



WOLKITEUNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

ASSESSMENT OF COMPENSATION MANAGEMENT

PRACTICE (IN CASE OF WOLKITETOWN CIVIL SERVICE OFFICE)

**A RESEARCH PAPER SUMMETED TO THE DEPARTMENT OF
MANAGEMENT FOR THE PARTIAL FULIFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A BACHELOR OF ARTS (BA)
DEGRREE IN MANAGEMENT**

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Abstract

The study was conducted to assess compensation management practice in case of Wolkite Town Civil Service Office. The study was conducted by using primary and secondary source of data. The primary data was gathered from employees of the organization by the means of questionnaires' with the concern of employee compensation management practice. Secondary data were gathered from manual of the organization and other related materials. the total population of employee 38. Census was used for the researcher conducted. The data collected from respondents were analyzed by descriptive method through percentage and tabulations. Based on the study the researcher concluded that Wolkite Town Civil Service Office did not have good compensation management practice. There is no employee promotion policy in the organization and in most case the working condition were not favorable. The study recommended, that it is better for the organization to provide promotion for well performing employee, it is better to the organization create favorable work environment. Since most people desire an open, safe and welcoming environment, It is better to the organization to offer reward to the employees with regard to their contribution to the organization by selecting best performance. The individual employee would try to better and increase working competition when the organization give reward based on their contribution.

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CHAPTER ONE

INTRODUCTION

1.1 Back Ground of the study

Compensation refers to every types of reward that individual receive in return for their function. The compensation received for work is one of the chief reason people seek employment from employee's point of view. Pay is necessary in life pay is means by which employees satisfied their own their family needs.

Compensation may be the only or certainly major reason why they work other find compensation contributing factor to their effort pay can do more than satisfying their psychological needs of employees . However lit can also serve their recognition (Armstrong 1999). Compensation is one of the most important in the personal management for their employee too compensation often equals 50% of attract and retain employees and to get the work done as well as a means to more effective performance.

It is also major cost of operating an enterprise (megginson,1981) employees fell that their work to the employees measured in great part by the earning they received, it is important to mark the employees aware that to large degree their earning are direct result of the work they perform.

The employer should make sure each employee understand why he/she does not receive an increase. The employee derives that the truth concerning this matter. Many employee gate wage increase, almost entirely on the base of productivity ,but I fell that productivity and cooperation are equally or important , it is the employee advantage as well as employees to pay personal as much as possible under the circumstance (Megginsin,1981).

Compensation represents both the intrinsic and extrinsic rewards. Employees receive for performing their jobs, intrinsic compensation reflects employees' psychological mindsets that results from performing their jobs, while extrinsic compensation includes both monetary and non-monitory reward (Martochio, 2004pp.89). Compensation is the remuneration received by a

employee in return for his /her contribution to the organization. (It is an organized practice that involves balancing the work employee relation by providing monetary and non monetary benefits to employee. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effective (pancake etal, 2012).

1.2 Statement of problem

The goal of any compensation is to enhance employee motivation, increase productivity, ensure fair distribution of employee payment in an organization and maintain and attract qualified human resources (Mandy, 1992)

If employees are commented in good manner they will create good working habit in the respects of the organization (Berhanadion, 2001).

The components of total compensation program are direct form of financial compensation and indirect form of financial compensation (Mandy, 1992)

Among direct compensation are pay and incentive in the form of salary and wage, pay is basic compensation that each employee in the organization enjoy in the form of salary. on the other hand indirect compensation, Some benefits allocated to the employees in the organization. Example of them are training, Special cloth, Sanction and house service (Mandy, 1991)

Generally poor compensation management practice is the problem of Wolkite Town Civil Service Office.

1.3 Research question

This study was try to answer the following research questions:-

- What type of compensation management practice followed by the organization ?
- What is the attitude of employee towards compensation management practices in the organization?
- What are the role of compensation management practices on employee satisfaction?
- What are the major problem related to compensation management practice in this organization ?

1.4. Objective of the study

1.4.1 General objectives

The general objectives of this study is to asses compensation management practices the case of Wolkite Town Civil Service Office

1.4.2 Specific objectives

The specific objective of this study would be:-

- To assess the compensation management practice of the organization
- To investigate the attitude of employee toward the compensation management practice of the organization
- To examine the role of compensation management practice on employee satisfaction
- To identify the major problem related to compensation management practice in the origination

1.5 significance of the study

This study would have significance for both researcher and the organization this research would help the organization to understand the weakness and strength of the organization compensation management practices for researcher get experience and knowledge for further study and it serve for other researcher who want to conduct study on similar area.

1.6 scope of the study

Due to lack of enough time and high cost this study are conducted on the assessment of compensation management practice in case of Wolkite Town Civil Service Office only. In this case all other factors which is not included in the study.

1.7 Limitation of the study

When the researcher performs the activities faced certain challenges such as unwillingness of the respondents to give relevant information, employees unable to return the question on time and lack of experience.

