17.2% have no opinion and 11 or 9.5% agree. In general above 50% of the respondents disagree and no respondents strongly agree with the availability of a more flexible benefit options.

The table implies that in the institutions the compensation and benefit practice were not updated regularly with the change in the real world. The system was design and implemented by a few individuals without the participation of the majority work forces in the institutions and not evaluated periodically even if the level of employee satisfaction in the current system were known. There is a serious information gap between the employees and the employers in the institutions as a result the employees does not have clear information about where to go for information and majorities have not idea on how to calculate their retirement benefits.

4.5 Over all Compensation and Benefit

In the table below there is a response of sample respondent about issues related with over all nature of compensation and benefit practices in the institution.

Table 4.4: Issues about over all compensation and benefit

Item	Response										Total	
	SD(1)		D(2)		N(3)		A(4)		SA(5)		No	%
	No	%	No	%	No	%	No	%	No	%		
1. Appropriate payment for the work experience and qualification	29	25.0	62	53.4	11	9.5	14	12.1	-	-	116	100
2. Do you think that adequate payment is made	42	36.2	51	44.0	11	9.5	12	10.3	-	-	116	100
3. Pay system has a positive effect on employee productivity	43	37.1	44	37.9	12	10.3	16	13.8	1	0.9	116	100
4. Is benefit as good as most available in private sector	33	28.4	46	39.7	24	20.7	13	11.2	-	-	116	100
5. The practice supports the achievement of org, goals.	19	16.4	53	45.7	31	26.7	13	11.2	-	-	116	100
6. Pay comparability to what you think it should be	32	27.6	65	56	8	6.9	9	7.8	2	1.7	116	100

Source: Own survey, 2018.

Table 4.4 reflects the response of employees about the issue related with over all compensation and benefit practice. The first issue in the table, is your institution provides appropriate payment for the work experience and qualification you have? Accordingly 29 or 25.0% of the respondents strongly disagree, 62 or 53.4% disagree, 11 or 9.5% have no opinion and 14 or 12.1% of the respondents agree.

Generally the majority of the respondents (53.44%) disagree and no respondents strongly agree with the availability of appropriate payment for the work experience and qualification.

The next issue in the table is do you think that adequate payment is made, accordingly 42 or 36.2% of the respondents strongly disagree, 51 or 44.0% disagree, 11 or 9.5% have no opinion and 12 or 10.3% of the respondents agree with the issue. In general the high portion

of the sample respondents (44.0%) disagrees and no respondents strongly agree with the adequacy of payment paid.

In table 4.4 also there is the response of employee about the perception of employee about the compensation and benefit practice positive effect on employee productivity. According to the table, 43 or 37.1% of the respondents strongly disagree, 44 or 37.9% disagree, 12 or 10.3% have no opinions, 16 or 13.8% agreed and 1 or 0.9% of the respondents strongly agree. Generally around 75% of the respondents strongly disagree with the practice positive effect on employee productivity.

Table 4.4 also states about is the benefit offered is as goal as most available in private sector. Accordingly, 33 or 28.4% of the respondents strongly disagree, 46 or 39.7% disagree, 24 or 20.7% of the respondents have no opinion and 13 or 11.2% agree with. Generally, 39.7% of the respondents disagree and no respondents strongly agree with the concept.

In addition to the above issue this table also infers about is the practice supports the achievement of organization goals. Accordingly 19 or 16.4% of the respondents strongly disagree, 53 or 45.7% of the respondents disagree, 31 or 26% have no opinion and 13 or 11.2% of the respondents agree. In general the majority around 45.7% of the respondents disagrees and no respondents strongly agree with the practice capability for the achievement of the goal of the institutions.

Lastly the table contains the pay comparability with to what you think it should be? 32 or 27.6% of the respondents strongly disagree, 65 or 56% of the respondents disagree, 8 or 6.9% of the respondents have no opinion, 9 or 7.8% agree and 2 or 1.7% of the respondents strongly agree. So that the majority of the respondents meaning 56% disagree with what he/she think it should be.

The data in the table implies that in the institutions there is no experience based appropriate payment system for the employees and in the same time the payment they received is not adequate and fair. The payment system is not comparable with that they think it should be. All this system in the organization hinders the employees to exert maximum effort they have for the success of the institutions and they always gate viewer to leave the institutions for better pay they think they deserve.

4.6 Pay Package and Benefit

Table 4.5 contains three issues which are related with pay package and benefit.

