

**ST. MARY'S UNIVERSITY COLLEGE
BUSINESS FACULTY
DEPARTMENT OF MANAGEMENT**

**COMPENSATION AND BENEFITS MANAGEMENT
PRACTICES AND PROBLEMS OF
ETHIOPIAN HUMAN RIGHTS COMMISSION**

**BY
HABTE LEMMA**

**JUNE/2010
SMUC
ADDIS ABABA**

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ETHIOPIAN HUMAN RIGHTS COMMISSION**

**A SENIOR ESSAY SUBMITTED
TO THE DEPARTMENT OF MANAGEMENT
BUSINESS FACULTY
ST. MARY'S UNIVERSITY COLLEGE**

**IN PARTIAL FULFILLMENT OF THE EQUIREMENTS
FOR THE DEGREE OF BACHELOR OF ARTS IN
MANAGENT**

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**JUNE 2010
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ACKNOWLEDGEMENTS

I would like to express my gratitude to my advisor Ato Goitom Abrham who spent much time in giving guidance and constructive comment and suggestions that helped me to complete my work success fully.

My appreciation also goes to the Ethiopian Human Right Commission Staff members and colleague use who gave me the required data and information.

Moreover I would like to thank my respective families particularly to my wife who gave me valuable morale and material support.

Last but not least I would like to thank W/t Etsegenet Wuhib and W/ro Tigist Fisseha.

Thanks to God for his un speakable gift and who did all things possible.

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HABTELEMMMA

FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT

APPROVED BY THE COMMITTEE OF EXAMINERS

Department Head

Signature

Advisor

Signature

Examiner (Internal)

Signature

Examiner (External)

Signature

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Human resource management is the strategic and coherent approach to the management of an organization's most valued assets the people working there. Human resource management means employing people developing their capacity utilizing, maintaining and compensating their services to the job and organizational requirement.

The Human Resource management function includes a variety of activities, and key among them in deciding what staffing needs you have and whether to use independent contractors or hire employees, if they are high performers, dealing with performance issues and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. ([http: en wikipedia. Org/wik/\(Human resource management 18/01/2010\)](http://en.wikipedia.org/wiki/Human_resource_management)).

Human resource management which helps in motivating the employees and improving organizational effectiveness by giving the more emphases for human element. The lucrative compensation & benefit will also serve the need for attracting and retaining the best employee. Designing Compensation and benefit system that is suitable both for the employees and employer is one of the duties of human resource manager of an organization successful compensation and benefit management package are really total reward system containing non-monetary, direct and indirect elements based on the objectives of the employer and the need of the employees.

(Henderson, Richard, 1986:186). mainly focused on compensation and package out comes in order to address the perquisite elements internal equity, External compensation, and performance based compensation and benefit package of Ethiopian Human Right Commission in Specific.

The Ethiopian Human Rights Commission(EHRC) is a national Human Right institution established in accordance with article 55(14) of the constitution of the Federal Democratic Republic of Ethiopia (FDRE) through proclamation number 210/2000. The establishing law gives the EHRC extensive mandates to promote, protect and work towards the realization of human rights in Ethiopia.

To this end, the commission needs to have experts and other employees who can carryout the activities. The staff, in order to accomplish the tasks need to be motivated and encouraged.

This study tried to find out factors that most affect employee compensation and benefit package in Ethiopian Human Right Commission.

1.2. Statement of the problem

In developing countries where basic necessities are not yet fulfilled, the issue of compensation and benefit is very sensitive. This creates a problem specially in hiring qualified employees, retaining and motivating them to expand their effort in the direction of organization objective (Ibbetson and Whith More 1997:22)

Therefore fair compensation and benefit management rule is necessary for the growth and survival of any organization. To this end Wallace and Fay (1988:4) said that the relationship between management and employees more likely create problems of achieving fairness than compensation and benefit management setting wage and salary rate, evaluating Jobs, and providing monetary and non monetary benefits.

As human resource is the major part of Ethiopian Human Right Commission, proper compensation like any other service giving organization, should be formulated conducted. Because proper compensation and benefit management will attract, retain and motivate employees.

Many employees of the organization claim that the organization does not have attractive and satisfying compensation and benefit scheme. Lack of these events will result in a consequence of high turn over and carelessness on daily activities.

1.3 Basic Research Questions

This study focuses on answering the following basic research questions

- What kind of benefit and compensation scheme are in use?
- What is the employees' perception on the fairness of the compensation and benefits management system of the organization?

- What are the factors considered while designing compensation and benefit scheme?
- What major problems are observed while applying the benefits and compensation scheme of the organization?
- What is the impact of the current employee benefits and compensation scheme ?

1.4 Objective of the Study

1.4.1 General objective

The general objective of the study is to find out the practices and problems of compensation and benefit management of Ethiopian Human Right Commission Accordingly the following Specific question can be down from this general objective.

1.4.2 Specific Objective

- To determine the type of compensation and benefit package currently in place.
- To identify the commonly used compensation and benefit package in Ethiopian Human Rights Commission,
- To find out the opinion of the employees of the Ethiopian Human Right Commission the fairness of compensation and benefits management system of the organization.
- To recommend some possible actions for improving the compensation and benefit management of the organization.
- To find out the impact the current employee benefits and compensation on employees motivation.

1.5 Significance of the Study

The research will give the Ethiopian Human Right Commission relevant information on the perception of employees towards existing benefits and compensation package or system of the organization the results of the

study would this help the organization to take the required corrective measures.

Moreover, the paper can serve as a reference material for other researchers who are interested to undertake similar study

1.6 Delimitation /Scope of the study

The study focuses on permanent employee's perception on compensation and benefit management practices and problems. It does not include compensation of temporary or contract workers/employees..