1.8. Organization of the study

This research paper would contain five chapter the first chapter is an introduction of the paper includes back ground of the study statement of the problem objective of the study research fustian significance of the and scope of the study organization of the paper and definition terms where two hold literature review and chapter three task about research methodology chapter four deals about data presentation and analyses and Finally chapter five holds conclusion and recommendation.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Definition of Compensation

Many scholars define compensation in different way. According to Robert compensation is an important factor affection how and why people choose to work at one organization over other employee must be yeas able competitive with several types of compensation to attract and retain competent employees Receive in change for their work.

According (Mandy, 1992) compensation also refers to every types of reward that individual receive in rectum for their labor. He also classifies compensation in to two direct compensation and indirect compensation.

Indirect compensation refers to various types of benefit that the organization provided, such as vacation, pay holiday, health insurance, pension life insurance, housing and some among other direct compensation rears o wage and salaries or more simply pay (Casio, 1995) define compensation is the plan need to tied to an organization strategic mission and should take their direction from the mission. Compensation strategies that is content up on work and organization characteristics. different compensation strategies are employed for various business strategies and they must adjust to shift the business strategies to implement compensations strategies the process calls for maintain in interval equity (the relationship among classification staying competitive in the market place extremely party),and an dusted improving pay According to (Mandy, 1992) there are two types of compensation.

1. Direct compensation is used to scribe the cash received in the form of basic salary, overtime shift difference bonus sale commission and so on.
2. Indirect compensation it includes all financial reward the not include on direct compensation like medical cost and hospital It also refer to general categories of employees benefit including mandated protection program, life and other insurance holiday vacating sick leave etc.
3. Benefits are other indirect compensation that employee gain their organization it includes pension ,health insurance and time of with pay educational opportunity, special training and other, a benefit is a form of indirect compensation that must be viewed as part of total compensation and total compensation is one of strategic decision area in human resource.

There are also two types of indirect compensation

1. Legally requirement(e.g. social security. worker compensation)
2. Discretionary program(e.g. medical coverage, paid time off)

Beside the direct and indirect compensation it consist of the satisfaction is another part of compensation it consist of the satisfaction recognition motivation, and others so the person receives from the job of self or the psychological and physical environment in which the person work this type of non-financial compensation consist of the satisfaction received from performed meaningful job related task.

People have different reason for working and most appropriate package depend on this reason while individual are responsible for providing food shelter and clothing for their family, money will be the most reward however same people work many hours each day, relive little pay and get love their work to a large degree adequate compensation in

The mind of receiver it is often more than financial compensation received in the form of pay checks. mission and should take their direction from the mission the also states that is level arrive from an assessment of what the organization can afforded and what will be required to meet the organization strategies goal compensations the pay and the benefit of employee receive from the organization retain for perform.

Compensation program can be designed and administrator to support business strategies. Pay strategies influence employee behavior and consequence performance. Compensation strategies seek to attract and retain employee and reward behavior that support business strategies pay choices available to management for effective utilization of its human resource towards the successful implementation of strategies plan.

Fixed compensation (wage, Salary) variable compensation (piece rate, commission gains

The objective of compensation

The objective of compensation is to create a system of reward that is equitable to the employees and employees and employers a live the desired out comes from an employee who are attractive to the work are motivated to do quickly.

According to (Bernardino H.jon 1998) in an organization compensation is to be effective it includes the following.

- Adequate:- minimal government union managerial level should be met
- Equitable: - each person should be paid fairly in accordance with his or her effort ability and raining.
- Balanced: - pay benefit and other reward should provide in balanced.
- Cost effective: - pay should not excessive consideration what an organization can afford to pay.
- Secure pay:- should be enough to help employees feel secure and on satisfying basic needs.
- Incentive providing pay:- should motivate effective and production work
- Acceptable to the employee:-the employee should be understood the pay system and fell it is assemble system of organization home self or herself.

2.2. Factor affecting compensation

Internal factor: - factor that affect the compensation of the organization internally, us as strategies, goal organization structure, nature of task, work group and leadership experience etc. (lvancevia, 1998)

External factor: - beside the internal factor there are external factor that affect compensation practice of the organization such as government regulation, the union economic condition, compensation of labor force location of the organization...etc

2.3. Compensation and employee benefits

According Bernadine and Russell) 1998), the term compensation result all form of financial return and tangible benefits that employee receive as part of an employment relation shall, and this pure economics change model, compensation may also viewed as.

- A system reward that motivate employee performance
- A critical compensation device through which organization convey and rain from the value of cultural and behavior they require
- An important mechanism that enables organization to achieve their business activities

According to Boon (1991) a sound compensation program will assist in attractive and returning employee. Since compensation administration affect every member of the organization. It is one of the most important consuming of human resource department and manage want to feel that they are paid fairly compared to other job holders to assume that people in position relating least skill, responsibility and effort. Skill and responsibility are reward accordingly. Many form conducting jobs this methods determine wage level for different jobs by comparing jobs based on

such factors responsibility and education skill and physical requirement this compensation is used in determining the relative worth of job whose relation are similar and included in the same pay good.

2.4. Employee benefit

Employee benefit include such indirect compensation as health and life insurance retirement benefit, paid vacation and holidays, sick leaves pay credit union, recreation, recreational program and health and safety programs. Employee benefits are often reward as indirect compensation. It also defined as rewards that employee benefits are often reward as indirect compensation because they very directly in proportion to an employee's compensation. It also defined as rewards that employee receives as a result of employment and position the organization (Mandy, 1992).