Table 4.5: Issues related to pay package and benefit

Item	Response										Total	
	SD(1)		D(2)		N(3)		A(4)		SA(5)		No	%
	No	%	No	%	No	%	No	%	No	%		
1. Is employees should be allowed to choose the extent of cash component as against the non-monetary benefits	32	27.6	51	44.0	25	21.6	6	5.2	2	1.7	116	100
2. Is the cash component in the pay packet much more than the non-monetary benefits	23	19.8	31	26.7	31	26.7	29	25	2	1.7	116	100
3. Is there a situation to choose on the pay mix at the beginning of the Year	37	31.9	43	37.1	25	21.6	9	7.8	2	1.7	116	100

Source: Own survey, 2018.

The above table contains different issues which are related to the pay package and benefit. The first item in table 4.5 is about is employee should be allowed to choose the extent of cash component as against the non-monetary benefits. According, 32 or 27.6% of the respondents strongly disagree, 51 or 44% of the respondents disagree, 25 or 21.6% of the respondents have no opinion, 6 or 5.2% agree and 2 or 1.7% of the respondents strongly agree. Generally the majority of respondents (44%) disagree and 1.7% the respondents strongly agree with the item.

The second item in the table is about is the cash component in the pay packet much more than the non-monetary benefits. Accordingly, 23 or 19.8% of the respondents strongly disagree, 31 or 26.7% of the respondents disagree, 31 or 26.7% have no opinion, 29 or 25% of the respondents agree and 2 or 1.7% of the respondents strongly agree with cash component in the pay packet much more than the non-monetary benefits.

In general 26.7% of the respondents disagree and in the same time 26.7% of the respondents also have no opinion and 1.7% of the respondents strongly agree with the cash component superiority in the package against the non-monetary benefits.

Finally the table shows the opportunity to choose the payment the beginning of the year. In accordance with, 37 or 31.9% of the respondents strongly disagree, 43 or 37.1% disagree, 25 or 21.6% have no opinions, 9 or 7.8% of the respondents agreed and 2 or 1.7% of the respondents strongly agree. In generally 37.1% of the respondents disagree and 1.7% of sample respondents strongly agree with the situation of choosing the pay mix at the beginning of the year.

The data in the table implies that in the institutions a very week opportunity given to the employees to choose cash components against the non-monetary benefits and the cash components are not that much more than the non-monetary benefits. The problem arises because there is no ground for the employees to choose the pay mix at the beginning of the year.

4.7 Employees Rating of Their Salary and Benefit

Table 4.6: Employees rating of their salary and benefit

Item	Response										Total	
	MF(1)		F(2)		N(3)		UF(4)		MU(5)		No	%
	No	%	No	%	No	%	No	%	No	%		
1. Rate your current benefit practice	2	1.7	19	16.4	25	21.6	64	55.2	6	5.2	116	100
2. Rate your current basic pay/Salary/wage	2	1.7	13	11.2	27	23.3	67	57.8	7	6.0	116	100

Source: Own survey, 2018.

NB: MF (1) =most favourable, F (2) =favourable, N (3) =no opinion, UF (4) =unfavourable, MU (5) =most unfavourable

The table above contains the issues related with employee rating of their current salary and benefits. The first item is about, employee rating of their current benefit practices. According to the sample respondents from the two private higher educational institutions, 2 or 1.7% or the respondents most favourable, 19 or 16.4% of the respondents favourable with the current benefit scale, 25 or 21.6% of the respondents have no opinion about the scale rating and 64 or 55.2% of the respondents unfavourable with the current benefit scales and 6 or 5.2% of the respondents most unfavourable with the current benefit scale.

The table also infers how the employees rate their current basic pay/salary/wage. Accordingly 2 or 1.7% of the respondents most favourable, 13 or 11.2% of the respondents favourable, 27

or 23.3% of the respondents have no opinions, 67 or 57.8% of the respondents unfavourable and 7 or 6.0% of the respondents most unfavourable. Generally, the majority of respondents (57.8%) were unfavourable and the few of the respondents (1.7%) were most favourable with the current basic pay rate.

Table 4.7: Do you have clear information about how compensation and benefit instruments are determined?

Measurements	Frequency	Percent
Yes	21	18.1
No	95	81.9
Total	116	100

Source: Own survey, 2018.

Table 4.7 shows how many of the respondents have clear information about how compensation and benefits instruments are determined. Accordingly, 21 or 18.1% of the respondents have clear information about how compensation and benefit instruments are determined and the majority of the respondents 95 or 81.9% do not have clear information about how the compensation and benefit instruments are determined.