1.7 Definition of terms or Operational Definitions.

Employee Compensation :- Includes topics in regard to wage and for salary programs and structures, for example. Merit based programs, bonus based programs, and commission based program. ([http://management help. Org /pay-ben/ compenstn/compnstn.htm](http://managementhelp.org/pay-ben/compenstn/compnstn.htm))

Employee benefits:- Are forms of value other than payment, that are provided to the employee in return for their contribution to the organization, that is, for doing their job. These include retirement plans, health life insurance and vacation. Etc. (Ibid)

Management:- Is an all in all business and human organization activity It is the act of getting people together to accomplish desired goals and objectives. <http://en.wikipedia.org/wiki/management>

1.8 Research Design and Methodology

1.8.1 Research Design

A descriptive method is used in carrying out this study because it pictures the current situation in the organization and show accurately the characteristics of a particular situation. More over, it also helped the research to gather several kinds of data related to the subject under study.

1.8.2 Population and sampling technique

Complete enumeration (census) used since the number of permanent employees in the commission is small. All in all the commission has 60 employees. Therefore since the numbering employees is manageable all are involved in the study.

1.8.3 Types of data

Both primary and secondary data sources have been consulted to undertake the study. With regard to primary data first hand information related to employees perception has been collected. Secondary data related to compensation and benefit management practice, guidelines and policies have been collected from documents in the Human Resources Department. In addition to this, some materials such as books, proclamations, strategic plan etc. of the EHRC will be referred.

1.8.4 Method of data collection

Methods of data collection two types of data collection methods have been employed based on type and sources of data. Primary data from employees was collected by administering structured questionnaires. Information from secondary sources was collected by referring to documents found on the human resource department of the commission, magazines, books etc.

1.8.5 Methods of data analysis

In this study, descriptive method will be employed in order to assess and describe factors that most affect employees' compensation and benefit packages of the Human Rights Commission.

The collected data was tabulated, analyzed, and interpreted using frequency count and percentage.

1.9 Limitation of the study

The following are limitations of the study:

- The researcher is a full-time employee, due to this there are time constraints.
- The challenging of some respondents was not properly filling the questionnaires and returning them in time.
- For the purpose of the study it was intended to interview 7 management members of the commission in addition to the questionnaires administered to 50 employees. However, for various reasons the management members could not comply with the interview. Therefore, the findings of the study are based on the questionnaire administered to 50 staff of the commission.

1.10 Organization of the study

The study comprises of four chapters. Chapter one deals with an introduction which includes background of the study, statement of the problem; basic research question, objective of the study, significance of the study, delimitation scope of the study, definition of terms, research design and methodology. Chapter two contained a review of related literature. Presentation and analysis of the data are discussed in chapter three. Finally, chapter four comprises summary, conclusions, and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

COMENSATION AND BENEFITS

2.1 Compensation and Benefit over View

Definition

Different Scholars define the term compensation with regard to Human Resource application by attaching their idea with different theories and research findings some of them are the followings.

Mikouich & New Man (2005):- define compensation as follows: "Compensation refers to all forms of financial returns and tangible services and benefits employee receives as part of an employment relationship."

In many Compensation management areas always the Question: "what is compensation? Raised by both the employee and employer and it contains different concepts but similar meanings. Mikovich and New man (P320) compensation: the financial remuneration given by the organization to its employee in exchange for their work. Ricky W Griffin, (Page 400).

2.1.1 What is compensation?

Compensation is the out comes (rewards) employees receive in exchange for their work, or pay is an exchange between the individual or group and the employer. A firm's values and cultures. Employees are more likely to look at what a company pays rather than what it says. In many respects. People behave as they are rewarded. In sofar as this is true. Compensation scheme communicates to the employees what the firm's expectation are of them. Therefore, for example, it quality is an

important value it should be reinforced through some element of the total compensation system. (Naukuri, [http:// payroll. naurihub. com/ compensation/](http://payroll.naurihub.com/compensation/))

Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks it is the major cost of doing business for many organizations at the start of the 21st century. It is the chief reason why most individual seek employment it is an exchange relationship. Employees trade labor and loyalty for financial and non financial compensation (Pay, benefits, services, recognition etc.) (John. M.IVANCEVICH page 297)

An employee total compensation has three components. The relative proportion of each (known as pay mix) Varies by firm.

1. The first and (in most firms) largest element of total compensation is base compensation, the fixed pay an employee receives on a regular bases. Either in the form of salary (for example a weekly or monthly pay check) or as an hourly wage.
2. Component of total compensation is pay incentives, programs designed to reward employees for good performance. These incentives comes in many forms (including bonuses and profit sharing)
3. Component of total compensation is benefits, some time called indirect Compensation Benefits encompass a wide variety of programs (for example, health insurance, vacations, and unemployment compensation). The costs of which approach 41 percent of workers compensation's packages. A special category of benefits called perquisite, or perks, are available only to employees with some special status in the organization, usually upper-level manager. (Luis R. Gome Z-mejia, (page:302)

2.1.2 Concepts

In the case of human resource management, compensation is referred to as money and other benefits received for the service he rendered to his employer.

Money and benefits received may be in the form of base compensation in money form and various benefits like provident fund gratuity, insurance and any other payment employee receives as enjoys. Wayne F Cascio has defined compensation on his book "managing human resource Compensation includes direct cash payment, indirect payment in the forms of employee benefits and incentives to motivate employee to strive for higher levels of productivity" Based on the above description of compensation, we may identify its various concepts as follows

2.2. Compensation Equity

A. Equity

- Perception that one is being treated fairly

B. External Equity

Employee are paid comparably to those who perform similar jobs in other firms.

C. Internal Equity

Employees are paid according to relative value of their jobs within organization.

D. Employee Equity

Individuals performing similar jobs for the same firm are rewarded according to factors unique to the employee, such as performance level or seniority.

E. Team Equity

More productive teams receive greater rewards than less productive groups.

Source ([http: "WWW rot man utoronto.](http://www.rotman.utoronto.))

