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**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
MASTERS OF ART IN HUMAN RESOURCE MANAGEMENT**

**Practices of Reward Management in Joint Venture Companies: Case of  
Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale  
Maritime(CGM) and MAccfa Logistics**

**By**

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**A Thesis Proposal submitted to Addis Ababa University, School of Commerce in  
Partial Fulfillment of the Requirements for the Degree of Master of Arts in Human  
Resource Management**

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October 2022  
Addis Ababa, Ethiopia

## DECLARATION

I, the undersigned, MA student in Human Resource Management (HRM), declare that the research project titled, Practices of Reward Management in Joint Venture Companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and MAccfa Logistics: is my original work under the guidance and supervision of the research Advisor. It has not been submitted for any degree in any university. All cited documents have been acknowledged duly.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date : \_\_\_\_\_

Place: Addis Ababa, Ethiopia

## **LETTER OF CERTIFICATION**

This is to certify that the study on “.Practices of Reward Management in Joint Venture Companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and MAccfa Logistics is ” undertaken by Desta Tesfu Desta in partial fulfilment of the Requirements for the Degree of Master of arts in Human Resource Management at Addis Ababa University school of commerce under my guidance.

Advisor: DR. Solomon Markos

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Practices of Reward Management in Joint Venture Companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime(CGM) and MAccfa Logistics**

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## ABSTRACT

This project was designed to study the Practices of Reward Management in Joint venture Companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccfa Logistics. Data were collected through questionnaire prepared based on various scholars work. It was started with the objective to assess the practice of reward management and related challenges and the specific objective is to assess the practice of reward management in Joint-Venture Companies in Ethiopia,

To evaluate whether a salary increase, bonus and other rewards in joint venture companies are being Implemented based on the employee's performance evaluation system and to examine the challenge faced in Implementing reward management in Joint-Venture Companies in Ethiopia.

The research used primary and secondary data and was analyzed used qualitative and quantitative analysis. And the methodology used is Descriptive analysis. A questionnaire was distributed to a selected target

groups and was analyzed using SPSS software version 17.0.0

The findings of the research show that there is interconnection between Reward Management and

Salary and recognition of employees. There is also a positive connection between reward Management and

career advancement opportunity.

To summarize the research recommends to the target organization that there should be neat and clear policy regarding reward Management in the organization and should be able to competitive in the market regarding salary and incentive in order to retain high performing employees and also be a high performing organization in the market.

***ABBREVIATIONS AND ACRONYMS***

***CMA CGM----- Compagnie Maritime d'Affrètement (CMA)***

***and Compagnie***

***Générale Maritime (CGM)***

***S.D----- standard deviation***

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

“Compensation is a rewarding that employees receive in exchange for their performance. It is concerned with wages and salaries, pay raises, and similar monetary exchanges for employees’ performance” (Holt, 1993). Compensation is also considered as part of transaction between employees and employer that results in employment contract. From the employees’ point of view, compensation received from a good performance at work make them to focus on delivering the results as they can be highlighted and they feel the highlight in their salaries. From the employers’ point of view, it is one of the most important human resource management functions and constitutes a significant portion of organization cash out flow. “Compensation often equals 50% of cash out flow of organizations for some service organization is even larger. It may be the major instrument used to attract employees as well as way to motivate employees towards more effective performance” (Ivancevich and Glueck, 1989).

For any organization to be successful and to perform well in this challenging market, the performance of employees plays a significant role. “When employees are satisfied and perform well the life span of the organization to stay in the market prolongs and the organization reaches its desired objective without many hardships” (Elizabeth and Kwesi, 2015).

In order to warrant the satisfaction level of employees, organizations take various arrangements so as to attain qualified and experienced employees and retain them for a long period of time. Compensation is dealt with satisfying and rewarding employees for their excellent performance for their contribution in making an organization grow and gain a competitive improved turnover from the market.

“The main purpose of making compensation and reward in an organization is to influence the Job effort and performance, Attendance and Retention, Employee commitment to organization, to give job satisfaction and so on” (Mowday,et.al, 1982).

So being rewarded for employees on top of their monthly income based on the rule and the performance of the organization is a major duty of the HR system which ensures that the employees’ satisfaction is met and which in turn lowers the rate of turn over. On the other hand, as Lawler stated it helps the organization achieve its maximum potential and be a major player in this turmoil and demanding market (E. E. Lawler, 1976).

Previous studies focus on the relationship between compensation and other human resources outcomes like satisfaction, productivity, performance, attendance, and retention. Effective compensation administration is desirable in an effort to increase employee’s satisfaction. Moreover, satisfaction with pay is important as many researchers have found that if satisfaction pay is low, job satisfaction will be low. Consequently, absenteeism and turnover will be higher “If pay is tied to performance, employee tend to perform a higher quality and quantity of work” (Ivancevich and Glueck, 1989). Additionally, pay policy that strengthen the instrumentality between attendance and pay are likely to motivate attendance. Organization pay level places a direct influence on voluntary turnover; and employees tend to compare their pay level with other organization (Heneman and Schwab, *et.al.* 1987). People stay or leave organization for several reasons but the conventional wisdom is that people who are satisfied with their job (i.e. perceived pay, supervision, promotional opportunity and work environment as positive) will stay, and those who aren’t will leave (Mitchell and Holton et.al. 1993).

However, to choose the right compensation approach, it’s important to select a rewards system that supports and reinforces the strategy, goals, and objectives of the business and organization. The strategy must also respond to external pressures, using pay as an opportunity to create a

competitive advantage in the market. Steps need to be taken on a larger scale than before to make sure that the compensation and reward system is adequate in regards to the employees' satisfaction as well the organization.

According to Armstrong (2012) reward is something that recognizes a person's varied outstanding performance. He argued that people are rewarded financially for the job they are in (basic pay) and, often for the levels of their performance, competence or skill (contingent or variable pay), or for their services in the job (service-related pay).

Krietner and Kinicki (2007) concur to these views that reward is compensation for doing work well assigned to an employee which can come in the form of both financial and non-financial incentives Joseph J. Martocchio (2012) also states that compensation represents both the intrinsic and extrinsic rewards employees receive for performing their jobs superbly. Together, both intrinsic and extrinsic compensation describe a company's total compensation system.

This paper is designed to assess the effect of reward on employee performance with a focus on joint venture company between Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics.

Since its establishment in 1978, the CMA CGM Group has continued to grow, drawing its strength from its family dimension, from a long-term strategic vision and from the expertise of its teams driven by a common passion. The CMA CGM Group's mission is to contribute to sustainable globalization through better balanced international trade that fosters both economic and social development while respecting the integrity of all men and women in the planet.

Though the ultimate goal of every service giving organization like CMA CGM Group's is to satisfy its employees and customers/clients, however, many of the service delivering organizations are failed in giving reasonable compensation and reward to its employees. The focus of this research is then to assess the compensation practices and challenges of CMA CGM Group's and Maccffa Logistics.

## **1.2 Statement of the Problem**

Reward has become a relevant topic in today's world business operations and it is a subject that touches the moral and standards of a company. It has also become a political and economic question of the whole general public. This is mainly because it indirectly affects employees' compensation Laitu and Mellado (2009). In addition, compensation must strive employees to provide incentives and motivation to act in the best long-term interests of the company. The system must also be fair and proportional to the actual effort and success. Without proper compensations, employees may not be inclined and committed to act in the best interest of the company (Topazio, 2010 and Singh, 2007).

Preserving highly motivated employees is a strategic process to keep employees dedicated to working hard and eventually contributing their finest capability towards achieving the organization's goals (Frey and Osterloh, 2002). Motivation varies depending on whether you are

motivating an individual, a team or a large group of people (Clegg and Birch, 2002).