This implies that there is a huge information exchange gap between the employees and the institutions. The problem occurs as a result of weak trend in information collection about different issues and the organization demerits in continually updating the employees about the current compensation and benefit practices with in the institutions about the situations.

4.8 Background Character Vs Employee Perception towards Compensation and Benefit Practice

In private higher educational institution there are a variety of people in terms of age, sex, education level, work experience and others. In this study a number of employees from the two private higher education institutions were involved. The employee has different in terms of their demographic characteristics. To conduct this study the researcher prepares a number of questions to exactly extract the perception of employee towards compensation and benefit practice. According to the data collected from the sample respondents employees are highly dissatisfied with most of the issues raised in the study in spite of their demographic characteristics. Those employees how have a good work experience and those who have less experienced their perception towards compensation and benefit practice is almost the same. I same time the male and female respondents also have the same intention and perception

towards the practices. The well educated people who have a master or PhD and in the same time those employee who have diploma or degree even the technique school graduates all have the same perception towards compensation and benefit practices in their institutions. Generally there is no perception difference towards compensation and benefit practices as a result of their demographic characteristics.

Generally, it implies that in the institutions there are serious problems in their compensation and benefit practices. So that, the institution needs to rejuvenate the current system in order to bring fair and equitable practice in the institutions.

4.9 Analyses of Interview Questions

The researcher conducted interview with HR managers of the two institutions by preparing an interview questions in order to get extra insights about the compensation and benefit practice of the two institutions. In the process two HR managers, one from Rift Valley University and one from St Mary's university were involved.

There are seven issues included in the discussion. The result of discussion showed that in the private higher educational institution there is a compensation and benefit policy. The objective of the policy are, to meet the needs of the employee by creating a competitive environment in the institution and also develop a free and equitable benefit practices that initiated the employee to exert a maximum of their effort for achieving the goal of the institution and indirectly benefit his or her self.

The dynamic nature of the globe directly affects the compensations and benefits practice of the private higher educational institutions. As a result of change in the real world employees facing a difficulty to fit with the change especially the economic inflation of the world. The institutions face a series turnover. The institutions develop the strategic plan by considering their capacity including the KSA of their employees. But because of high rate of turnover, the institutions fail to achieve their goal as planed in the strategy.

The current compensation and benefit practices don't facilitate the human resource function with in the institutions. Employees always raise a question related with the fairness of compensation and benefit practice, especially on the basic salary. Most of the employees are dissatisfied with their current benefit package. This dis satisfaction eroded a sense of belongingness with in the institution at the end it restrict the employee to strive a lot to achieve the objective of the institutions.

The issues of compensation and benefit in the institutions are directly the issue of HR offices. HR offices communicate with employee through, letter, outlook, through supervisors and using the bulletin boards of the institutions. But the fact showed that the level of understanding of employees about the compensation and benefit practice is still in a stagnant stage. The compensation and benefit package of the institutions attempted to link with the strategic plan. But the level of linkage is in a big doubt.

There are a number of benefits and services which are included in the institutions including, medical benefits, life insurance, GPA, scholarship, leave, annul increment of salary and the like but there are different items which are basic but not included in the two institutions for the majority of permanent employees including, house allowances, children school fee, fuel for cars and also transport services.

Finally, the current compensation and benefit practices of the institutions don't motivate employee to strive a lot. The institution should change the practice. At least the compensation and benefit packages should facilitate the basic requirements of employees. But it doesn't mean that by hurting the well-being of the institution rather by balancing the cost and benefit of the institutions.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter deals about conclusions and recommendations. The conclusions include the summary of findings, the end results and the recommendation that pointed out possible remedies for the problems.

5.2 Conclusions

The objective of the study was to describe the employee perception towards compensation and benefit practice: the case of St Mary's and Rift Valley University in Addis Ababa.

The analysis of the items from Likert's scale revealed that employees disagree/strongly disagree with majority of items. Moreover, the respondents feel that the current compensation is inadequate, employees do not participate in compensation and benefit decision process and its effectiveness is not periodically evaluated. They also indicated that their institutions have written compensation and benefit practice. The respondents disagreed with performance based payment and taking the experience and qualification of employees into account up on compensation and benefits package determination. Moreover, employees do not believe that there is appropriate payment for responsibility they discharged.