2.2.1 Compensation: An overview

A. Direct Financial Compensation

Wages, Salaries, bonuses, commissions

B. Indirect Financial compensation

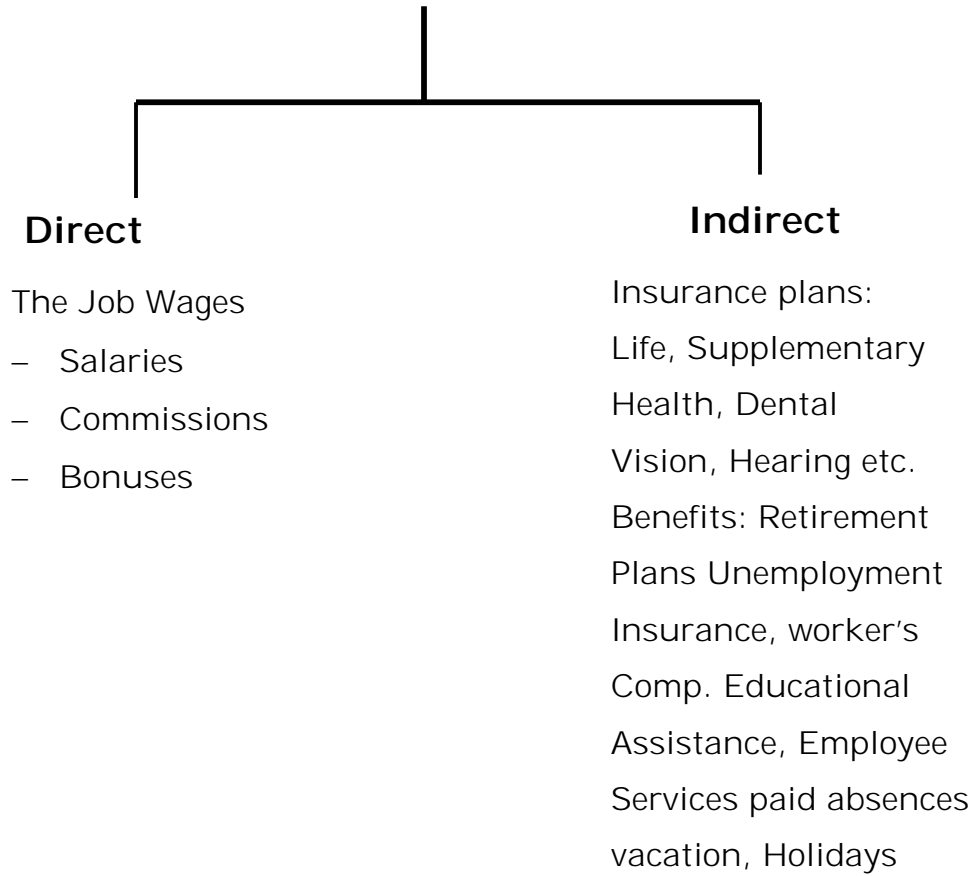
- All financial rewards not included in direct compensation (benefits)

C. Non financial Compensation

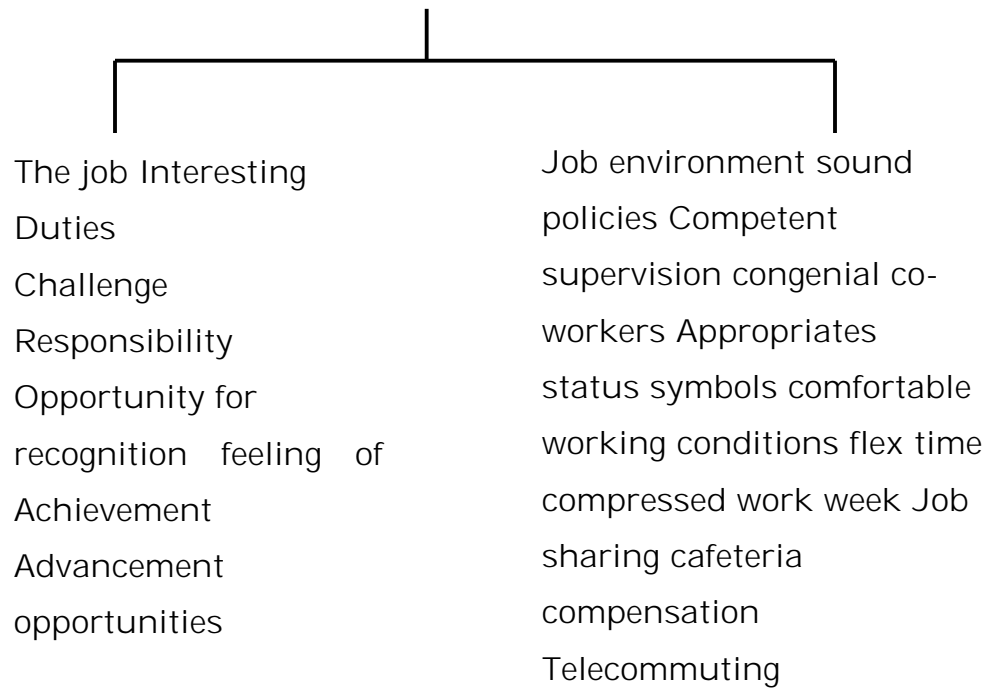
- Satisfaction received from the job or from the psychological and/or physical environment of the job or from the psychological and/or physical environment of the job

2.2.2. Compensation

2.2.2.1 Financial



None Financial



Source ([http:// WWW rotman vtoronto](http://WWW.rotman.vtoronto))

2.3 Job pricing

Purpose

Use this component define a competitive compensation policy by strong job evaluation results and market data in the job pricing component. Use these results as the basis on which to build suitable salary structures for your organization. You can use the external data as a basis on which to calculate your organization's competitive position and to plan and implement any corrective action required.

This component supports compensation related data at the job and position level and provides both reporting capabilities as well as maintenance functions for salary structure and jobs.

