

**THE IMPACT OF COMPENSATION AND BENEFIT PLANS ON
EMPLOYEE MOTIVATION: A CASE STUDY OF ETHIOPIAN
ROADS AUTHORITY (ERA)**

***A PROJECT SUBMITTED TO THE SCHOOL OF GRADUATE
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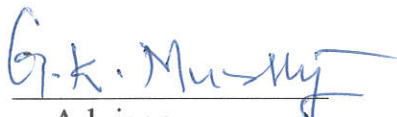
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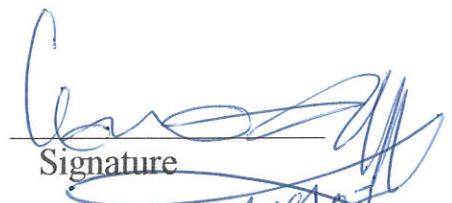
ADDIS ABABA UNIVERSITY
School Of Graduate Studies

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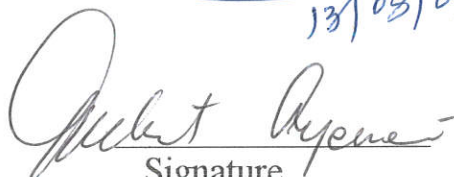
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Abstract

This study has been conducted in Ethiopian roads authority (ERA) to assess strengths and weaknesses of the organization in its compensation and benefit plans and how these plans affected its employee motivation. The study was undertaken by using basically primary data collection instruments i.e. questionnaire distributed to randomly selected employees (both Managerial and non-Managerial) and interview questions asked to the Human Resource Manager and the data were analyzed by using destructive statistical techniques.

The findings indicated that the compensations and benefit plan in the organization is not attractive and motivating to the majority of its employees. Moreover, it is also depicted from the findings that ERA is weak in periodically revising the compensation and benefit plan scheme of the organization accordingly with the increasing living cost in the country even though the Board of Directors have the mandate to do so.

Based on the findings it is also seen that the organization's non-financial compensation practices and plans such as promotion, training and development programs are not clearly communicated to the employees and there is no fair distribution of them among employees at different level. Hence, this unfairness has negatively affected the level of motivation of employees of ERA.

In order to improve the weaknesses of the company with regard to its compensation and benefit plans recommendations are made based on the findings of the study.

CHAPTER ONE

INTRODUCTION



1.1 Background of the study

The existence and proper operation of an organization is on the hands of its resources such as physical, financial, information and human resources. Among them human resource is a key resource for any organization through which organizational goals are achieved. To keep its performance, competitiveness, efficiency and to utilize its capacity so as to achieve organizational goals, any organization should motivate and satisfy employees to carry out their jobs. However, having satisfied employees and holding them through life in the organization is not always possible due to the nature of human beings and their complex needs.

Management of any organization should always consider the human factors such as personal interests and needs, moral and cultural values, feelings and attitudes, sociological interactions with groups and psychological variations of their employees. Even though it is not simple task for them, the management should revise the human factors and the job content of work environment to match it properly with the human factors. Even if it is impossible to get a perfect match, they should try to understand what makes an employee satisfied of his/her job. Management in different organizations uses different techniques to make their employees get satisfied. One of the means that organizations use to motivate their employees towards their job is good and consistent compensation and benefit plans. (Pigors and Myers 1981; p. 129)

Organizations that have good compensation and benefit plans can build their employee morale, maintain state of mind, good social interaction, as well as sense of loyalty that result in better performance, productivity & quality of work. Obviously that guarantees the organization's performance, competitiveness, efficiency and effectiveness.(Ibid:p. 132)

Compensation is reward employees receive in exchange for their performance. It is concerned with wages and salaries, pay raises, and similar monetary exchange for employees' performance (Holt, 1993). Well-designed pay or compensation system enables the organization:

- *To attract qualified employees required*
- *To retain and motivate the existing workforce toward its goal achievement.*

On the contrary, if compensation is not tied to work, employees are likely to look for a better paying job.

Employee benefits are the indirect form of the total compensation; they include paid time away from work, insurance and health protection, employee services, and retirement income (Milkovich, 1991).

Benefits too enable organizations to retain and attract qualified personnel.

Motivation is the process of stimulating employees to perform better in the attainment of organizational objectives. It is "the concept of behavioral change or result of influence that alters an individual performance." It is composed of forces that cause a person to behave in certain directions. These forces, according to Holt (1993) come from within the person, from other people who interact with that person, and from the person's surroundings. Management, therefore, needs to know how employees are motivated and what stimulates their behavior in order to determine the nature of motivation. Among those motivating factors are the compensation and benefit plan in the organization. (Holt, 1993, P.278)

The compensation and benefit system in almost all governmental organizations of Ethiopia is generally unsatisfactory/non-motivating. The same is true in the case of Ethiopian Roads Authority which is one of the governmental organizations of Ethiopia. On the other hand the cost of living condition in Ethiopia is getting worst and worst due to high inflation rate. The compensation and benefit plan of ERA is also none motivating to the employees of the organization. Some governmental organizations offer fringe benefits and other incentives to their employees to motivate still others do not have such kinds of benefits.