On the other hand, according to Armstrong (2008) de-motivated employees exhibit signs of low morale, which can have destructive implications in the organization. Armstrong (2008) affirmed this supposition by stating that the most significant warning signals of de-motivated employees are high rates of absenteeism, tardiness, high levels of employee turnover, sabotage, low job satisfaction, endless grievances, unruliness and lack of team spirit. In order to curb these and other problems that can escalate into more serious crises in the organization, de-motivation should be detected timely and necessary actions should be taken. In general, as it is noted by Dessler (2010), compensation is a system which aligns the interests of the employees with organizational objectives. Therefore, it is commonly theorized as an attractive approach to aligning employee and employer interests. Different empirical results on this area argued that attractive and well-designed compensation

system could accelerate the achievement of the organizational goal and retain employees for long period as it is argued by Ozkan (2007), Laietu and Mellado (2009) and Aduda (2011). Besides to this, Orn and Konkell (2009), Sigler (2011) and Kaplan (2012) added that compensation has significant role on the performance of employees. This implies that if there is poor system of compensation employees are looking for other job opportunities.

To provide Compensation and Benefit plan as per the needs of employees and to compete in the marketplace, maintaining employees and embracing their skill is important part of the recruitment and retention development. As indicated in the unpublished employee's satisfaction survey document (2021) of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Macffa Logistics staffing department on average 25 employees leave the organization per year this constitutes 15.62% of the total 160 employees of the organization. The insights from the exit interviews indicate that the primary reason cited for this is unfair and uncompetitive compensation and benefit policy. To mention some of the frequently reported complaints which researchers observed from the employees is that the reward and compensation received from the organization is not competitive in the market; there is bias on the promotion; adjustment is not made within a reasonable time period, etc. These complaints may result in losing an organization's current and potential employees. According to the researcher's data, the employees' perception towards compensation and benefit is not studied closely. Human resource needs to investigate the implication of compensation and benefit policy as a motivational technique to employees' perception to stay in the organization; considering that if employees are not motivated enough, high turnover becomes the end result.

The reason for this study is the importance of reward system in Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Macffa Logistics. As competent employees are necessary for organizational performances, therefore to examine

assessment of the practices of compensation and benefit system and employee's performance in the organization. Even though many studies have been carried out on practice of reward and compensation management in many sectors such as; banking and other organizations, no similar study has been carried out in joint venture of Logistics organizations. Therefore, the problem the researcher intends to investigate is what kind of and how reward Management is implemented in Joint venture companies in Ethiopia and the aim of this study is to fill this particular gap. Moreover taking the view of scientific management, the problem of this study is to assess the perception of employees' towards the Compensation and Benefit policy in Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics.

### **1.3- Research Questions**

- How is the practice of reward management system of the companies?
- Do you think salary increase, bonus and other rewards in joint venture companies made based on the performance evaluation system?
- What are the challenges faced in implementing reward and compensation in Joint-Venture Companies in Ethiopia?

### **1.4 Objectives of the study**

#### **1.4.1 General Objectives**

The general objective of this study is to assess the practice of reward management and related challenges in the case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics.

#### **1.4.2 Specific Objectives**

- To assess the practice of reward management in Joint-Venture Companies in Ethiopia.

- To evaluate whether a salary increase, bonus and other rewards in joint venture companies are being implemented based on the employee's performance evaluation system.
- To examine the challenge faced in Implementing reward management in Joint-Venture Companies in Ethiopia.

### **1.5 Scope/Delimitation of the study**

In the general terms, this study tries to examine the practices of Reward Management in Joint venture companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and MAccfa Logistics. The scope of this study is specifically delimited to study compensation and reward practice & its effect on employees' motivation.

CMA-CGM group was established in 1978 and has continued to grow, drawing its strength from its family dimension, from a long-term strategic vision and through the expertise of its teams driven by a common passion. CMA-CGM is present in 160 countries worldwide through more than 755 offices, 750 warehouses and more than 110000 employees globally with revenue of 31.5 billion USD. It has also more than 500 vessels. As a world leader in maritime and logistics it's every day mission is to develop fair and more balanced economic exchanges, respectful of every human being on the planet. As a key player in global exchanges it has a big responsibility for opening better ways to achieve this. One of its places of operation is Ethiopia accessing through the port of Djibouti. It operates in Ethiopia as a joint venture with a local company called Maccffa Logistics which handles its ground logistics with a share of 49-51 percent as the law of Ethiopia dictates that an international company can hold lower share than the country-based organization.

For this paper, the department that is to be focused on is The HRM and the function of the HRM we will concentrate is on Reward and Compensation. There are also a number of shipping agencies which performs alike CMA-CGM in collaboration with local organizations but this

study focuses on and limited to CMA-CGM and Maccfas data which are going to be obtained from the company and employees of the two companies. The other joint-ventures are not going to be considered because of lack of time and resource.

The reward Management system is a vast motion with different and detailed procedures mainly of the Internal and the External Factors. This Study will base its research on data composed based on the Internal Factors like organizations salary range and employees' satisfaction towards it, organizations leadership policy, employee recognition and carrier development of employees and the organizations reward management practice factors.

This paper takes into consideration some of these aspects. Methodologically, the study uses both qualitative and quantitative research approach. in which responses obtained from employees of CMA-CGM and Maccfa Addis Ababa office is being quantitatively and quantitatively analyzed to explain the cause and effect between dependent and independent variables relationship.

### **1.6 Limitation of the study**

CMA-CGM operates in more than 160 countries worldwide. But this study only relies on the data that is going to be collected from the CMA-CGM Addis Ababa office due to limited resource and time.

### **1.7 Significance of the study**

The study is carried out to analyze the Reward management scheme of CMA\_CGM and Maccffa. The study will be of great use to both organizations as it will provides insight into the existing system problems and makes appropriate recommendations on how to address the problems.

The researcher will benefit from the research as it could contribute to the growing knowledge on the reward and Management system issues in researcher's future employment opportunities and also in finishing the researcher's study of MHRM.

In addition, the findings of this study will help the management of CMA\_CGM and Maccffa identify the reasons that affect the current compensation of employees and this enables to attain qualified employees. Moreover, this study will have the following significance:

- It serves as a springboard for interested researchers who want to do more research under this topic.
- It provides information for non-governmental organizations and private sector organizations on contribution of sound compensation system for organizational success.
- It helps for non-governmental organizations to be aware of that compensation management system affects organization's success.

Moreover, the study will also act as a source of reference for further studies to be done on the effect of the Reward and Compensation Management in Joint Venture companies in Ethiopia. Future researchers will benefit from this research because it will provide them with relevant information on the topic.

## **1.8 Organization of the study**

This study is planned to have five chapters. The first chapter deals with the introduction and background of the study; statement of the problem; research questions; objectives of the study; scope of the study; limitation of the study and significance of the study. The second chapter focuses on the review of related literature. While the third chapter deals with the research methodology, the fourth chapter presents data. Finally, chapter five presents the result, discussion, interpretation and recommendation of the study.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

The purpose of this chapter is to review the works that other scholars and researchers have done in the areas of Reward and Compensation Management. Theoretical and empirical reviews are done leading to a conceptual framework, which is proposed to guide the study. The research gap is identified and the conceptual framework adopted is then discussed.

#### **2.1 Conceptual Review**

##### **2.1.1 Definition of Compensation**

Various definitions have been given to compensation. Literally, compensation is a form of reward given as a result of a job that has been done or effort put in to achieve a set goal and as such this serves as a motivational factor that encourages an individual to put more energy or commitment into his or her job (Armache, 2012; Ederer and Manso, 2013; Qureshi, 2013). In most organizations, the main aim of compensation is to motivate the behavior of the employee in a particular way. Hence, an organization not only desires to motivate employees to stay within the organization, but also needs to reinforce employees' performances through suitable and encouraging compensation. The three major elements in motivation have been stated as that: which is important to a person, offering it as an exchange, and the desired behavior (Milkovich & Newman, 1999, Riddell, 2011, Shaw, 2014).

Compensation Management is one of the most important parts of Human Resource Management (HRM). Every single stake holder in an organization is primarily interested in compensations and that keep one motivated.

For organizations, the major purpose of compensation management is to motivate the employees to behave in a certain way (Pratheepkanth, 2011; Jehanzeb et al., 2012; Khan and Mufti, 2012). In short, an organization wants to motivate its employees to stay within the organization and reinforce the employee's performance through adequate compensation administration.

Compensation is a kind of reward adopted by organizations to motivate employees to behave in ways they desire. However, compensation takes various forms (for instance, tangible prizes, paid vacation, stock option) with cash pay being the most generalized monetary incentive in organization's (Rynes & Gerhart, 2000). In moderating human behavior, money can have instrumental or symbolic motivational properties (Stajkovich & Luthans, 2001:580).