Use this component to:

- Store and manipulate information from external job evaluation systems and salary suweys
- Genereate and maintain salary structure
- Run statistics programs to evaluate and compare jobs and job related data source ([http:// help sap. Com](http://help.sap.com))

2.4. Definition of Benefits

A comprehensive definition of benefits provision by organizations is given by Hen man and others as follows: "Benefits are the provision of indirect compensation to the employee in forms such as health and life insurance, pension plans, pay for time not worked (such as holidays, vacations and breaks) and family and social welfare benefits and services" (Hen man et. Al., 1997: 524)

Types of Benefits

2.4.1. Mandated Benefits

Three benefits programs offered by private and not for profit employers are mandated by federal and state governments. An employer has no choice about offering mandated benefits program and can not change them in any way without getting involved in the political process to change the existing laws. The three mandated programs are unemployment insurance, severity, and works compensation (Inuancewich and Gweck, 1989:361)

Unemployment Insurance

“Unemployment was very high, the government was pressured to create programs to take care of people who were out of work through no favet of their own” (Inuanceuich and Gweck, 1989:362)

Social Security

“The pension portion of the social security system was established under the old –Age, survivors, and Disability Insurance Program. The goal of the pension was to provide income to retired people to supplement savings, private pensions, and part-time work.” (Inuanceuich and Glueck, 1989:364)

Worker Compensation

“Employees who incur expenses as a result of job-related illnesses or accidents receive a degree of financial protection from workers’ compensation benefits. The workers compensation programs are administered individually by the various states.” (Inuancewich and Gevece 1989:365)

Employee compensation refers to all forms of pay or rewards going to employees and arising from their employment, and it has two main components: direct financial payment (in the form of wages, salaries, incentives, commissions and bonuses) and indirect payments (in the form of financial benefits like employer-paid insurance and vacations).

2.4.2. Voluntary Benefits

In addition to the benefits required by law, many employers also provide other kinds of benefits voluntarily: compensation for time not worked. Insurance protection, and retirement plans. There are many differences in employers’ practices regarding these benefits. (Inuancewich and Gevece 1989:365)

2.5. Incentive compensation

Methods for paying employees on the basis of output are usually referred to as incentive forms of compensation. Incentive compensation can be paid individually, to the work group or on an enterprise-wide basis. Incentive compensation assumes it is possible and useful to tie performance directly to pay.

Merit incentive – the most widely used plan for managing individual performance is merit pay. Results in a higher base salary after the annual

performance evaluation. Merit increase are usually spread evenly though out the sub sequent year. (Invancewich and Gwck, 1989:333)

2.5.1 Individual incentives

Parhaps the oldest from of compensation is the individual incentives plan in which the employee is paid for units produced. Today the individual incentive plan takes several forms piece work, production bonus and commissions.

- a) Piece Rate an employee is guaranteed an hourly rate (Probably the minimum wage) for performing an expected minimum out put (the standerd). The employer pays so much per piece produced (Invancevich and Gweck, 1989:429)
- b) Production Bonus: This payment is gesture of good will over and above the regular wages. It usually amounts to 8.33 percent of salary which basically work out to be equivalent to one month salary. This is the minimum and the organizations have freedom to pay more than this minimum depending up on the available surplus. (Mirza S Saiyadain., Third Edithion 1998:332)
- c) Commissions: Are found among sales people. Commissions are similar to piece- rate plans except that payment is made for sales rather than for production. Some commission plans resemble production bonus plans in that they provide established quota (Henman et, al. 1997:500)

For incentive plan to work, they must be well designed and admistged, it appears that an individual incentieve plan is likely to be more effective under certain circumstances (Iunacerich and Gweck, 1989:430). These are when:

- The task is liked
- The task is not boring
- The supervisor reinforces and supports the system;
- The plan is acceptable to employees and managers and probably includes in the plan design;
- The incentive is financially sufficient to induce increased output;
- Quality of work is not important; and
- Most delays in work are under the employees control

2.5.2 Group Incentives

Piece rate, production bonuses, Commissions and other incentive can also be paid to group individuals. This might be done when it is difficult to measure individual output, when cooperation is needed to complete a task or project, and when management feels this is a more appropriate measure on which to base incentives (Ivancevich and Gweck, 1989:43)

2.5.3 Organization wide Incentives

In an attempt to minimize the problem of inter-individual and inter-group competition some organizations have elected to use organization wide incentive plans. Competition can result in withholding information or resources, political gamesmanship, not helping others and even disrupting the work of others. These behaviors can certainly be costly to an organization that uses these types of plans (Ivancevich and Gweck, 1989:432) organization wide incentive plans generally referred to as gain sharing plans, because they return a portion of the company's cost saving or profit to the worker. According to Henman et. al (1997:502) such plans are never the sole source of employee compensation. Rather they are adjuncts to base compensation plans or to individual or group incentive plans. Organization wide incentive plans reward all workers in

an organization based on the performance of the entire organization (Gome Z-mejia et. Al.< 1995:407)

Wage and salary

Wage

“Wages” means the regular payment to which the worker is entitled in return for the performance of the work that he performs under a contract of employment (Federal Negarit Gazeta, 2400:2468)

Salary

Pay calculated at annual or monthly rate rather than hourly. Those who are exempt from regulations of the fair labour standard act and do not receive over time pay receive salary. (Invanceuich and Gweck 1989:333)

Legally Required benefits in the Ethiopian context

Virtually every employee benefit is some how affected by statutory or common law. In this section the primary focus is on benefits that are required by statutory law. (Under the FDRE, 1995 Labour Proclamation No 372/2003)

Proclamation, employees are eligible to get the following compensation payments for idle time

A worker shall be entitled to his her wage if he she was ready to work but, because of interruptions in supply of tools and raw materials or for reasons not attributable to him was not able to work.