It was also observed that the level of disagreement increases with the increase in educational qualification, age of employees, salary level, and work experience. However, there is no significant difference between gender and job category of employees.

Furthermore, irrespective of age, gender, educational qualification, salary level, job category, and work experience the majority of employees believed that the current salary and benefits as unfavourable/most unfavourable. In addition, they agree or strongly agree with the idea of revision and rationalization of pay structure and benefit packages.

The analysis of open ended questions also showed that non-financial compensation are also not attractive, the good performance of employees hardly praised and recognized. Moreover, the employees need to gain house allowance, child school fee and other benefit from the

institution. The analysis shown that the compensation and benefit packages available in the institutions under the study are hardly communicated to employees so that significant number of employees shown no opinion towards the statements about the institutions compensation and benefit policy and its link to its organizations strategic plan. But, one of the major problems of compensation and benefit packages is the organization failure of week alignment to their compensation and benefits to the organization strategic plan.

The finding shows that the compensation and benefit practice in private higher educational institution were very unsatisfactory and the situation paves the way to say so. And most employees including those staff who are worked in the educational institution for a long period of time have no any clear idea and information about the practice and the components of compensation available in the institution, and how to practice it and this directly affects themselves and the productivity and effectiveness of the organization indirectly. Many employees believe that the current compensation and benefit is not adequate and not let them to cope with ongoing cost of life. The respondents claim that the compensation and benefit package should be reviewed and designed taking into account factors in the external environment including the market condition, nature of the jobs, other organizations, government regulations and the internal environments for the values of the job grades through job analysis. The current compensation and benefit packages are not periodically updated and evaluated for effectiveness. Furthermore, the existing benefits are not well communicated to employees. Both salary and benefits available in the institutions were rated unfavourably or most unfavourably. Employees are not asked to choose the pay mix during the recruitment and selection process and even after finished probation period. The compensation and benefit package available in the two institution are not adequate to pull new qualified employee and those currently worked are blamed the practice by considering the experience and qualification they have with the benefit received, they receive less than the effort they exert and the role they play.

5.3 Recommendations

Based on the findings which are shown under the conclusion part, the researcher recommends the following points on employee's perception towards compensation and benefit practice in the case of St Mary's and Rift Valley university in Addis Ababa.

The institutions should prepare a more advanced compensation and benefit system in line with the income they generated from different sources. The employee perceived

that the institution for which they are working generate high profit but they pay less salary and they develop less capital intensive benefits for the employees.

The institution should assess the prioritized needs of its employee and strive to include those compensation mixes in the system like housing allowance, insurance including children's). But it doesn't mean there is no housing allowance, insurance and other but make it this for all employee including genitors and other low level employees.

The compensation and benefit decision process should be open to employee's participation, so that it makes employees to develop the sense of belongingness.

The institutions should reorganize and prepared a well-organized compensation and benefit practices by considering the experience and qualification of employees. In both institution there is experience and qualification based compensation and benefit system but that was not satisfactory and need to revised

The current compensation and benefit practice of private higher education institutions should be revised and improved. Compensation and benefit should not be a one-time issue and needs to be evaluated periodically for effectiveness that helps to retain and attract new qualified and competent employees.

It is essential to educate and communicate employee about compensation and benefits.

Make it fair and transparent the compensation and benefit practice to all employees.

Lastly, I recommended any researcher to conduct experimental study in the private higher educational institution by taking the findings of this paper as a starting point.

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Appendix-1

ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES GENERAL MBA

To be filled by permanent employees

The purpose of the study in general and this questionnaire in particular is to study on “The Employees Perception towards compensation and benefit practice in some selected private higher education institutions found in Addis Ababa “which may help the institutions under study in solving the major problem raised by the study. The research is conducted as partially requirements of MBA degree in Business Administration. It also helps to gain practical knowledge on the topic under investigation and other prospective researchers as a starting point to carry out further investigation. I want to confirm that this research is only for academic purpose authorized by St. Marys University.

General Instructions

- No need of writing your name at all.
- In all cases where answer options are available please tick (√) in the appropriate box.

If you have any query, please do not hesitate to contact me and I am available as per your convenience at (Mobile: 09-13-39-43-22 or e-mail: wondwosentegene13@gmail.com).