Money

can generate results that satisfy physiological or psychological needs in instrumental form that is,

meeting their needs in terms of housing, clothing, food etc. Also, money generates social comparison information in symbolic form, inform of interpersonal relationships, affection, status within a group etc.

### **2.1.2 Definition of Reward**

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

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

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

Reward management is a popular management topic. It was developed on the basis of psychologist's research. Psychologists started studying behavior in the early 1900s; one of the first psychologists to study behavior was Sigmund Freud and his work was called the Psychoanalytic Theory. Many other behavioral psychologists improved and added onto his work. With the improvements in the behavioral research and theories, psychologists started looking at how people reacted to rewards and what motivated them.

Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people in the organization fairly, equitably and consistently in accordance with their value to the organization. According to Steers and Porter (1987), work motivation is a factor that sustains and manages employee behavior. In another study, Porter and Miles (1974), put some theories about motivation and they gathered into three categories which are job (e.g., degree of autonomy), individual (e.g., need for achievement) and work environment characteristics (e.g., rewards). Barber and Bretz (2000) mentioned that reward management systems have major impact on organizations capability to catch, retain and motivate high potential employees and as a result getting the high levels of performance

## **2.2 Benefits of having a reward policy:**

Effective compensation strategy is essential for a business. The better the strategy in the business is, the more will be the company's control of its employees. The compensation strategy is used as a means to uplift the morale of the employees and to provide them with the reward for their

services. Following is the remuneration a company gains from forming an effective Compensation Policy:

1. Compensation is very important to employees and organizational performance. Employee compensation and benefits is one of the very useful and important human resource management practices now days and it includes all forms of pay and rewards received by employees for the performance of their Jobs (Snell and Bohlander, 2007).
2. If properly executed, effective compensation design can improve organizational effectiveness, support human capital requirements of the organization, and motivate the employees to achieve key corporate strategic and financial goals (Ellig, B.R. 2007)
3. To compete in a tough arena, organizations now more than ever need the support of informed, involved and motivated employees (Chen and Hsieh, 2006).

### **2.3 Relationship between compensation in each of Human resource practice**

- Compensation, Recruitment and Selection:- a firm's ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked to firm performance and growth (Mayson and Barret ,2006)
- Compensation and Performance Appraisal:- identified performance-based compensation as the single strongest predictor of firm performance. Both performance-based compensation and merit-based promotion can be viewed as ingredients in organizational incentive systems that encourage individual performance and retention (Delery and Doty, 1996)

MULUGETA TESFAYE (2019) on compensation practice of public employees transport service enterprise and its implication on employees performance

- Compensation and Training:-successful pay -For- knowledge plans depend on and a company's ability to develop and implement systematic training programs. When training is well designed, employees should be able to learn the skills needed to increase their pay, as well as the skills necessary to teach and coach other employees at lower skill levels.
- Compensation and Labor- collective bargaining agreements describe the terms of employment reached between management and the union. Compensation is a key topic. Unions have fought hard for general pay increases and regular cost of living adjustment to promote their members' standard of living.
- Compensation and Employment Termination: - employment termination takes place when employees' agreement to perform work is terminated. Employment terminations are either involuntary or voluntary. The Human Resource Department plays a central role in managing involuntary employment terminations. Company's initiate involuntary terminations for a variety of reasons, including poor Job performance, insubordination, violation of work rules, reduced business activity due to sluggish economic conditions, and plant closings.
- Companies may choose to award severance pay, which usually amounts to several months' pay following involuntary termination and, in some cases, continued coverage hinder, the employer's medical insurance plan.
- Employees initiate voluntary terminations, most often to work for other companies or to retire. Pension programs provide income to individuals throughout their retirement. Companies sometimes use earning retirement programs to reduce workforce size and trim

compensation expenditures. Early retirement programs contain incentives designed to encourage highly paid employees with substantial seniority to retire earlier than they had planned.

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

## **2.4 Type of Reward Management**

There are different reward and compensation types that an organization implements in order to motivate and retain its employees. These types may differ from organization to organization depending on the schemes they implement but somehow revolve around the same areas.

The types are basically classified in to two categories; extrinsic rewards are rewards that satisfy basic needs like security and survival needs and Intrinsic rewards focus on higher level needs. According to William E (Summer 1975). Intrinsic rewards makes the employee feel better in the organization, while Extrinsic rewards focus on the performance and activities of the employee in order to attain a certain outcome. The principal difficulty is to find a balance between the two.

### **2.4.1 Extrinsic Rewards**

**2.4.1.1 Bonuses:** are usually done annually, Bonuses motivates the employee to put in all efforts during the year to achieve more than a satisfactory appraisal that increases the chance of earning several salaries as lump sum. The scheme of bonuses varies within organizations;

**2.4.1.2 Salary raise:** Is achieved after hard work and effort of employees, attaining and acquiring new skills, certificates and as appreciation of the employees work yearly increments on their gross salary is done. Salary Raise is beneficial for the reason that it motivates employees in

developing their skills and competencies which is also an investment for the organization due to increased productivity and performance and offers long term satisfaction to the employees. But when performing salary raise must be careful so that there will not be discrimination between employees.

**2.4.1.3 Gifts:** Are considered short-term. Mainly presented as a token of appreciation for an achievement or obtaining an organizations desired goal. Any employee would appreciate a tangible matter that boosts their self-esteem for the reason of recognition and appreciation from the management. Gift somehow motivates other employees who didn't receive it this time in order to be able to get it next time and will add value to performance of the organization.

**2.4.1.4 Promotion:** Quite similar to the former type of reward. Promotions tend to affect the long-term satisfaction of employees. This can be done by elevating the employee to a higher stage and offering a title with increased accountability and responsibility due to employee's efforts, behavior and period serving a specific organization. This type of reward is vital for the main reason of redundancy and routine. The employee is motivated in this type of reward to contribute all his/her effort in order to gain managements trust and acquire their delegation and responsibility. The issue revolved around promotion is adverse selection and managers must be fair and reasonable in promoting their employees.

#### **2.4.1.5 Other kinds of tangible rewards**

#### **2.4.2 – Intrinsic Rewards**

**2.4.2.1 Information / feedback:** a significant type of reward that effective managers never neglect. This type of rewards offers guidance to employees whether to remain on track or need guidance to the correct path. This also creates a bond and adds value to the relationship between managers and employees.

**2.4.2.2 Recognition**: Is a verbal appreciation. This type of reward might be done during meetings or informally on pass by to boost employee's moral. This on the other hand tends to make employee continue to perform better in the future.

**2.4.2.3 Trust/empowerment**: in any society or organization, trust is a vital aspect between living individuals in order to add value to any relationship. This form of reliance is essential in order to complete tasks successfully. It also, takes place in empowerment when managers delegate tasks to employees. This adds importance to an employee where his/her decisions and actions are reflected. Therefore, this reward may benefit organizations for the idea of two minds better than one.

### **2.4.3 Measure taken on reward and compensation**

When rewarding one, the management needs to choose rewarding an individual, a team or as a whole Organization. One will choose the reward scope in harmony with the work that has been achieved.

#### **2.4.3.1 Individual**

In case of rewarding an individual employee the following must be addressed before rewarding. Is the reward being given as a base pay, incentives or benefits?

#### **2.4.3.2 Team**

For rewarding the whole department or a group as a team it is to be done as a Team bonus,

#### **2.4.3.3 Organization**

Are we going to reward as a Profit-sharing in the organization or give shares of the organization?

## **2.5 Compensation and Benefit**

According Mickovich & Newman (2005) compensation is an integral part HR management that helps in motivating the employees and improving organizational effectiveness by paying salary

or wage. It refers to all forms of financial return and tangible service and benefits employees receive as part of employment relationship.

John Dunlop - has explained the concept of compensation / wages from three stand points: (a). wages determined the standard and volume of services of employees of market. (B). Compensation influences distribution of employment of industries, firms and professional organizations by impact on cost and (c). Compensation has performed some important activities like supply of active media through which technological facilities have been scattered through the economy.