Benefit

It is other types of compensation individual expects more than wage or salary from their organization. Like the amount of paid vacation the number of sick leave day and insurance. Pension program rate factors that will influence of weather they contrive working for the organization (Robert, 1987) Does benefit motivate employee to higher performance? The answer is most of the time is no benefits are member ship based reward offered to all employee regardless of performance. In this case not be expected to motivate employee but in the same case benefit to motivate employee to higher performance. However there is evident that the absences of adequate benefit and service. Can contribute to employee dissatisfaction and increased a bio genetics and turn over. But good benefits package is on some case a primary reason why same job seekers choose certain organization.

2.5. Compensation equity

This equity theory of motivation holds that employees have strong needs motivation a balance between what they receive as their input to their input or their job and what they receive from their job in the form of reward. Organization must attract, motivation and retina competent in doing organization strive Equity on their Compensation practice.

Equity is worker presentation that they are treated fairly so organization must pay Compensation so organization must pay Compensation fairly the individual performing similar job for the same organization (Boon, 1991).

There are two types of equity

Internal equity: - means the individual employee perceive that their position is treated fairly with in a pay program in relation to other job in the organization. It exists when employees are paid according to the relative value of job in an organization.

External equity: - it exist when organization employee are paid compass by to worker who perform similar job. It is processes of pricing job involve identifying the Compensation provided by the organization for similar job. Boon (1991)

2.6. Employee equity

Employee equity exist when individual performing similar job for the organization are paid according to factor to employee the most common factors is employee performance appraisal in equity in any category can be the source of several moral problem regarding employee equity. For example suppose two workers to the same organization are performing similar job and one employee is for superior performance.

If worker receive equal raiser employee does not exist and he more product employee it likely be unhappy. Many workers are very concerned with pay equity both internal and external form and employee relation respectively. Internal pay equity pays equity more important the external equity employee simply more information in this area of organization is to remain viable it must be Compensation labor and external equity must be prominent consideration (lisage Riley, 2001).

2.7. Factor affecting Compensation management practice

2.7.1 Pay policies

Organization must develop policies as a general line to govern pay system. Uniform policies are needed for coordination consistency and fairness on Compensation employee specific organization policies decision defines the relationship between pay expenditure and such factor as productivity sales or numbers of consumer such as policies such as polices reflects major consideration in management decision making how much organization can offer to pay employee (lisage Riley, 2001).

2.7.2 Marketing Compensation

A major decision must be made about the competitive level of pay the organization wants to maintain specially on employers deforming whether it will be ladder are those organization expect the value lore pay unit. Labor costs that feel that they will be able to attract quality &

productive employee. Higher paying organization usually attracts more and better qualified application than lower paying Compensation in the same organization (Lisage Reely 2001)

2.7.3 The going rate (pay methods)

It is the agreement of pay the most employee provide for the same job in particular area many organization have a policy that cells for paying the rate in such firms management believes that it an employee qualified people and still remain competitive by not having the raise the price or goods and service (Mandy, 1992).

2.7.4 Labor market

As deterministic financial Compensation potential employees located within the geographical area from which employee are redecorated comprise the labor market the going rate is an important guide in determining pay many employee view it as the standard for judging the fairness of their organization Compensation practices.

2.7.5 Cost of living

The logical for using cost of living as a pay determines in simple actually lowered pay increase must be rough equivalent to the increase cost of living if a person is to maintain a previous level of real wagger labor union, economic, legislation seniority and skill based pay are other factors affecting of Compensation management practices.

2.8 Compensation management

Service rendered by individual to organization has to be equitable paid for, this Compensation generally compromises cash payment which includes wage, Bonus and shared profit. In the widest sense wage means any economic Compensation paid by the employer under some contact to this worker for the service rendered by them.

Remuneration is composed of two parts; they are basic salary and allowance. The basic wage and salary is the remuneration which is paid or payable to an employee in terms of his contracts of employment for the work done by him. Allowance where paid in additional to the basic wage to maintain the value of basic wage over a period of time (Lisage Rial 2001.)

2.9. Special considerations in compensation Management practice

Several issues that affect Compensation management practice deserve attention for two reason first they are the subject of recent debates on the second they should have a significance

influence on pay straggles in the future. Pay secrecy and employee involvement in design and implementation of Compensation practice share disused briefly in the following section.

2.10.1 Pay secrecy

Considerable controversy surrounds the issue of pay secrecy verses openness under close system pay formula and salary are reveal to employees. The feeling is that dissatisfaction will be high ended by revealing salaried and an individual salaries is private matter and not something that should be disclosed proponent of pay secrecy claims that the raw salary figure when they do not understand the basis of their assignment for example incumbents back grounds, stating salary matter a grew that employee help thinking that secret pay policy are a satisfactory and equitable pay. Usually they claim resentment steam from not knowing why the other person makes more money rather than from the affect he or she does. The principal advantage of the open pay system is that the bases and the reason the reasons for person salary are made known the train towards open system from several source first more information on pay practice is readily available for people to make Compensation second FEPC and EEO regulation require the passion of not exempt job opining including pay rate under certain circumstance posting all salary or at least the rang just a natural extension of this practice.