Over time payment

In addition to his normal wage, a worker who works overtime shall be entitled at least to the following payments. (Labour Proclamation No. 377/2003)

Public Holidays

Public holidays observed under the relevant law shall be paid public holidays, a worker , who is paid on a monthly basis shall incur no reduction in his wages on account of having not worked on public holiday. (Labour Proclamation No 377/2003)

Annual leave

An agreement by a worker to waive in any manner his right to annual leave shall be null and void. It is prohibited to pay wages in lieu of the annual leave. (Federal Civil Service Proclamation No 515/2007)

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Special leave

Leave for family Events

- i) A worker shall be entitled to leave with pay for three working days when;
 - a) He concludes maiming; or
 - b) His spouse or descendants or ascendants or another relative, whether by affinity or consanguinity up to the second degree dies. (Federal Civil Service Proclamation No 515/2007)

Leave for special purposes

A worker who exercises his civil rights or duties " shall be granted in the following manner:

- 1) The first one month with 100% of his wages
- 2) The next two months with 50% of his wage
- 3) The next three months with out pay (Labour Proclamation No 377/2003)

Discrimination

Women shall not be discriminated against as regards employment and payment, on the basis of their sex. (Federal Civil servants proclamation No515/2007)

Maternity leave

An employer shall grant leave to a pregnant women worker with out deducting her wages, for medical examination connected with her pregnancy. Provided, however, that she is obligated to present a medical certificate of her examination.

A woman worker shall be granted a period of 30 consecutive days of leave with pay preceding the presumed date of her confinement and a period of 60 consecutive days of leave after her confinement. (Federal Civil Service Proclamation No 515/2007)

CHAPTER THREE

PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION

This chapter is concerned with the analysis of data obtained through questionnaires containing close ended questions and very few open ended questions. The respondents are employees of Ethiopian Human Rights Commission. The sampling method used for this study is census in which the questionnaires were distributed to all employees. Out of the distributed questionnaires, 50 copies were well filled out and the rest 10 copies were not collected.

The first part of this chapter focuses on the characteristics of the respondents and the second part deals with the analysis of the findings of the study.

3.1 Characteristics of the Respondents

Table I : sex and age composition of correspondent

Item	Frequency of Responses	
	No.	%
Sex		
Male	26	52
Female	24	48
Total	50	100
Age		
Below 20 years	--	--
From 20-29 years	13	26
From 30-39 year	26	52
From 40-49 year	8	16
50 and above	3	6
Total	50	100

According to the data table I out of the total (50) respondents, 26(52%) were males and the remaining 24(48%) were females. From this one can understand that there was greater number of male employees in the Organization, but how ever the documents that the researcher reviewed revealed, there were no discrimination in the organization hiring employees.

Regarding the age respondents, 13(26%) were between 20-29 years old, next 26(52%) of the respondents were with in the range of 30-39 years, 8(16%) were from 40-49 finally 3(6%) of them were 50 and above years of age.

Table II: Educational Status, work experience and monthly income of respondents

Educational Qualification	Frequency of Responses	
	No	%
Below grade 12	14	28
Certificate	2	4
College Diploma	13	26
First degree	14	28
2 nd degree	7	14
Total	50	100
Years of Experience		
Below 1 year	--	--
1-2 years	20	40
3-4 years	6	12
4-5 years	24	48
Total	50	100

Amount of salary per month	No	%
Less than 400 Birr	8	16
From 401-1000 Birr	10	20
From 1001-2000 Birr	16	32
From 2001-3000 Birr	10	20
More than 3000 Birr	6	12
Total	50	100

According to the data table II exhibits the educational Background of respondents. Out of the total, 13(26%) had college diploma. The next 14(28%) were 1st degree graduates. On the other hand, 7(14%) of them were 2nd degree holders both, below grade 12 and certificate were 16(32%).

According to the data table II shows years of employees' experience. As it was shown respondents and less than 1-2 years of service 20(40%) of them had an experience in between 3-4 years. Besides, 6(12%) had more than 4-5 years of experience and 24(48%). Hence, the organization held employees who had almost all levels of experience in the organization. Therefore, one can inter that is was possible to get all levels of information from employees of different experience.

According to the data table II shows that earned salary less than 400 birr, 8(16%) of respondents income was between 401-1000 birr, while 10(20%) earned from 1001-2000 Birr and 16(32%) of them had income was between 2001-3000 Birr 10(20%) of respondent earned more than 3000 Birr. The rest 6(12%) of the respondent'. earned less than 401-1000 birr this table shows most of the respondents income were in between 1001-2000. There fore, just by way of common understanding, this amount of salary looks reasonably fair as far as our country is

reality is concerned. But as can be seen in the table below the perception of employees as far as this amount of salary looks different.

Table III: Employees evaluation of their payment level as compared to different factors

No.	Item	Frequency of Responses	
		No.	%
1	How do you compare your salary with you current responsibility and the work you are engaged in?		
	Very high	--	--
	High	--	--
	Moderate	21	42
	Low	24	48
	Very low	5	10
	Total	50	100
No.	Item	Frequency of Responses	
		No.	%
2	To what extent is your salary enough to satisfy your basic needs in the current economic situation?		
	Very high	--	--
	High	--	--
	Moderate	--	--
	Low	16	32
	Very low	34	68
	Total	50	100
No.	Item	Frequency of Responses	
		No.	%
3	How do you see your salary when it is compared with similar educational qualification with other organizations?		
	Very high	--	--
	High	10	20
	Moderate	14	28
	Low	26	52
	Very low	--	--
	Total	50	100

It can be seen in the table III of item 1, 24(48%) of the respondents perceived that they are low paid as compared to their current responsibility. On the other hand, 21(42%) of respondents thought that they were earning moderate salary compared to their position. This implies that majority of EHRC employees are not satisfied to the required level with their pay as compared to their contribution.

On the same table item 2 tries to assess the adequacy of employees' monthly payment to meet their basic needs in the current economic situation. Accordingly, 34(68%) of the respondents replied that their monthly salary is low to satisfy their basic needs in the current market inflation. And 16(32%) of respondents said that they are paid very low to cover their basic needs. This implies that the salary of employees is not enough to satisfy their basic needs in the current high inflation.