R.S.Schular(1989) Compensation is such an activity through which organization on the basis of its ability and within law reasonably assesses the contribution of employees directly and indirectly for the distribution of financial and non-financial remuneration. From the above definition we can say that compensation is a reward that is given by the employer and received by the employees. So a mutual understanding must be present between the parties.

According to Human Resource Management Practice (HRMP) website [www.hrmpractice.com](http://www.hrmpractice.com) copyright 2022 Compensation comes under the parlance of human resource (HR) department of an organization. It is the tool that organizations use to manage and reward their employees, so that they perform efficiently. The compensation system that a company follows should be an attracting one, and it should motivate its employees to work and justify the amenities provided to them by the company. The compensation system should also ensure that the turnover rate remains low and the employees remain motivated. While compensation and benefits are tangible, there are intangible rewards such as recognition, work-life and development. Combined, these are referred to as total rewards. The term "compensation and benefits" refers to the discipline as well as the rewards themselves.

Employee compensation and benefits are divided into four basic categories:

2.5.1. **Fixed pay:** This is the basic salary paid to the employee irrespective of any other factor. This is stated clearly in the employment contract. This is the compensation or salary or wage which an employee or a worker will definitely get as long as he or she is an employee of the company.

2.5.2. **Variable pay:** This is the additional compensation paid to employee based on employee's performance, company performance etc. Since variable pay is based on the performance of an individual, it motivates the employees to perform even better.

2.5.3. **Equity Pay:** Employees are awarded shares of the company, often at a discounted price. Employees are expected to make money out of them by the appreciation of the stock price and the growth of the company. This is mostly given to the senior management who has served the company for a long time.

2.5.4. **Other Benefits:** Benefits such as medical facilities, insurance policies, company owned car or house and so on. All play an important role in motivating employees. The benefits are given by the company as a part of recognition to the service of an employee.

## **2.6 Benefit of Reward Management**

According to Sarah Rynes (2000). Employment is typically characterized as an exchange relationship. Employees provide organizations with something of value (their labor) and in return receive something of value,

Armstrong (2006), is concerned with the formulation and implementation of strategies and policies, the purpose of which are to reward people fairly, equitably and consistently in accordance with their value to the organization and thus help the organization to achieve its strategic goals

Thomason (1988), classified reward package in three categories. a) Direct Financial Benefit. It focuses on two elements of remuneration which are directly related to performance. These are the basic pay rate and any additional bonus which is paid for individual or group performance

above this standard. b) Indirect Financial Benefit: Consists of those regular or intermittent payments (not related directly to performance made for a variety of contributions such as suggestion for improvement of production or employee loyalty or commitment such as high base rates, pension schemes etc. c) Non – Financial benefit schemes which will increase the morale of employees, such as job enlargements, job enrichment

Vroom (quoted in Mitchell, 1982) says performance = ability x motivation. To have an efficient Reward System, it is mandatory that employees know exactly what their task is, have the skills to do it, have the necessary motivation and work in an environment allowing the transformation of intended actions into an actual behavior. `

Kerr (1995) brings to attention how Reward Management is an easily understandable concept in theory, but how its practical application results are often difficult. The author, in fact, points up how frequently the company creates a Reward System hoping to reward a specific behavior, but ending up rewarding another one.

## **2.7 Concept of Reward Management**

In the present generation, employees often don't remain in their jobs as before, so every time a new employee is brought on board, the company spends its valuable resources and money on hiring and training which it could have utilized or spend elsewhere

*Reward and Compensation Management*, which comes under human resource management is concerned with the implementation and formulation of policies and strategies that works on rewarding employees fairly and regularly in accordance with their performance and value to the organization. Reward management is a good motivational practice that companies use in order to reward their employees for their success and achievement. The company sets its goals and authorizes rules for its employees so that they can follow and achieve those set goals. This program of Human Resource in other hand cuts down the turnover of employees and makes sure

that the employees are completely aware of the rules and goals and they receive their rewards for their performance and try to make sure that they are satisfied with what the organization offers. All employees follow the generic reward system as it is a just system.

Having a wonderful reward system helps keep employees satisfied, happy and loyal to the company. They stay eager to take more steps and climb up the ladder and reach a higher place within the company. Rewards like additional pay and public recognition motivate employees so that they can work harder. Using software to track the employee performance enables the employer to monitor the progress and identify when goals are achieved and rewards are earned.

## **2.8 Empirical Literature**

We know that money can be a powerful motivator. Indeed, a literature review of four motivational programs (individual monetary incentives, goal-setting, job redesign, and participation in decision making) found that monetary incentives were associated with the largest average increase in physical productivity (Locke, Feren, McCaleb, Shaw, & Denny 1980). Therefore, changes in pay practices have the potential to significantly change attitudes, behaviors, and organization functioning. The challenge, however, is to realize the potential of money as a motivator without running afoul of the many roadblocks that arise in terms of measuring performance, setting standards that are perceived as fair, and choosing the right mix of individual, group, and organization objectives to reward.

In a nationwide survey of 1200 at random selected U.S. workers atwart many different types and sizes of companies 54% of employee's rates direct financial compensation as "very important" or "extremely important" to motivation. When stratified by age group there was statistically insignificant difference by age group. Gen X and Gen Y were no different than Baby Boomers in this respect(source: "The Rewards of Work - What Employees Value"), Incentive

Compensation, empirical examination and Comparison of Chinese and Western Firms' Practices: was carry out by (KENNETH A. MERCHANT, May 2011).

As one recent example of a variable pay program gone wrong, consider the problems Sears encountered in some of its automotive repair shops in New Jersey and California. In a State of California undercover investigation, 38 visits to 27 Sears repair shops resulted in 34 cases of unnecessary service or repair recommendations. Edward A. Brennan, the chairman of Sears, stated that "the incentive compensation program and sales goals created an environment where mistakes occurred" (Fisher, 1992). In essence, repair shop employees had been rewarded for driving revenue (i.e., selling repairs to customers). Sears subsequently changed its pay system to one that focused on "quality." (Employee Compensation: Theory, Practice, and Evidence, Barry Gerhart, 1995).

In a national investigation of 2500 employees, 84% of individuals who implicit their organization's reward/performance link consider they can assist make a variation. If they also believe that the company will share its success when the approach is attained, 91% say they are motivated to help the company be successful (source: Workplace Index).

Research study conducts to find the collision of compensation on motivation and afterward nearby a model that exemplify a relationship between them. According to this model compensation to the employees should be paid thought to, which would result in enhanced motivation (Qureshi, &Sajjad, 2015).

A research conducted by Ahmed Kelil (2010), AAU in partial fulfillment of MBA, Employees Perception towards Compensation and Benefit the case of some selected Government Higher Education Institutions in Addis Ababa: the researcher found that many employees believe that the current compensation and benefit is not adequate and let them to cope with ongoing cost of life. The respondents claimed that the compensation and benefit package should be reviewed and designed taking into account factors in the external environment including the market condition,

nature of the jobs, other organizations, government regulations and the internal environments for the values of the job grades through job analysis. The current compensation and benefit packages are not periodically updated and evaluated for effectiveness. Furthermore, the existing benefits are not well communicated to employees.

A research conducted by Mesay Manedo (2019), St. Mary University Partial fulfillment for MBA, assessment of reward management practice the case of Nyala insurance S.C. revealed that policy for financial rewards have been developed without employees' participation and there is no system to collect feedback. The company has no written policy for its non-financial rewards. There is no clearly defined evaluation criteria for employees' performance management and neither supported by policy. It is also learned that there is high employees' turnover in the lower and middle level positions. The overall result of the study confirmed that employees of the case company have shown equal interest for both financial and non-financial rewards. To implement this, the company needs to have written policy for all its reward type and needs to create awareness regularly.

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

## **2.9 Research Gap**

A number of studies have been carried out on reward and compensation management and reward policies. However most of the researches are based on Banks, insurances, Transport services and so on in the case of our country. With this and other factors this research will be helpful in providing good and helpful ideas in the case of Joint Venture Companies.

## **CHAPTER THREE:**

### **RESEARCH METHDOLOGY**

#### **3.1 Introduction**

The study utilized both primary and secondary data to collect relevant information from practice and challenge in Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics Which is the study area. The section of methodology therefore includes the description of the study site, research design, sampling techniques, and sample size and data collection procedures; It also includes data sources and data analysis tools.