2.10.2 Employee involvement

Most companies resist empowering not management employee to design and implement pay program. They resist employee government because they view Compensation matter to length prerogative, although some companies are increasing interested both in participate management style and innovative pay system. There is little evidence of the merging of the trends involving employees is the decision making process can leads to a better designed pay system. Better understanding of the system and great commitment to seeing that the system operate effectively involvement broad of individual from various unit of the organization obviously improve the decision making process. Because they have on formation that may lack the application of employee attitude survey to audit Compensation program on employee involvement mechanism has been in place for quite some time further team based incentive profit share and gain sharing plan real an employee committee for input on reward distribution.

2.10.3. Range of Compensation approach

Companies regard pays as important tools for recruiting motivating and relating good people. Indeed those goals change little over time. But the way in which some companies' approach they differ grammatically from previous approach performance based pay tarred to the strategic circumstance of each organization may consist of base pay an annual bonus a profit sharing plan. Stock option and a choice of various other benefits such a total reward package would have been uncommon for a worker in 1950. But it is increasing common to day. The human capital with in a firm that is performing well is likely to want to split the gain with the owner our slaveholder. Variable pay combined with incentive business from the company to the employee when the company is not doing well.

2.10.4. Traditional Compensation approach

For some organization traditional approach makes sense offer certain advantage in specific competitive situation may be more legally defensive less complex and viewed as more "far" by average and below average employees, however the total rewards approach helps retain top performance can be more flexible when the company goes up or down and its favored by top performance companies. It is clearly will not work in Avery situation traditional compensation system have involved over a period of time reflect logical rational approach to compensation employee. A job description identifies task and responsibility and is then used to decide which jobs are more valuable. This system calculates the values that it job contributes to the organization based on job evaluation. That value then used to establish a pay range that reflects person's progression as he or she grow and presumably gets better job.

2.10.5 Total reward approach

The total reward approach tries to place a value on individual rather than just the job managers factors is elements such as how mach n employee knows or employee competence when determining Compensation the need for such an approach become more evident in trying to pay people with exceptional computer skill show on the other hand locked traditional experience or educational degrees as the HR perspective discuss currently, same organization gaining sharing program and other design serves as link growth Compensation to results. However, Management must address two Main issues when using variable pay system.

1. Should Performance be measured and rewarded based on individual group or organization performance?

2. Should the length of time for measuring be short time less than one year/or long term (more than one year) and pay help achieve the stated objective of compensation strategy.

2.10.6 Absences of adequate benefit and service.

Can contribute to employee dissatisfaction and increased a bio genetics and turn over. But good benefits package is on some case a primary reason why same job seekers choose certain organization.

Certain benefits must be supplied by the organization for employees of whether it wants to or not with few exceptions to pay social security premiums.

2.10.7 Managing of Effective benefit program

The manage benefit program effectively, certain steps are necessary, some of them are listed below

- Set objectives and strategies for benefits

- Involves participant and union,

- Communicate for the benefits,

- Monitor cost of benefit closely,

The organization reward system consists of the type of reward to be offered their distribution. Organization reward include all type of reads, both intrinsic and extrinsic are received as a result of employment by the organization.

Intrinsic reward is a type of rewards that are individual rewards in internally and normally derived from involvement in certain activities of tasks

Extrinsic reward. Is a reward that is controlled and distributes directly by the organization, and are tangible in nature. Payments and hospitalization through intrinsic and extrinsic reward are difference from each other. But they are closely related and provision of extrinsic reward provides there recipient with intrinsic rearward

Incentives refers to reward that offered in additional to the base wage or salary and usually directly related performance, it also refers to the goal of target located outside an individual but which never the loss help activities his or her behavior some of the goal are physical and tangible,

example money promotion, comfortable office, big car and goals that may act as incentive physical and intangible example are a feeling of satisfaction from the job well done. Price from boss or favorable recognition by one peer (Aming, and Maurice, 1993)

2.10.9 Incentive system at a discovery

Discovery communication, head quartered in Bethesda. Mary land owns the discovery channel, any man punt, and 31 cable network due to the rapid growth the firm outgrew its campus at an a system it was clear that the pay system was not only unfair. It was counterproductive some of the firm to achiever were earning the same amount of office assistance and people were earning more or less depending on where they were physically located in addition an employee dump good work could not get arise when the market up less he or she was also promoted, as result manager promoted people before they were ready, just to get them raises.

Like many companies discover was connected about the lack of motivation that rents its own by system. It wanted a performance that would reward its best worker without rising total labor cost significantly, this discover managed its compensation system to include to pay to performance intensive .the new system allowed both significant rise and bonus when eared . more than 50%of as companies report then they use performance base incentive system for their management and non-management employee by linking bounces to company result as well as individual performance

Companies can share the wealth is good time. But can cut bonus /inkstand employee /in bad time the can sultan who held discover with its system suggested that every instead in employ increase revenues its discovery new provide two types of incentive first all employees are lighted or performance based increase in salary this basic salary and performance appraisal rate are considered minimum and maximum suggested for performance .second, its employee excisable for a year end bonus that consider both individual and company performance, for example executive assistance who had worked at discovery for a year and one half was eligible for arise based up on her boss evaluation of here performance bonus up to ten percent of her salary , eight percent of bonus was based on employee performance ,10% on the division performance and 10% on company performance .