Item 3 of the table revealed the comparison of the salary of employees in Ethiopian Human Rights Commission and those employees in other organizations. Out of the total respondents, 26(52%) said that their salary is low as compared to others with similar educational qualification working in other organization. On the other hand 14(28%) of the respondents replied that it is moderate as compared to the salary of employees in other organizations. The rest 10(20%) of the employees responded that the salary is high compared to the payments in other organizations.

From this it is possible to realize that the salary scale of EHRC remains behind as compared to employees of other organizations with similar educational qualifications.

Table IV: Over Time Payment

No.	Item	Response	Frequency of Responses	
			No.	%
1	Do you get over time payment for the work you do in your spare time?	Yes		
		No	50	100
	Total		50	100

Table IV tries to investigate the overtime payment situation of EHRC. Accordingly all of the respondents answered that they do not get over time payment for works they do in their spare times. When they were asked why they were not entitled for the overtime payment in the open ended question followed they said that EHRC had a policy that state an employee who has a representative allowance is not entitled for over time payment though he/she works in his/her spare times.

Table V: Employees response with respect to their bonus payment

No.	Item	Frequency of Responses	
		No.	%
1	Do you know your organization bonus offering mechanisms?		
	Yes	20	40
	No	30	60
	Total	50	100
2	Did you get bonus with in the past two years?		
	Yes	0	0
	No	50	100
	Total	50	100

Table IV item 1 revealed that 30(60%) of the respondents do not know the bonus payment mechanism of the organization and only 20(40%) said that they know the bonus payment mechanism. This shows that to commission does not communicate is not transparent with regard to its compensation and benefit policy to its employees.

Similarly item 2 of the same table also shows that all respondents did not get bonus for the last couple of years.

Table VI: Problems faced by employees which placing, claims to use their compensation and benefits package

No	Item	Alternative	Frequency of Responses	
			No.	%
1	How often have you faced problem while claiming to use your compensation and benefit package?	Very often	10	20
		Often	4	8
		Some times	24	48
		Not at all	12	24
		Total	50	100
2	If your answer to question NO 1 is very often and often which of these problems are more significant.	Timing	6	12
		Facilitation	12	24
		Length bureaucratic	28	36
		Other	4	8
		Total	50	100

As indicated in table VI above most of the respondents faced problems somehow while claiming to use their compensation package. Thus 24 or 48% of respondents confirmed that they sometimes faced problems while claiming to get their compensation package. The others 12 or 24% of respondents said that they didn't face problem at all and 10 or 20% of respondents said that they face often problem while claiming for their compensation package and 4 or 8% them said this is happened very often. This shows that there is a prevalence of problem with regard to claiming compensation in the commission.

Similarly, the respondents were asked to specify the type of problems that mostly face. Based on their response 6 or 12% of the respondents believe that there is a problem of lengthy bureaucratic procedure 12 or 24% of the respondents believed that there exists facilitation problem

and 14 or 28% of them indicated that there is timing problem. The rest whose accounts for 4 or 8% of respondents face different other types of problems and they choose the option other but they didn't mention their problems and they choose the option 'other' but they didn't mention their problems.

Table VII: Employees Emergency Loan

No.	Item	Frequency of Responses	
		No.	%
1	Does the organization give emergency loan during personal problems?		
	Yes	50	100
	No	0	0
	Total	50	100
2	If your response to item 1 is "Yes" do you think the emergency loan is sufficient?		
	Yes	24	48
	No	26	52
	Total	50	100

Table VII exhibits information regarding the provision of emergency loan for employees in Ethiopian Human Rights Commission. As it is shown in item 1, all of the respondents answered that there is emergency loan during personal problem. As it is mentioned in item no. 2, 26(52%) of the respondents indicated that the emergency loan is not sufficient. Whereas, 24(48%) of respondents said that the emergency loan is adequate for personal problems. This implied that emergency loan provided by the organization was not to the level of satisfying the employees emergency needs.

Table VIII: Types of Benefits

Item	Frequency of Responses	
	No.	%
Which of the following benefit do you get from the organizations?		
Medical service	-	-
Tuition fee	-	-
Sick leave payment	50	100
Holidays leave payment	50	100
Recreation and sport facilities	-	-
Library service	50	100
Transport	16	32
Uniform and shoes	14	28
Annual leave	50	100
On duty harm compensation		
Pension	50	100
Bonus		
Loan service	50	100
Maternity payment	50	100
Commission	-	-
Allowance	-	-

Table VIII depicts responses of the respondents on the types of benefits they receive. As can be seen from the table all respondents confirmed that they usually receive sick leave payment, holidays leave payment, library service, annual leave, pension, loan service, and maternity leave pay.

On the other hand almost all of the respondents confirmed that the organization does not provide medical service, no tuition fee, no bonus, no allowance and no commission, no recreation and spot facilitation. And

also only 16(32%) of the respondents got transportation services. On the other hand, 14(28%) of the respondents answered that they get uniforms and shoes, no one of the respondents did receive recreation and sport facilities this shows that to EHRC benefit package does not benefit all employees. It is only based on the type of job and for limited services.

Table IX: Employees benefit as compared to other organizations.

Item	Frequency of Responses	
	No.	%
How do you rate the benefits provided by the organization as compared to others?		
Very high	1	2
High	3	6
Moderate	12	24
Low	24	48
Very Low	10	20
Total	50	100

As can be seen from table IX the opinion of employees revealed that the benefits provided by in Ethiopian Human Rights Commission are low as compared to this provided by similar organization. Out of the total respondents, 24(48%) of them said that their benefit are low compared to others with similar positions on other organization. On the other hand 12(24%) replied that it is moderate as compared to the benefits of employees in other organization. The difference in compensation and benefit package will make skilled workers to flee to organization that has better benefit package.