#### **3.2 Research Approach**

The choice of research approaches of one from the others depends on: the research problem, personal experiences of the researcher and the audience (Creswell, 2009). Considering these factors, the researcher employed a mixed approach. The main reason why the researcher adopted this mixed approach was that the study aimed to assess The practice and challenge of compensation and reward in Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logestics. And also, the data obtained from the participants of the study were analyzed quantitatively and qualitatively. In this case, using a mixed approach could be more appropriate.

#### **3.3. Research Design**

It is the logical sequence that connects an empirical data to the study's research questions and ultimately to its conclusion. It dealt with a study's questions, data relevance collection, analysis and interpretation of the finding (cited by Dejene, 2011).

Different research designs can be conveniently described if we categorize them as: the first one is the research design in case of exploratory research studies; the second is research design in case of descriptive and diagnostic research studies, and also the third is the research design in case of hypothesis-testing research studies (C.R Kothari 2004).The researcher used both descriptive and explanatory type of research in part and begins with well-defined subject and conduct research to describe it accurately.

The reason for this researcher chooses this design will enabled to describe the intended study to the practice and challenge of compensation and reward in the study organizations. The researcher used questionnaire to collect quantitative data from employees. In addition, the researcher will use interview to collected qualitative data that helped researcher to check validity and reliability of data.

Qualitative method applied to describe the contribution of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics to their employees and how challenge can be overcome. By using qualitative data, options that are hold and process that are going on regarding to contribution of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime(CGM) and Maccffa Logistics to compensation and reward.

### **3.4. Data Sources and Types**

#### **3.4.1. Types of Data**

There are two types of data: namely quantitative and qualitative data. Quantitative data focused on describing information obtained from respondents in numbers and used measurement as a means of research. Whereas, the Qualitative data depend on describing and explaining different information obtained from respondents through interview.

### **3.4.2 Sources of Data**

The research writing was involving both the combination of the primary and secondary data sources.

**Primary sources:** these sources of data were collected from the primary sources of data, which includes open ended and close ended questionnaires, structured/semi-structured interviews with the employees of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Macffa Logistics.

**Secondary sources:** the secondary sources of data were also collected from different secondary data sources such as annual reports of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Macffa Logistics. In addition the researcher collected data from publications (like books, journals, research reports and papers), documents available on different profiles on World Wide Web and others.

Secondary data means data that are already available i.e., they refer to the data which have already been collected and analyzed by someone else. When the researcher utilizes secondary data, then he/she has to look into various sources from where he can obtain them. In this case he is certainly not confronted with the problems that are usually associated with the collection of original data. Secondary data may either be published data or unpublished data.

### **3.5. Sampling Techniques**

In the first stage, Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Macffa Logistics will be selected purposively from other import-export companies due to the availability of large number of employees relative to other organizations and they are operating in joint venture conditions. In the second stage, the employees who are

working in Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics will be selected randomly.

The target populations of the study will focus on employees and managers of “Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics” in which there are four (4) manager and one hundred sixty (160) employees which is totally one hundred sixty four (164) in numbers.

Since the study focuses on particular organization the researcher used simple random sampling technique. Because of each member of employees within study has an equal chance of being selected. The method involves selecting at random from all list of the population.

### **3.6. Sample Size**

The target population size will be determined from Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics. The researcher interested to select respondents by random sampling method for questionnaires. To form the sampling frame for simple random sampling, 95% Confidence level and 5% precision level are used as criteria. It is known that much information was obtained from the huge number of respondents. But because of a shortage of time and budget the researcher will select only a few respondents from the total population by using the simplified formula provided by Yamane (1967), was applied to determine the required sample size at a precision level of five percent ( $e = 5\%$ ).

$$n = \frac{N}{1 + Ne^2}$$

Where            n- is desired sample size

                    N- is target population of the study

                    e- is margin of error

$$\text{Hence, } n = \frac{160}{1 + 160(0.05)^2} = 114.2$$

$$n = 114$$

### **3.7. Methods and tools of Data Collection**

To obtain the data, which answers the stated research questions, and to achieve the objectives of the study, the researcher will collect information from primary and secondary data sources. Primarily data were collected through the combination of structured interviews, personal observation, and questionnaires. Secondary data were collected from company's annual reports and publication, books, articles, and reports of related institutions. Survey method is administered to collect information from the target group or those youth graduates who were loan beneficiaries on their business plan.

#### **3.7.1. Questionnaire**

Questionnaire is a valuable tool for gathering data, which helps to save time, encourages objectivity, provide rapid analysis and feed back to the researcher.

Primary data was collected mainly using questionnaires for employees and company. Most questions in the questionnaire were closed-ended questions item that helped the researcher to address the basic research questions of the study and contain different parts like: demographic characteristics of the respondents, questions contribution of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics employees, benefits of employees, its challenges. However, opportunities were given to the employee respondents to say more through open-ended questions. Questionnaires are believed to better to get large amount of data from large number of respondents in a relatively shorter time with minimum cost. Hence, questionnaires will be prepared in English Language and

distributed to all randomly selected employees' beneficiaries with the assumption that they can understand the language. In doing so, having letter of authorization from Addis Ababa University, School of Commerce for gathering data was the first step. Then the researcher directly will go to Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics. After making agreement with the concerned participants, the researcher introduced his objective and purposes. Then the questionnaires will be administered to sample displaced peoples with in selected employees. The researcher assigned data collectors with defined time. The participants will be allowed to give their own answers to each item independently. Finally, the questionnaires will be collected back to the data collectors. Then the researcher administered data collected through questionnaire by data collectors.

Five Likert scale were used to measure respondents' attitudes to a particular question or statement. To analyze the data it is usually coded as follows:

1 = strongly disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = strongly agree

One must recall that Likert-type data is ordinal data, i.e. we can only say that one score is higher than another, not the distance between the points. In addition, the researcher has also tried to analyze documented materials such as collective agreements & polices of the Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and Maccffa Logistics so as to point out how the company practice compensation reward and compensation

issues. Also include the company's policy of rewarding and compensating, the country's labor law, as well as the labor union agreements.

### **3.7.2. Interview**

It will be helpful to supplement the information gathered through other instruments, as well as for the clarification of some unforeseen information. Key informant interview was conducted to collect primary data. With regard to this primary data collection instrument, structured and unstructured interview was conducted with workers to get in-depth information that may not be easily secured by the questionnaires. Therefore, by employing the different interview techniques, thought, perception, and opinion about the current conditions of compensation and challenges will be collected. Secondary data that relevant to the study had been collected from various published and unpublished sources of the companies, and management office as well. In doing so, having letter of authorization from Addis Ababa University, School of Commerce for gathering data will be the first step to made interview with top officials of the company. The researcher will ask the key informant consent and adjusted time to made interview with them. Then, key informant interviewed and the investigator notes down their ideas.

### **3.7.3. Observation**

The researcher will appear as a participant observer to phenomena and wrote about different issues related with the existed compensation and reward situation and status of the targeted companies.

In this study, observation will be used as one of the critical methods to gather information with the other firsthand information gathering method. For that reason, during the field work, observation was made for almost one week. During my observation both planned and unplanned observation will be applied. For instance, a planned observation in work place of employees.

## **3.8 Methods of Data Analysis**

### **3.8.1 Descriptive Analysis**

The quantitative raw data will be collected; tabulated, using table, the researcher would use frequency and percentage to interpret the values of each variable by the respondents. The qualitative data that would be collected by interview and key informant interview and presented and analyzed using narrative.

During data analysis and interpretation, qualitative and quantitative data will be combined in explaining, confirming, refuting and enriching of data. Therefore, quantitative data gathered by survey will be used to determine changes in employees' interest, while qualitative data obtained from key informant, observation and assessment of the researcher will be used to explain such changes and identify determinants of change, including adaptive strategies and issues related to employee compensation and reward.

In addition, the study data will analyze using Statistical Package for the Social Science (SPSS) version 17. Frequency tables and percentages were used to summarize the demographic information of respondents; whereas descriptive statistics such as mean and standard deviations of the respondents' scores on all the dimensions in order to determine the extent of compensation and reward in the study company.