PART I: Demographic Information

1. Number of years you have worked in education industry (in years) _____
2. Number of years working in your current institution (in years):-----
3. Age (in years): 18-25 26-34 35-44 45-54 55-85
4. Sex: Male Female
5. Educational Qualification:
 High school graduate Technical school graduate College Diploma
 BA/BSc Degree Master's Degree PhD
6. Salary level
< 600 601-1650 1651-3200 3201-5250 5251-7800 7801-10,900
Over 10,900

7. Job category

Academic Administrative

PART II: Questions related to the compensation and benefit practice

The questions below are statements about compensation and benefit practice in your institutions. 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 practice in your organization, where: 1= Strongly disagree 2=Disagree 3=No opinion 4= Agree 5= Strongly agree.

Item	1	2	3	4	5
1. The available compensation and benefit package provided by the institution are adequate to cope with the current cost of life					
2. Compensation and benefit package available in your institution is fair.					
3. The Compensation and benefit package provided by your institution is equitable with comparable organizations					
4. The compensation and benefit practice in your institution aligned with the country regulation					
5. The current compensation and benefit package in your institution offered an incentive for better performance and is motivating employees					
6. The current compensation and benefit package is capable enough to pulling new employees and retaining competent employees					
7. Is employees paid based on their performance					
8. The compensation and benefit package available in your institution keep a balance between employees contribution and cost of the employer					
9. The current compensation and benefit receive secure you from being exposed to unemployment					
10. The compensation and benefit package provides the opportunity to attain self-interests (like building house, car, pay children school fee etc.					
11. The compensation and benefit practice is updated with the change in the country and communicated with the employees.					
12. The compensation and benefit decision practice is participatory					
13. The institution for whom you are working has a written compensation and benefit practice document					
14. Is your institution periodically evaluates the effectiveness of compensation and benefit practice					
15. The current compensation and benefit practice system of your institution is linked to the organization's strategic plan					
16. Do you have an information where to go for information related to benefits					
17. Do you have a good understanding of how your retirement benefits are calculated					
18. Is your institution provides a more flexible benefit options					

19. The current compensation and benefit package affords appropriate payment for the work related experience and qualification you have					
20. Do you think that adequate payment is made for the responsibility discharged					
21. Do you think that the current pay system has a positive effect on employee productivity					
22. The benefits you receive is as good as most available in private sector					
23. The compensation and benefit practice facilitate and support the achievement of organizational goals					
24. The amount of pay you currently receive is comparable to what you think it should be					
25. Is employees should be allowed to choose the extent of cash component as against the non-monetary benefits					
26. Is the cash component in the pay packet much more than the non-monetary benefits					
27. Is there a situation to choose on the pay mix at the beginning of the Year					

Part III: Additional questions:

1. How do you see your current benefit practice?

Most favourable Favourable No opinion Unfavourable Most unfavourable

2. How do you rate your current basic pay/Salary/wage?

Most favourable Favourable No opinion Unfavourable Most unfavourable

3. Do you have clear information about how compensation and benefits instruments are determined?

Yes No

4. Please, specify the important compensation and benefit package that are being provided by other institution (governmental or private) that is not available in your institution?

5. What kind of particular problem you have observed in the current compensation and benefit practice of private higher education institutions?

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

Thank You

Appendix-2

ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES INTERVIEW GUIDE

To be answered by HR Manager

The purpose of the study in general and this interview questionnaire in particular is to study on “The Employees Perception towards compensation and benefit practice in some selected private higher education institutions found in Addis Ababa “which may help the institutions under study in solving the major problem raised by the study. The research is conducted as partially requirements of MBA degree in Business Administration. It also helps to gain practical knowledge on the topic under investigation and other prospective researchers as a starting point to carry out further investigation. I want to confirm that this research is only for academic purpose authorized by St. Marys University.

Interview questions:

1. Is there a compensation and benefit policy in your organization? What is the objective of Compensation and benefits policy?
2. What are the major problems that your department is facing with respect to compensation and benefit practice?
3. Do you think the current compensation and benefit practice facilitate human resource functions?
4. How do you communicate with employee in relation to the compensation and benefit packages in your institution?
5. Do you think the current compensation and benefit package available in your institution is linked to the institutions strategic plan?
6. Are there benefits and services which you think necessary but not considered in your institutions?
7. Finally, is there anything that you want to comment about current compensation and benefit practices of your organization?

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of, Chalachew Getahun (PHD). All sources of materials used for the thesis have been fully acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

St Mary's University, Addis Ababa

Signature

January, 2019

ENDORSEMENT

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

Advisor's Name

St. Mary's University, Addis Ababa

Signature

January, 2019