Table X: Respondents view on the need for negotiation for compensation

Item	Frequency of Responses	
	No.	%
Do you negotiate your compensation package during your recruitment?		
Yes	1	2
Yes some times	7	14
No	42	84
Total	50	100
If your answer to the above question is "No" do you feel that, it was important to negotiate?		
Yes	31	62
Yes some times	10	20
No	9	8
Total	50	100

In their response to the question posed above in table X, majority 42 or 84% of the respondents indicated that they didn't negotiate about their compensation package during recruitment. On the other hand, 7 or 14% of the respondents negotiated to some extent and in significant number, only 1 or 2% of them confirmed that they didn't negotiated about their compensation and benefit package during recruitment stage.

From the respondents, 31 or 62% of them believed that negotiation is important during recruitment 10 or 20% of the respondents didn't shown the importance of negotiation and only 9 or 18% of them looked the effect as some how critical and they said negotiation may be important to some extent.

Table XI: Employees intention of leaving their organization

Item	Frequency of Responses	
	No.	%
Do you have any intention to leave the Organization?		
Yes	31	62
No	19	38
Total	50	100

As it is shown in table XI above 31(62%) of the total respondents replied that they have an intention to leave the Organization; while 19(38%) of them said that they do not have any intention to leave the organization. This shows that the majority of the respondents want to leave the organization if they get better opportunity. So, we can infer that the organization would suffer from high turnover problem unless it makes adjustments in its compensation and benefit schemes.

Table XII: Participation of employees in planning compensation and benefit package

Item	Frequency of Responses	
	No.	%
To what extent do you participate in planning compensation and benefit package in your organization?		
To a very great extent	1	2
To a great extent	1	2
To a some extent	8	16
Undecided	-	-
Not at all	40	80
Total	50	100

Are the compensation and benefit package bases on your preference		
Yes	1	20
To some extent	7	14
No	42	84
Total	50	100

Planning may be the primary task of managerial activities; any things that is needed to be implemented should be first planned. Employees who participated in the study (respondents) are asked about the extent of their participation in planning process of Ethiopian Human Right Commission compensation and benefit management. According to the data presented in table XI above, among the total respondents, 40 or 80% of them said that they do not participate in the planning process of at all. But 8 or 16% of them said that participate they do to a great extent in the planning process, and 1 or 2% of the respondents participate to a very great extent.

If employees participate in planning of their compensation and benefit package it may be possible to satisfy their needs or the package could be designed based on their preference. To know this the researcher asked the respondents whether the package is based on their preference or not. As presented in the above table, 42 or 84% of the respondents are in the opinion that the package is not designed based on their preference. In the other side, 7 or 14% of the respondents agreed that the package satisfies their needs to some extent. But only 1 or 2% of the respondents suggested that the available package does satisfy their preference.

Almost all of the respondents needs improvement of the compensation benefit package and ask to incorporate additional features they also asked the modification to be made by looking other compensation and

benefit elements working situations burden and other things. Generally may of the respondents agreed that the current available package is not as match satisfy especially compared with other similar organization.

CHAPTER FOUR

Summary conclusion and Recommendations

The ultimate objective of this study focuses on employees' attitude on compensation and benefit management, a case study on Ethiopian Human Rights Commission (EHRC). In order to achieve this objective, related literatures were reviewed; and a questionnaire was distributed to the population of the study.

The data obtained are presented using percentage and are summarized as shown below. Moreover, based on the summary, conclusions are drawn and recommendations are forwarded.

4.1. SUMMARY OF FINDINGS

The following are the summary of the major findings of the study:

- Majority, i.e., 42 (84%) of the respondents replied that their monthly salary is inadequate to satisfy their basic needs.
- 50 (100%) of the respondents that are not paid over time allowance for extra job done during their spare time.
- 30 (60%) of the respondents said they are not told about the mechanism of bonus. This shows that significant number of employees were not properly communicated about the bonus mechanism in the organization recruited.
- All respondents believe that the organization provided an emergency staff loan during personal problem, but they also believe that it was inadequate.

- All (100%) of respondents responded that the organization gives sick leave payment; holidays leave payment, library service, annual leave, and pension.
- Ethiopian Human Rights Commission can not cover tuition fee for only those who were allowed to correspond their education in government or private university or college.
- Employees greater in number face problem while claiming their compensation and benefit package and they believe that the problem is mostly lengthy bureaucracy.
- Majority of employees didn't negotiate about their compensation package and they believe the importance of negotiation during recruitment.
- Most employees are not participating in planning their compensation package and the package element are not on the bases of employee's preference.
- Majority 31 (62%) of respondents said that they had an intention to leave the organization, if they get a better job or good payment.

4.2 Conclusions

- Based on the finding of the study it can be concluded that employees of the Ethiopian Human Right Commission does not have compensation and benefits scheme and a policy and guideline to exercise compensation and benefit management.

- However the organization does not pay bonus and overtime payment.
- The benefits of the employee that include sick leave payment, library service, and pension are almost satisfied by the Ethiopian Human Rights Commission.
- Emergency staff loan during personal problems helps the employees to be motivated. But the loan in EHRC is not satisfactory.
- The findings indicate that in EHRC there is no employee participation in preparing compensation & benefit plans of the commission. This thing hinders fulfillment of employee preferences. In addition to this, the employee's participation in the planning process is restricted or not allowed; it is difficult to hear the voice of employees and incorporate their feelings into the plan.

4.3 Recommendation

Based on the conclusion made so far, the student researcher realized and learned that there were lots of issues that need improvement, to motivate the employees through benefits and compensation. Therefore, the following suggestive recommendations are forwarded.

Sound salary and benefits systems are supposed to be provided for workers of the Ethiopian Human Rights Commission by considering the economic situation of the country.

To retain the most experienced employees, motivating them by using financial and non-financial rewards are indispensable mechanisms and

taking the bench mark of similar organization makes a significant improvement or the attitude of employee toward the organization. Because of the condition does not improve it will tempt employee to leave the commission to other organization with a better compensation and benefit packages.