## **3.9 Ethical Considerations**

The researcher used proper citation acknowledging , followed reliable collection & analysis of data, gave huge part to data confidentiality, obtained the consent of the selected company and employees and kept the identity of interviewees hidden based on their consent to meet the ethical obligations of the project.

## CHAPTER FOUR

### FINDINGS, DATA ANALYSIS AND INTERPRETATION

This Chapter deals with the analysis and interpretation of the findings of the data collected from CMA-CGM Ethiopia office. The analysis of the finding was done using SPSS software Version 17. The survey major findings and associated results were interpreted and presented in light of the research questions and objectives.

#### 4.1- Response Rate

A total of 114 questionnaires were distributed to employees that work in CMA-CGM office. Out of the distributed 114 questionnaires, 76 were returned back. The 114 questionnaires were distributed in three groups in the period of five days. An explanation about the purpose of the study and other ethical issues were provided before distribution. All the returned 76 were correctly completed this makes the questionnaires included in the study 66.66% of the total distribution the remaining nine respondents did not complete the questionnaire due to lack of interest or because of work load which was not explained and because of time constraint we didn't peruse much on those remaining respondents.. According to Zikmund,(2010), a response rate of 50% is acceptable and adequate for analysis as well as for reporting. Hence, the response rate of 66.66% is higher than the established acceptable rate. Information related to the demographic variables of respondents is displayed as follows.

#### 4.2 Demographic Characteristics of Respondents

The Demography of the respondents is sought through gender composition, age groups, educational background and work experience.

## 4.2.1 Gender

**Table 4.1 Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	47	61.8	61.8	61.8
Female	29	38.2	38.2	100.0
Total	76	100.0	100.0	

Out of the 76 questionnaires collected were 29 Female and 47 Male respondents. In the percentage analysis of the group set we can see that 38.16 percent of the sample is female and 61.48 percent of the sample is male.

## 4.2.2 Age Group

**Table 4.2 Age Group**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-30 years	33	43.4	43.4	43.4
30-45 years	25	32.9	32.9	76.3
Above 45	18	23.7	23.7	100.0
Total	76	100.0	100.0	

The age groups of the group set are 33 are between the age 18-30 , 25 were between 31-45 and the remaining 18 were above 46 years old, in percentage it is 43.42 % between 18-30 years , 32.89 % between 31-45 years old and 23.69 % are above 46 years old.

### 4.2.3 Educational Background

**Table 4.3 Educational Background**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School	7	9.2	9.2	9.2
	Certificate	4	5.3	5.3	14.5
	Diploma	13	17.1	17.1	31.6
	BA/BSC	48	63.2	63.2	94.7
	MA/MSc and PhD	4	5.3	5.3	100.0
	Total	76	100.0	100.0	

Regarding the education background of the group set it was divided between High School, certificate, Diploma, BA/BSC and MSC and above. Out of the respondents there were 7 High school, 4 were Certificate, 13 Diploma, 48 were BA/BSC and the rest 4 were MSC and above. This makes the percentage of High School 9.21 %, Certificate 5.26 %, Diploma 17.11 %, BA/BSC 63.16 % and the rest 5.26 % are MSC and above.

## 4.2.4 Work Experience

**Table 4.4 Work Experience**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-2 years	18	23.7	23.7	23.7
2-5 Years	25	32.9	32.9	56.6
5-10 Years	28	36.8	36.8	93.4
>10 years	5	6.6	6.6	100.0
Total	76	100.0	100.0	

The last category was work experience and out of the respondents 18 were between 0-2 years, 25 were between 2-5 years, 28 were between 5-10 years and the remaining 5 were above 10 years. This makes the percentage 0-2 years 23.7 % ,3-5 years 32.9% 5-10 years 36.8 % and 6.6 % above 10 years.

## 4.3 A Descriptive Analysis of the Study

The Data collected from the employees of CMA-CGM is analyzed and presented below with assistance of a tabular form.

According to (Zedatol, 2008) , mean scores degree are interpreted as.

- Mean = 1.00 – 2.33 \_ Low,

- Mean= 2.34 – 3.67 \_ Moderate and

- Mean = 3.68 – 5 \_ High

the perceptions of the respondents data were captured using a five-point Likert scale (1-Strongly Disagree, 2- Disagree, 3 – 29 Neutral, 4 – Agree and 5 - Strongly Agree) and interpreted in accordance with the degree stated above,, Standard deviation 0.72970)was also used to show the variability of measurements from the mean (average). The higher standard deviation indicates a wider distribution of the scores from the mean.

The Study put clear view that the monetary benefits provided by the

*Table 4.5 Salary*

Salary	N	Minimum	Maximum	Mean	Std. Deviation
I'm satisfied with my current salary for the work I do.	76	2.100	4.00	3.1184	.72970
My salary is similar those paid by similar companies.	76	1.00	5.00	2.8026	1.15493
Annual salary adjustment is fair and reasonable.	76	1.00	5.00	3.3026	1.00691
I received other payments apart from the salary.	76	2.00	4.00	2.9079	.98221
The company pays my salary on time.	76	5.00	5.00	5.0000	.00000
There is annual bonus system	76	4.00	4.00	4.0000	.00000
Aggregate Mean				3.52	.6456

organization except for the two My salary is similar those paid by similar companies

(Mean = 2.80 and SD = 1.155) and I received other payments apart from the salary (

Mean = 2.91 and SD = .982) the respondents agreed on the rest of the statements being satisfied for the payment they receive for the job they do( Mean=3.12 SD= .729), annual salary adjustment is fair (Mean= 3.30 SD= 1.007), company makes salary payment on time ( Mean= 5.00 SD= .000) and there is annual bonus system implemented in the organization ( Mean= 4.00 and SD= .000).

This implies that the employees of CMA-CGM have a good and strong appreciation towards the organization regarding the monetary benefits (Salary) provides the organization.

From the six factors that were used to measure the Leadership implementation

**Table 4.6 Leadership**

Leadership	N	Minimum	Maximum	Mean	Std. Deviation
Leaders make others to feel good and happy	76	2.00	4.00	3.0658	.63949
Leaders explain with few simple words about what we should and could do	76	2.00	3.00	2.1316	.34028
Leaders recognized and rewards when others accomplished their goals/objectives	76	2.00	4.00	3.4474	.64072
Leaders make others to perceive and think about old problems in new ways	76	2.00	3.00	2.3289	.47295
Leaders pay serious personal attention to others who seem rejected	76	2.00	4.00	2.2368	.48630
I am okay when agreed upon standards are accomplished by others	76	2.00	4.00	2.2500	.49329
Aggregate Mean				2.58	.5122

by the CMA-CGM four factors indicated a low value. This shows that almost all the respondents have the same opinion toward the leadership of the organization.

The Statements with the low values are Leaders explain with few simple words about what we should and could do (Mean= 2.13 SD= .340), Leaders make others to perceive and think about old problems in new ways (Mean= 2.33 SD= .473), Leaders pay serious personal attention to others who seem rejected (Mean= 2.24 SD= .486) and I am okay when agreed upon standards are accomplished by others (Mean= 2.25 and SD= .493)..

The two factors respondents agreed on regarding leadership of CMA-CGM are Leaders make others to feel good and happy (Mean= 3.07 SD= .639) and Leaders recognized and rewards when others accomplished their goals/objectives (Mean= 3.45 and SD= .641).

This shows that the management needs to put in to check what needs to change in order to get a better outcome.

**Table 4.7 Recognition**

Recognition	N	Minimum	Maximum	Mean	Std. Deviation
Creates very good working relationship between management and employee to improve performance	76	2.00	4.00	3.5921	.54596
Motivates employees to perform better	76	2.00	4.00	2.2237	.53163
Rewards hard working employees to sustain high performance	76	2.00	4.00	3.4474	.64072
Improves employee willingness to do extra work and go the extra mile	76	2.00	3.00	2.2500	.43589
Increases employees' readiness to learn new skills and preparedness to transfer skills on the job	76	2.00	4.00	2.6053	.76731
Aggregate Mean				2.82	.5843

From the study we saw that at CMA-CGM employees' recognition has a major gap. Of the five factors chosen to evaluate recognition in the organization respondents feel low towards

Motivates employees to perform better (Mean= 2.22 SD= .532), Improves employee willingness to do extra work and go the extra mile (Mean= 2.25 SD= .436), Increases employees' readiness to learn new skills and preparedness to transfer skills on the job (Mean= 2.61 and SD= .767). This shows that almost all respondents feel that there is a lack of recognition in the organization.