Executive assistant noted that the role of higher pay promoted her to take on significantly more and different project than she might done otherwise, their hardest part of compensation re design at discovery was deciding how strong performance message to send over rewarding star performance might cause jealousy, however some resentment probably inevitable inn any system

that differentiate employee by performance level. Discovery has found that employee turnover rate are down and compliant about compensation are fewer than before the conversation, employee seem to feel they are being treated fairly. One executive notes, but whether such as a system is fair is probably philosophies discussion made by individual employee and manager.

People do spend more time working when offered incentive to do so, as opposed to simply receiving base pay for the hours worked employers apparently compensation programming to provide some parts of employees pay invariable fashion . Typically and employers has a portion of the pay on how will the individual group team and

Organization perform even the compensation plans of the centered intelligence agency in the government tie pay not to performance and add individual bonus to the compensation mix the percentage vary somewhat but roughly two thirds of companies currently after variable pay through individual incentive, around a third after group team incentives and over half offer organization performance incentive of cause of would be possible to all three at once.

2.10.10 selection of rewards

To be offered is a critical of the reward system is functional effectively. At first step management must be recognize what employees perceive as meaning full reward payments is usually the first and sometime most people think about reward only there is little doubt that the pay to be very significant reward however reward should be viewed as in larger perspective as anything valued by employee and many includes things such as office location the allocation of certain pieces of equipment

2.10.11 relating reward and performance

This method requires that performance is accurately measures and easily accomplishes it also required discipline tolerate acute reward to performance. Another reason that many union contracts require certain re based on objective variable such as seniority. Robert, (1987)

The following pre

conditions are essential to develop the reward based on performance.

- Trust in management,
- Absence of performance constraints,
- Trend supervision and manager,
- Ability to pay,
- Clear distribution between cost of living and payment,

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research design

The objective of this research is concerned on describing facts and truth. In order to conduct this study used descriptive method of research design. It used to describe and interpret in the form of “what is”.

3.2 .Target of population

The target populations of the study were employees at Wolkite Town Civil Service Office. There are 38 employees work in Wolkite Town Civil Service Office.

3.3 sample size and sampling technique

To conduct this research the researcher were used census because the offices have small number of employees. Even if census is very expensive it is very important to get reliable information from this employee of the total population that all 38 employees.

3.4 Data type and Methods of data collection

To conduct the study both primary and secondary data were used. The primary data was collected through interview and questionnaires. The questionnaires distributed to employees and general manager of the organization, on the other hand secondary data were gathered from various sources like books, magazines, internet and manual of the organization and other related material. However, this data were insufficient, due to this the researcher mainly focus on primary source.

3.5 methods of data analysis

The collected data was analyzed by using descriptive statistical tools such as table and percentage because it is fast and less cost.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This section concerned with presentation and analysis of data that were gathered through primary source. The questioner were distributed for 38 respondents who were the total number of employs in the organization from the questioner distributed only 35 of them were respond in appropriate manner. The rest 3 questioners were uncollectable so, the data presented and analysis were depend on 35 employees.

4.1. Background information of the respondents

| no | Item | Respondent | |
|----|--------------------|------------|------|
| 1 | Sex | No | % |
| | Male | 22 | 63% |
| | Female | 13 | 37% |
| | Total | 35 | 100 |
| 2 | Age | | |
| | 18-28 year | 9 | 26% |
| | 29-39 year | 15 | 43% |
| | 40-50 year | 8 | 23% |
| | Above50 year | 3 | 8% |
| | Total | 35 | 100% |
| 3 | Education level | | |
| | Certificate | 2 | 6% |
| | Degree | 18 | 51% |
| | Diploma | 5 | 14% |
| | Master and above | 10 | 29% |
| | Total | 35 | 100% |
| 4 | Year of service | | |
| | Less than one year | 6 | 17% |
| | 1-5 year | 10 | 29% |
| | 6-10 year | 12 | 34% |

| | | | |
|---|-------------------|----|------|
| | Above 10 year | 7 | 20% |
| | Total | 35 | 100% |
| | | | |
| 5 | Salary | | |
| | Between 2500-3500 | 2 | 6% |
| | Between 3500-4500 | 6 | 17% |
| | Between 4500-6500 | 10 | 29% |
| | Above 6500 | 17 | 49% |
| | Total | 35 | 100% |

Source: questioner, 2025

In the above table 4.1 item 1 shows that 22(63%) of respondent were male the remaining 13(37%) were female. This implies that the majority of employees were male in the organization.

As indicated in the above table 4.1 item 2 shows that 9(26%) of the respondent were between the age 18-28 year. In addition out of total respondent 15(43%) were between the age 29-39 year.8(23%) of the respondent were between the age 40-50,3(8%) employees were above 50 years. this implies that the majority of the respondents were under the age between 29-39 years.

As indicated in the above table 4.1 item 3 from the total respondents 2(6%) employees were certificate, 18(51%) of the respondent were degree5, (14%) of the respondents were diploma, and 10(29%) master and above. This implies that the majority of the respondents were degree.