- The in adequate emergency staff loan during personal problems should be supplied with reasonable repayment approach
- Like lack of information regarding the available compensation and benefit package elements, the absence of employee participation in planning process of compensation and benefit package
- If an organization handles its employees in a satisfactory benefit. The degree of turn over may decrease significantly, as a result, the organization can retain it valuable experienced employees. The unsatisfactory benefit and compensation in one hand resulted in choosing those experienced employee. One the other hand, hiring a new employees to further costs of training.
- Employees in Ethiopian Human Rights commission face problems some times while claiming to use their compensation and benefit package. This obstacle is mainly length bureaucratic problem. So to up grade the current situation the EHRC Human Resource department should do more, install and choose simple way of utilization
- The reason for many of the problems that are presented in above section may be the case of many employees who didn't negotiate about their compensation and benefit package during recruitment.

But the majority of employees believe there must be negotiation during recruitment period about the compensation and benefit package. This things helps to facilitate what the employees need and the organizations is actually capable to cover. Not only fulfillment of employee need but also employees and the commission come in to consensus by attributing the opportunities and threats from both directions

- Generally speaking as most scholars agreed on the issue of " Well motivated employee can contribute more for the fulfillment of organizations goal". To achieve this result Ethiopian Human Right Commission should see the case of compensation and benefit package as critical for the commission from the scratch and study the case in deeper. Not only looking the case in detail and also after that by making corrective actions. The commission can put its compensation and benefit package in better condition. The commission should establish better incentive system for its employees to manage the problems.

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DECLARATION

I, the undersigned, declare that this senior research is my original work, prepared under the guidance of Ato Goitom Abrham. All sources of materials used for the manuscript have been duly acknowledged.

Name _____

Signature _____

Place of submission _____

Date of submission _____

SUBMISSION APPROVAL SHEET

This senior research paper has been submitted to the Department of Management partial fulfillment for the requirements of BA degree in management with my approval as an advisor.

Name _____

Signature _____

Place of submission _____

Date of submission _____

Appendix A

St. Mary's University College Faculty of Business Department of Management

Questionnaire on Compensation and Benefit Management in Ethiopian
Human right Commission

Purpose: Gather data on compensation and benefit management in Ethiopian
Human Right Commission

Target: Employees of Ethiopian Human Right Commission

Direction: Indicate your response to the following inquiry by putting “√”
mark in the box and or by writing in the respective space provided.

Dear respondents the aim of this study is for partial fulfillment of bachelor of
ART in management. The area that the study emphasizes is compensation
and Benefit management in Ethiopian Human Right Commission Please,

- To maintain confidentiality, do not write your name or sign any where in the
questionnaire
- Give your appropriate response to all the statements found in this questionnaire.
- Kindly, don't consult others while responding

Background information

1. Sex Male Female

2. Age group

Below 20 years 20-29 year 30-39 years

40-49 years 50 and above

3. Educational Qualification

Below Grade 12 Certificate College Diploma

- First Degree 2nd degree and above

4. Year of experience in Ethiopian Human Right commission?

5. Amount of salary per month

- Less than 400 birr From 1001-2000 birr
 From 401-1000 birr From 2001 -3000 birr
 From 3001-4000Birr More than 4000 birr

6. How do you compare your salary with your current responsibility and the work you are engaged?

- Very high High Moderate
 Low Very low

7. To what extent your salary is enough to satisfy your basic needs in the current economic situation?

- Very high High Moderate
 Low Very low

8. How do you see your salary when if is compared with similar educational qualification with other organizations?

- Very high High Moderate
 Low Very low

9. Do you get any bonus with in the past two years

- Yes No

10. Do you know you organizations bonus/offering mechanisms?

- Yes No

11. To what extent do you participate in planning compensation package in your organization?

- To a very great extent No impact at all To some

To great extent Undecided extent

12 To what extent are you happy/satisfied with the compensation package offered by Ethiopian Human Right Commission

To a very great extent To some extent

To great extent Undecided No impact at all

13. Does the organization great emergency loan during personal problems?

Yes No

14. If your response to question 13 is “yes” do you thank the emergency loan is sufficient?

Yes No

15. Which of the following compensation and benefit do you get from the organization?

Types of compensation and benefit

- | | | | |
|-----------------------------------|--------------------------|---------------------|--------------------------|
| - Medical service | <input type="checkbox"/> | - Bonus | <input type="checkbox"/> |
| - Tuition fee | <input type="checkbox"/> | - Loan service | <input type="checkbox"/> |
| - Sick leave payment | <input type="checkbox"/> | - Maternity payment | <input type="checkbox"/> |
| - Holidays Leave payment | <input type="checkbox"/> | - Pension | <input type="checkbox"/> |
| - Recreation and sport facilities | <input type="checkbox"/> | Annual Leave | <input type="checkbox"/> |
| - Library Service | <input type="checkbox"/> | Commission | <input type="checkbox"/> |
| - Transport | <input type="checkbox"/> | Allowance | <input type="checkbox"/> |
| - Uniform and shoes | <input type="checkbox"/> | | |

Please mention if other types of compensation and benefit available

16. The benefit you obtain compared to what other people in a similar position or job in another organization get is ?

Very high High Moderate

Low

Very low

17. How often have you faced problem while claiming to use your compensation package?

Often

Very often

Sometimes

Not all

If your answer is often "Very often and/or some times" which are these problems are more supplicants?

Timing

Facilitation

Length bureaucratic

Other

18 Did you negotiate your compensation and benefit package during recruitment?

Yes

No

To some extent

19 Do you have any intention to leave the organization?

Yes

No

20. Are there any other benefits to intend to be given in addition to the present benefits ? _____

21. What do you think are problems of compensation and benefits management scheme of Ethiopian Human Right commission?

22. What are types of plan Ethiopian Human Right Commission has to improve from the Existing Compensation and benefit schemes?