The only aspect where the management give recognition to employees on from the selected fields are Creates very good working relationship between management and employee to improve performance (Mean= 3.59 SD= .546) and rewards hard working employees to sustain high performance (Mean= 3.45 and SD= .641).

This implies that even though CMA-CGM tries to give recognition regarding some aspects there still are more issues that need to be addressed.

According to feedback from respondents regarding carrier advancement opportunity at CMA-CGM form twelve criteria's chosen to describe the organizations attitude towards carrier advancement opportunity respondents response was high or moderate to more than

**Table 4.8** *Career advancement Opportunity*

career advancement Opportunity	N	Minimum	Maximum	Mean	Std. Deviation
I have the tools and resources to do my job well.	76	4.00	4.00	4.0000	.00000
My immediate manager supports my pursuit of continuous learning opportunities	76	2.00	4.00	3.6711	.59751
I have opportunities to learn new skills that help me succeed	76	2.00	4.00	2.6711	.92935
I receive ongoing feedback that helps me improve my performance	76	2.00	4.00	2.3289	.61942
I feel my career goals can be met at the organization.	76	2.00	5.00	3.2105	.85348

half of the criteria's I have the tools and resources to do my job well, My immediate manager supports my pursuit of continuous learning opportunities, I feel my career goals can be met at the organization, Availability of adequate technical trainings as per your job, Availability of

People here challenge each other to meet higher standards of performance.	76	2.00	4.00	2.2500	.46547
Trainings needs are identified in advance	76	2.00	4.00	2.2500	.61373
Availability of organizational steps for employees growth such as trainings	76	2.00	4.00	2.3026	.49043
Availability of adequate technical trainings as per your job	76	2.00	4.00	3.6053	.61273
Availability of the chance to growing as a professional in this company	76	3.00	4.00	3.2105	.41039
How your work at the company is making you develop your skills and knowledge	76	2.00	4.00	3.0789	.58340
The opportunity to establish a clear career path with company	76	3.00	3.00	3.0000	.00000
Aggregate Mean				2.96	.5146

the chance to growing as a professional in this company, Availability of the chance to growing as a professional in this company and The opportunity to establish a clear career path with company with ( Mean = 4.00, 3.67, 3.21, 3.61, 3.21, 3.08 and 3.00 SD= .000, .598, .853, .613, .410, .583 and .000 respectively)

Respondents gave low points to I have opportunities to learn new skills that help me succeed, I receive ongoing feedback that helps me improve my performance, People here challenge each other to meet higher standards of performance, Trainings needs are identified in advance and Availability of organizational steps for employees growth such as trainings with (Mean= 2.67, 2.33, 2.25, 2.25, 2.30 and SD= .929, .619, .465, .614 and .490) which are critical issues regarding carrier advancement opportunity and practice or reward management in the organization and the final result indicates that most respondents were not satisfied with carrier advancement opportunities at CMA-CGM..

Finally , comparing the major variables that have impact on our research which is reward management practice ,Salary has a positive impact while the others Recognition and carrier advancement option have low results which shows that they have negative impact which shows that .

When comparing salary with recognition we see through the Aggregate means (3.52 and 2.82 respectively) we can see that even though respondents have a good opinions towards the organization regarding salary we can see that there is a low aggregate mean for recognition. And carrier advancement opportunity (aggregate mean of 2.82 and 2.96 respectively) , the aggregate mean is below 3.0 which shows a low employee satisfaction and low impact on reward management. Last we see that leadership has a low aggregate value (2.52) this shows lack of leadership policy from the management side and contributes to poor reward practice in the organization.

*Table 4.9 Reward Management Practice*

Reward Management Practice	N	Minimum	Maximum	Mean	Std. Deviation
Your pay is equitable with the amount of work you do.	76	2.00	4.00	2.2763	.47885
You get a praise for doing a good job	76	2.00	4.00	2.2500	.54467
The feeling of accomplishment you get from the job	76	3.00	5.00	3.9868	.59985
The recreational activities provided by the company	76	2.00	.00	2.3289	.64059
The Company maintains a competitive pay and benefits package	76	2.00	5.00	2.8158	1.02905
The extent to which the company policy helps attract and retain high performing employees	76	1.00	5.00	2.8289	1.27946
What do you feel about the pay you get	76	2.00	5.00	2.5000	.82462
The company has clear policies related to Salaries increment and bonuses	76	2.00	5.00	3.2763	.98791
Career advancement and growth-related measures	76	2.00	5.00	3.2632	.98480
The chance for advancement on this job	76	2.00	5.00	3.2237	.96054
Aggregate Mean				2.87	.8330

The last factor is Reward Management Practice and respondents view is as follows., Your pay is equitable with the amount of work you do (Mean 2.2763, SD .47885)., You get a praise for doing a good job (Mean 2.2500, SD .54467), The feeling of accomplishment you get from the

job (Mean 3.9868, SD .59985), The recreational activities provided by the company ( Mean 2.3269, SD .64059), The Company maintains a competitive pay and benefits package ( Mean 2.8158, SD 1.02985), The extent to which the company policy helps attract and retain high performing employees (2.8289, SD 1.27948), What do you feel about the pay you get (Mean 2.5000, SD .82462) , The company has clear policies related to Salaries increment and bonuses ( Mean 3.2763, SD .98791), Career advancement and growth-related measures (Mean 3.2632 SD .98480) and The chance for advancement on this job ( Mean 3.2237 SD .96054). To conclude from these results and the aggregate results (Mean 2.87 and SD .8330) shows the negative impact of the three variables with low aggregate mean plays a huge impact on the reward management practice and that the organization needs to work on resolving these issues in order to get the most outcome from the employees and to overcome any challenge that arise or might arise towards performance.

#### 4.4 Interview

According to the interview gathered from selected employees from the group set and management staffs most believe that there is a gap in the performance assessment mechanism and that the KPI system the organization utilizes only works for those employees that perform their tasks on the system and for the rest of the employs where their task doesn't require them to work on the system lose a point at the time of performance appraisal where the employee who perform on the system has an added advantage of getting a better point upon grading for work.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1.Introduction

Under this chapter, the study summarizes the finding and results emerged from the data analysis presented in chapter four. Moreover, conclusions and recommendations will also discuss with respect to the research questions.

#### 5.2.Summary of Major findings

The purpose of this study is to identify and asses the Practice of Reward management in Joint venture organizations. To this end, the study has considered selected human resource factors such as Salary, Leadership, Recognition and career advancement opportunity. To explore the findings, the study has adopted a mixed research approach and explanatory research design. Accordingly, the data was gathered using interview and structured questioner. The collected data was analyzed qualitatively and quantitatively. This section therefore, summarizes major findings as follows:

The response rate was 66.66% which is above 50% and proves to be above the acceptable rate and the demography of the respondents is diverse by different sex, Age Group, Education Background and work Experience.

- The aggregate mean score for Salary indicated a score of 3.52 close to High, indicating that the majority of the respondents agree with issues raised regarding to salary. Even though there are some regrets almost all in the group set feel that the organization gives them a fair salary package.

- The aggregate mean score for Leadership and Recognition is also moderate but too low (2.58 and 2.82 respectively) indicating that most of the respondents are somewhat in agreement with the statements raised but not satisfied and pleased with both factors.
- Whereas, for Carrier advancement opportunity one item for work environment (mean 2.96) shows an aggregate mean moderate score indicating that majority of respondents are marginally in agreement with the raised statements.
- The interview results with the key persons i.e. the Joint Ventures Department Heads and some selected employees revealed that there is reward management system and policy and they use a KPI system named C&Me but there is some issues with the KPI system.
- Out of the four variables (Salary, Leadership, Recognition and Carrier advancement opportunity) the three ( Salary, Recognition and carrier advancement option) have huge impact on Reward management in the joint venture. But for the data collected we can see that apart from salary the rest have a low employee satisfaction and this on other hand shows that the management needs to do some modifications on this and this plays an impact on the Reward management.
- Concerning the employees' response on the questionnaire and interview towards reward shows that the organization needs to make adjustments in order to attract and retain high performing employees and as stated earlier the organization need to have a clear policy.