According to the information in the above table 4.1 item 4,6(17%) of the employees have experience of less than one year,10(29%) of employees which have work experience 1-5 years.12(34%) employees having 6-10 years of service,7(20%) employees having above 10 years work experience.

This implies that the majority of respondents were between 6-10 years of service. So more experienced respondents have positive impact on the organization.

As shown on the above table 4.1 items 5 from the total respondents 2(6%) respondents were required with basic salary between 2500-3500, in addition 6(17%) of them have basic salary between 3500-4500, in adition10(28%) of them have basic salary between 4500-6500 and the

remaining 17(49% of the employees lied on the salary above 6500 the respondents replied that the majority of the respondents monthly salary were above 6500 birr.

Table 4.2 salary and its effect on employee motivation

| No | Item | yes | % | No | % | total | % |
|----|--|-----|-----|----|-----|-------|------|
| 1 | Are you satisfied with your basic monthly salary? | 11 | 31% | 24 | 69% | 35 | 100% |
| 2 | Does your monthly salary enough to cover your monthly expenditure? | 8 | 23% | 27 | 77% | 35 | 100% |
| 3 | Do you get additional salary benefit beside your salary? | 5 | 14% | 30 | 86% | 35 | 100% |
| 4 | Does the organization offers additional incentives? | 7 | 20% | 28 | 80% | 35 | 100% |

Source; questioner, 2025

As indicated in the table 4.2 item 1 shows that 24(69%) of respondent were unsatisfied with their basic salary. the rest 11(31%) of the respondent were satisfied with their basic salary in the organization.

According to maslow theory satisfied need have larger influence on individual behavior (GT France and G.M.C.1987). For example when new employees are probationary period, they will be motivated to work better so as to be permanent staff. But once they have met their need some other unsatisfied need,Such as promotion to the next level must motivate these employees to better performance.

According to federal civil servant proclamation any government office shall at the end of every month make payment of salary to civil servant to their local representative; shall be based on their performance evaluation result.

Based on the above table 4.2 item 2,8 (23%) of respondent were salaries enough to cover their expenditure the rest 27(77%)of respondent replied that the salary was not enough to cover their expenditure .this implies that the majority of respondent replied that their salary did not cover their monthly expenditure. According to kaeHchung (1987) employee dissatisfaction can leads to variety of motivational problem.

Including low morale and poor performance; although the dissatisfaction; they usually experience the following behavioral reaction stress and anxiety.

As shown on **table 4.2** item 3, 5(14%) of the responded response that employees get additional salary besides your salary, but 30(86%) of the respondent responded that employees does not get additional salary. this shows that the majority of respondents respond that there is no additional salary benefit beside your salary. as the researcher indicated in literature review, good compensation practice attract capable and flaunted employees in an organization, it motivate towards superior performance ,it leads to increase labor efficiency ,productivity, moral and motivation and adequate compensation to attracted and satisfied labor’s shown on the table 4.2 item 4, 7(20%) of the respondents respond that the organization offers additional incentives, the remaining 28(80%)of the respondents responded that the organization does not offer additional incentives.

Table 4.3 Additional Incentive offered by the organization.

| no | | | Responde nt | | | |
|----|---|------------|----------------|----------------|----------------------|----------|
| 5 | If your answer in question 4 is yes, how often does it provide? | Some times | regularly | frequent ly | Very infrequently | Total |
| | | 10(29%) | 5(14%) | 8(23%) | 12(34%) | 35(100%) |

Source; questionnaires, 2025

As shown in the above table 4.3 10(29%) of the respondent respond that sometimes the organization offers additional incentive.5 (14%) of the respondents respond that regularly offers additional incentive.8(23%)of the respondents responded that frequently the organization offer additional incentive and the remaining 12(34%)of the respondents respond that very infrequently the organization offers additional incentive. This indicates the organization offers very infrequently additional incentive.

Table 4.4 Effect of Compensation scheme benefit and Its employee Performance.

| No | Question | Respondent | | | | | |
|----|--|----------------|--------|-------------------|----------|---------|----------|
| | | Strongly agree | Agree | Strongly disagree | disagree | Neutral | Total |
| 1 | The organization compensation practice motivates me. | 2(6%) | 9(26%) | 8(23%) | 12(34%) | 4(11%) | 35(100%) |
| 2 | My organizations always do a great job to motivate me. | 3(9%) | 8(23%) | 10(28%) | 12(34%) | 2(6%) | 35(100%) |
| 3 | The benefit offered by my organizations will increase my productivity. | 2(6%) | 1(3%) | 13(37%) | 19(54%) | 0(0%) | 35(100%) |

Source: questioner, 2025

As indicated on the above table 4.4 item 1, 2(6%) of the respondents strongly agree on compensation practice of the organization. 9 (26%) of the respondents should be agree. 8 (23%) of the respondents strongly disagree about the organization compensation practice. 12 (34%) of the respondents disagree and the remaining 4(11%) of the respondents is neutral about the organization compensation practice.

This indicates the compensation practice offered by the organization does not give compensation practice to employees. Because majority of the respondent is disagree about the compensation practice of the organization.