### 5.3 Conclusion

This study has tried to assess Practices of Reward Management in Joint venture companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime(CGM) and MAccfa Logistics. Since CMA-CGM operates in more

than 160 countries because of limited time and resource only Ethiopia office is used for the research. To get these findings, the researcher has collected primary data through questionnaire from 76 sampled employees, interview from selected employees and some managements of the Organization and also some documents related to reward from the Addis Ababa Office,. Data from the questionnaires was analysed using SPSS version 17.0.0 software to get frequency distribution and descriptive statistics. Secondary data such as performance document have also been used to triangulate the information gathered through primary data collection instruments and techniques. As a result, based on the above mentioned summarized findings, the researcher has reached on the following conclusions.

The study has reached on a conclusion that CMA-CGM has a reward policy strategy. However, the criteria were not not the same to all employees to all. Such gap leads to ineffective reward management system. The study has also tried to reach on a conclusion that the reward management practice is not satisfying majority of the employees. Level of dissatisfaction has been found high on payment reward with respect to annual performance. According to data collected via interview and focus group discussion, employees are dissatisfied of pay reward such as salary and bonus. Criteria for annual salary increment and bonus are based on annual performance which is gathered from C&Me a KPI system used by CMA CGM internationally. However, some employees departments do not use this KPI system and this brings the gap on performance evaluation and on other hand reward. This conclusion has also been revealed from descriptive analysis where it indicated that employees have a good intentions towards the organization regarding to Salary ( Aggreat Mean = 3.52)most responses regarding the salary issues are satisfying. But when it comes to recognition and carrier advancement opportunity which are some of the major factors to rewarding system the respondents

feel less satisfied (Aggregat Mean of 2.82 and 2.96 respectively) which shows the result is under 3.0 which is Moderate but with low satisfaction and this concludes that the employees response shows that there is a gap in the reward system..

The study has also revealed the following

- There is has a strong relationship between salary and Reward management Practice
- Career advancement Opportunity has a positive relationship with Practice of Reward Management
- Leader ship role and recognition contribute to Reward Management
- Reward Management has a positive impact on organization

And also as a challenge

- Issue with Annual performance reward system
- The organizations not considering issues like recognition and carrier advancement options for employees
- From the aggregate mean we can see that there is a gap between employee expectation and organizations performance toward leadership.

#### 5.4 Recommendations

Based on the findings and conclusions made above, the following critical recommendations are suggested in relation to Practices of Reward Management in Joint venture companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime(CGM) and MAccfa Logistics

- The management of the joint venture should put a clear and smooth policy regarding reward Management.
- The management should have competitive reward and salary policy compared to other competitive companies
- The organization's higher ups should and need to have a way to attract and retain high performing employees to join or stay at the organization. This on other hand will enable the organization perform its duties in a smooth and effective manner
- The organization should take the effort to make sure employees have suitable work environment, feel at home and have develop good employee management relationship
- There should be a clear and accountable performance appraisal system and performance evaluation method in the organization other than the KPI system to be used for reward purpose.
- Based on the analysis salary is the factor that satisfies employees than recognition leadership and carrier advancement opportunity. We recommend that management give attention and emphasis to those.

Finally The researcher believes and recommends that

- the organization need to change the policy it has been operating till now regarding reward Management and put a clear cut policy which includes a transparent approach to Leadership and employee recognition
- The management should also put in practice carrier advancement as a major program as it will contribute beside salary to retain and attract high performing employees

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## Annex 1



**Addis Ababa University,**

Date: August 2022

Dear respondents,

My name is Desta Tesfu. I am a postgraduate candidate pursuing Master of science Program in Management at Addis Ababa University, College of Business and Economics. I am conducting my final year project research with the title *Practices of Reward Management in Joint venture companies: Case of Compagnie Maritime d'Affrètement (CMA) and Compagnie Générale Maritime (CGM) and MAccfa Logistics.*

This questionnaire is aimed to gather relevant information that will be useful in the above-mentioned research. I, therefore kindly request your utmost cooperation in filling the questionnaire honestly and accurately, as the quality of information you provide determines the ultimate reliability of the study. Please put the tick mark (✓) on the appropriate space in the box to the point which mostly reflects your idea.

Note :-

- Please do not write your name.
- All information will be used only for academic purpose and treated confidentially.

## I. Demographic Information

1. Gender: Male  Female
2. Age: 18-30  31-45  46 and above
3. Educational level: Elementary  High School  Certificate  
Diploma  BA/BSC  MA/MSc and PHD
4. For how long you work for the organization?  
0-2 year  3-5 year  6-10 year  11 and above year

### Part two: Questionnaires related to Reward and Compensation

**Note: Please indicate the extent to which you agree with the following statements by putting  $\surd$  in the space provided.**

1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

No	Salary	1	2	3	4	5
1	I'm satisfied with my current salary for the work I do.					
2	My salary is similar those paid by similar companies.					
3	Annual salary adjustment is fair and reasonable.					
4	I received other payments apart from the salary.					
5	The company pays my salary on time.					
6	There is annual bonus system					

No	Leadership Role	1	2	3	4	5
1	Leaders make others to feel good and happy					
2	Leaders explain with few simple words about what we should and could do					
3	Leaders recognized and rewards when others accomplished their goals/objectives					
4	Leaders make others to perceive and think about old problems in new ways					
5	Leaders pay serious personal attention to others who seem rejected					
6	I am okay when agreed upon standards are accomplished by others					

No	Recognition	1	2	3	4	5
1	Creates very good working relationship between management and employee to improve performance					
2	Motivates employees to perform better					
3	Rewards hard working employees to sustain high performance					
4	Improves employee willingness to do extra work and go the extra mile					
5	Increases employees' readiness to learn new skills and preparedness to transfer skills on the job					

No	Career advancement opportunity	1	2	3	4	5
1	I have the tools and resources to do my job well.					
2	My immediate manager supports my pursuit of continuous learning opportunities.					
3	I have opportunities to learn new skills that help me succeed.					
4	I receive ongoing feedback that helps me improve my performance.					
5	I feel my career goals can be met at the organization.					
6	People here challenge each other to meet higher standards of performance.					
7	Trainings needs are identified in advance					
8	Availability of organizational steps for employees growth such as trainings					
9	Availability of adequate technical trainings as per your job					
10	Availability of the chance to growing as a professional in this company					
11	How your work at the company is making you develop your skills and knowledge					
12	The opportunity to establish a clear career path with company					

No.	Reward Management practices	1	2	3	4	5
1	Your pay is equitable with the amount of work you do.					
2	You get a praise for doing a good job					
3	The feeling of accomplishment you get from the job					
4	The recreational activities provided by the company					
5	The Company maintains a competitive pay and benefits package.					

6	The extent to which the company policy helps attract and retain high performing employees					
7	What do you feel about the pay you get					
8	The company has clear policies related to Salaries increment and bonuses					
9	Career advancement and growth-related measures					
10	The chance for advancement on this job					

1. What impact do the reward and compensation practices (factors) have on your job and career development?
  
2. What are the major problems/challenges that the company is facing with respect to compensation and reward management?

## Interview Questions

### Dear Respondents:

This questionnaire is for evaluation of reward and compensation management of employees and your response will not be used other than research purpose. So, you are kindly requested to give response honestly.

Thank you in advance

### List of interview questions:

1. Please explain the current compensation practice relative to with the following points:
  - Basic Salary
  - Reward
  - Career advancement
  - Government regulation y
  - Fair Compensation
2. What is the reaction of employees on compensation management practices in the company?
3. How does the compensation package being compared and analysed with external market?
4. What are the internal and external factors that may affect the compensation

system?

5. Do you think the current compensations are faire, sufficient and competent to employees? If Not why?
6. How often the company review its compensation policy manual, do employees participate during the revision and what are the factors to do so?
7. How many employees resigned in 2014 E.C and what is their reason?
8. What are the major problems/challenges that the company is facing with respect to compensation and reward?
9. What are the possible solutions that should be taken to retain talented and qualified employees for the achievement of company's goals?