In the above table 4.4 item 2, 3(9%) of the respondents strongly agree about the organization gives a great job to motivate me. 8(23%) of the respondents respond that agree. 10(28%) of the respondent strongly disagree. 12(34%) of the respondent disagree and the remaining 2(6%) of the respondent were neutral. This implies that the organization does not give a great job to motivate the employees. Because majority of the respondents disagree about the organization give a great job.

In the above table 4.4 item 3, 2(6%) of the respondents strongly agree about the benefit offered by the organization increase productivity.1 (3%) of the respondents agree about the benefit offered by the organization.13 (37%) of the respondents strongly disagree about the benefit offered by the organization and the remaining 19(54%) of respondents disagree about the benefit offered by the organization that increase on productivity.

Table 4.5 benefit and bonus on employee motion.

| No | Question | Respondent | | | | | |
|----|--|----------------|---------|-------------------|----------|---------|----------|
| | | Strongly agree | Agree | Strongly disagree | disagree | Neutral | Total |
| 1 | The organization offer bonus for those who perform best. | 5(14%) | 15(43%) | 3(9%) | 7(20%) | 5(14%) | 35(100%) |

Source: questionnaire, 2025

As shown the above table 4.4 5(14%) of the respondent strongly agree about the organization offer bonus for best performance and15 (43%) of the respondent agree about the organization offer bonus.3 (9%) of the respondent strongly disagree about the organization bonus. 7(20%) of the respondent disagree about the organization offer bonus and the remaining 5(14%) of the respondent is neutral about the organization offers bonus. This implies that the organization did offer bonus for best performance.

Table 4.6.working condition

| Question | Respondent | | | | | |
|--|----------------|--------|-------------------|----------|---------|----------|
| | Strongly agree | Agree | Strongly disagree | Disagree | Neutral | Total |
| The work condition of the organization is favorable to me. | 15(43%) | 6(17%) | 2(6%) | 8(23%) | 4(11%) | 35(100%) |

Source: questionnaire, 2025

As shown the above table 4.6, 15(43%) of the respondents strongly agree about the working condition was favorable, 6(17%) of the respondent agree about that working condition was

favorable, 2(6%) of the respondent strongly disagree about their working condition in the organization, 8(23%)of the respondents disagree about the working condition of the organization and the remaining 4(11%)of the respondent neutral about the working condition of organization. This implies that the working condition of the organization is favorable to employees.

Table 4.7 respondent response on compensation policy

| No | Item | | Frequency | Percent |
|----|--|-------------------|-----------|---------|
| 1 | In my organization compensation is strongly related to performance evaluation result. | Strongly agree | 12 | 34% |
| | | Agree | 9 | 26% |
| | | strongly disagree | 5 | 14% |
| | | Disagree | 6 | 17% |
| | | Neutral | 3 | 9% |
| | | Total | 35 | 100 |
| 2 | In my organization promotion policy is effectively implemented. | Strongly agree | 15 | 43% |
| | | Agree | 8 | 23% |
| | | Strongly disagree | 3 | 9% |
| | | Disagree | 5 | 14% |
| | | Neutral | 4 | 11% |
| | | Total | 35 | 100 |
| 3 | In my organization the civil service compensation practice follows “equal pay for equal work “Principle or is there fair distribution of compensation among employees. | Strongly agree | 2 | 6% |
| | | Agree | 8 | 23% |
| | | Strongly disagree | 16 | 46% |
| | | Disagree | 4 | 11% |
| | | Neutral | 5 | 14% |
| | | Total | 35 | 100 |

Source: questionnaire, 2025

On the above table 4.6 of item 1 shows 12(34%) of the respondent is strongly agree on the organization employment performance evaluation result. 9 (26%) of respondent responded were agree on the organization performance evaluation result. 5(14%) of the respondent is strongly disagree on the organization employment performance evaluation result.6(17%) of the respondent is disagree on the organization performance evaluation result. rest 3(9%) of employees said that neutral on that the organization performance evaluation result.

This indicates the organization perform the policy of performance evaluation result. For the increase of complete employee compensation. Those employees of the civil service office did not have problem related to performance evaluation and implementation to their compensation.

In items 2 above table 4.7 show that 15(43%) of the respondent strongly agree that the organization implement promotion policy, 8(23%) of respondent were agree on promotion policy,3 (9%) of the respondent were strongly disagree,5 (14%) of the respondent were disagree and the rest 4(11%) were neutral on the implementation policy of the organization. This implies that the organization did implement promotion policy.

In item 3 of the above table4.7 shows that 2(6%) of the respondent were strongly agree on equal pay for equal work principle, 8(23%) of respondent said that agree on equal pay for equal work principle,16 (46%) of the respondent were strongly disagree on equal pay for equal work principle, 4(11%) of the respondent were disagree on equal pay for equal work principle. the remaining, 5(14%) respondent were neutral.

This suggests that the organization compensation practice did not follow equal pay for equal work principle that all position of equal values shall have equal base of salary.

CHAPTER-FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary finding

In this section researcher focused on the finding based on the result of analysis and discussion of data. This was initiated to assess compensation management practice based on the data presented and analyzed in chapter four responded of respondent through questionnaire the following finding are reached to sort out strength and weakness of compensation practice in Wolkite Town Civil Service Office.

- Most of the respondents were un satisfied with their basic salary.
- The present salary of the majority of employees were not enough to cover their monthly expenditure.
- The present compensation practice of the organization did not motivate employees.
- Most of employees were not given different types of benefit bonus incentive in addition to their basic salary.
- Majority of the the respondent benefit offered by the organization affect productivity.
- Majority of the the respondent benefit offered by the organization affect productivity.
- Most employees respond that there is no employee promotion policy in the organization.
- Most employee respond that the working condition were not favorable the researcher conclude that the organization poorly evaluated by employees since it did not provide many compensation practice that the other organization provide for their employees as a result employees did not satisfied by their organization at their organization.the researcher concluded that Wolkite Town Civil Service Office did not have good compensation management practice at all.

Generally Wolkite Town Civil Service Office did not satisfied its employee in many aspect since most of its employee were not pleased by their salary and their different types of benefit offered by the organization and also they did not have. Favorable conditions form the organization they work and this made employee to have medium feeling about it.

5.2 CONCLUSION

This study aimed at investigating the key problems in relation to compensation management practice at Wolkite Town Civil Service Office based on the research question. The study covers compensation management practice in case of Wolkite Town Civil Service Office.

Poor compensation management practice is the problem of Wolkite Town Civil Service Office, due to the existence of lack of managers attitude, training, coordination and team spirit. And this research show Majority of employees respond that there is no employee promotion policy in the organization and in most case the working condition were not favorable the researcher conclude that the organization poorly evaluated by employees since it did not provide many compensation practice that the other organization provide for their employees as a result employees did not satisfied by their organization at their organization.the researcher concluded that Wolkite Town Civil Service Office did not have good compensation management practice. Generally the objective of the study is to assess those kind of problem exist in the office which affect the employee satisfaction . and their different types of benefit offered by the organization and also they did not have. Favorable conditions form the organization they work and this made employee to have medium feeling about it.

5.3 Recommendation

Based on the above finding the following recommendation has been forwarded by the researcher.

-Employee satisfaction is the major pillar for the success of any organization so as to increase this satisfaction it is better to Wolkite Town Civil Service Office increase the level of compensation management practice.since the basic salary of the employee were not fulfill their desire the organization is better to provide different types of benefit because the employee can not fulfill their want only by their basic salary they can not do their work effectively and efficiently.

-It is better to the organization provide promotion for well performing employee.an employee who has been working with in an organization for past many years may also expect promotion on account of his or her loyalty towards the organization.

-It is better to the organization create favorable work environment.since most people desire an open,safe and welcoming environment in which they are encouraged to grow and learn a key motivate for all generation is the ability to do challenge personalization and giving each employee space and freedom,having some form of social interaction to create better work environment.

-It better to the organization use various form of incentive,bonus to motivate employs.employee motivation is important for insuring that various activities for which employee are responsible and carried out the best interest of the organization.

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APPENDIX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

QUESTIONNAIRE

Questionnaires field by employees of Wolkite Town Civil Service Office. Dear respondents ;this questionnaires is prepared to collect data for the study of compensation management practice in Wolkite Town Civil Service Office so you are kindly requested to give accurate and relevant information which is most valuable for the success of this study. Hence; the target of this study is only for academic purpose. The researcher hops you were answer question frankly your response kept confidentially.

INSTRUCTION;

Please put the right mark (\surd) in the box or right your response on the space provided for open ended question.

Do not write name.

PART ONE; DEMOGRAPHIC QUESTIONS

1. Sex male female

2. Age 18-28 years 29-39 years 40-50 years Above 50 years

3. Educational level Certificate

Diploma First degree Masters and above

4. Work experience; less than one year 1-5 years 6-10 years

Above 10 years

5. Your monthly salary; between 2500-3500 birr between 3500-4500 birr

Between 4500-6500 birr above 6500 birr

Part two; questions related to the study area

1. Are you satisfy with your basic salary? Yes no

2. Does your monthly salary enough to cover monthly expenditure? Yes no

3. Do you get additional salary benefit beside your salary? Yes no

4. Does the organization offers additional incentives? Yes no

5. If your answer in question number 4 is yes 'how often does it provides?

Sometimes regularly

Frequently very in frequently

6. My organizations always do a great job to motivate me.

Strongly agree agree neutral

Disagree strongly disagree

7. The organization compensation practice motivates me.

Strongly agree agree neutral

dis agree strongly dis agree

8. The work condition of the organization is favorable to me.

Strongly agree agree neutral

dis agree strongly dis agree

9. The benefit offered by my organizations will increase my productivity.

Strongly agree agree neutral

dis agree strongly dis agree

10. The organization offer bonus those who perform best.

Strongly agree agree neutral

dis agree

strongly dis agree

11. The compensation practice of the organization is in line with the government policy.

Strongly agree

agree

neutral

dis agree

strongly dis agree

12. In my organization compensation is strongly related to performance evolution result.

Strongly agree

agree

neutral

dis agree

strongly dis agree

13. In my organization promotion policy is effectively implemented.

Strongly agree

agree

neutral

Disagree

strongly disagree

14. in my organization the civil service compensation practice follows “equal pay for equal work “ principle or is there fair distribution of compensation among employees

Strongly agree agree neutral

Disagree strongly disagree