1.2 Background Ethiopian Roads Authority (ERA)

Ethiopian Roads Authority (the then Imperial Highway Authority) was established In 1951 by Proclamation No. 115/1951 with specific duties of planning, designing, constructing, and maintaining roads. The need to establish this semi-autonomous agency was due to the need to restore the highly disintegrated road network built by Italians to satisfy the basic social and economic needs of the population and Government. Since then the responsibilities of ERA have widened in scope and size. At present, of the total classified road network, about 16,617 km are considered as the main road network administered by ERA and the remaining 16,680 km. are categorized as “rural roads” are under Regional Rural Roads Authorities. It is responsible to develop and administer highways, to ensure the standard of Road Construction and to create proper condition on which the road network is coordinately promoted in the country.

Vision

Better Roads for better Ethiopia!!

The vision of ERA is derived from what the organization desires to achieve in the coming

years. Hence, the vision is the most powerful motivator for every employee working in ERA. Accordingly, its vision is “to assure the provision of adequate, reliable, high quality & standard road network to Ethiopians and open up all potential development areas which will contribute to fast socio-economic development all over the country”.

Mission

The Mission of ERA emanates from the purpose it was established under Proclamation No. 80/1997. Accordingly, ERA is given the task to administer the federal road network system. In other words, our mission is to “Provide safe, comfortable, reliable and adequate road infrastructure to support the socio-economic development of the nation and satisfy road users by:

- Improving condition of roads
- Expanding the road network.”

Objectives

Ethiopia’s economic growth is highly dependent on the agricultural sector. Therefore, development efforts to change the existing socio-economic condition of the country would also be dependent on the efficiency of this sector for the foreseeable future. However, a better performance of the agricultural sector in particular, and the sustainable economic growth of the country at large would be achieved through an improvement of the basic infrastructure. Consequently, the road network has been identified as a serious bottleneck for the economic development of the country. The primary objective of the ongoing program is to restore and expand Ethiopia’s road network, which has become an obstacle and major impediment to sustainability of the economic development program. Side by side the

program would assist in developing strong management and technical capacity to manage the road network, and develop the capacity of domestic construction industry.

Mandates on ERA

The mandate of any one organization is basically what is formally required from this organization by the Government. In other words, the mandates of the organization are made up from the tasks stated in laws, regulations, decrees or charters. The overall mandate of ERA is:

- To regulate, plan and manage the federal road network of Ethiopia, which includes construction, maintenance, upgrading and rehabilitation so that it will achieve the overall objective of economic development, growth and poverty reduction.

The above overall Mandate of ERA emanates from the powers and duties vested upon it by Proclamation No. 80/1997.

Value Statements

Values are organizational cultures being practiced in the organization. The objective of having clearly defined value statements is to direct the staff in ERA towards the broad mission it is standing for. Some of the values statements ERA pursue are depicted hereunder:

- Being good stewards of the public trust and customer driven.
- Incorporating stakeholders' requirements in its strategies and programs.
- Taking into account regional differences in all its endeavors towards the achievement of the Program.
- Integrating the principles of ecologically sustainable development in road planning & implementation.

- Seeks value for money in implementing components of the Program.
- Striving for the attainment of Road User Satisfaction
- Committing towards excellence
- Building up Team work

Employee profile of Ethiopian Roads Authority (ERA)

S.No.	Employee Qualification	Gender	Count	Total		
1.	Masters Degree MSC LLM	Female	3	44		
		Male	39			
		Female	0			
		Male	2			
2.	First Degree BSC BA LLB	F	45	326		
		M	153			
		F	37			
		M	89			
		F	0			
		M	1			
		3.	Advanced Diploma		F	2
					M	8
4.	Diploma	F	67	179		
		M	112			
5.	Vocational Diploma	F	83	210		
		M	127			
6.	10+2	F	1	3		
		M	2			
7.	10+1	F	21	51		
		M	30			
8.	12 th Complete	F	24	71		
		M	47			
9.	Below 12 th Grade	F	110	196		
		M	86			
Total				1090		

Source: Employee manual of ERA

1.3 Statement of the Problem

People are the major assets of any organization since the important part of the manager's job is getting things done through other people, it is essential that managers should understand matters that motivate people to perform better and to the extent of their capacity to ensure organizational effectiveness. Hence, the very important question in organizations is how to get motivated employees who can do better job that contributes to organizational success and how to retain them in organization.

Managers in this regard should try to bring efforts of employees directed towards the objectives of the organization. To lead the efforts of workers towards the objectives, managers should consider sound compensation and benefit plan. However, most organizations fail to have such kind of compensation and benefit policies so that they can motivate their employees for better performances.

The compensation and benefit plan and its implementation in most government organizations of Ethiopia are not motivating to the employees of most organizations. Hence, there is high turnover rate in most government owned organizations and also employee job dissatisfaction. It is identified that the above problems are subjected to poor compensation and benefit structures in governmental organizations. Ethiopian Roads Authority is one of government owned organizations of Ethiopia which is facing similar problems like other governmental organizations. The organization has employees of several professions among which Engineers and Mechanics are the key employees to the achievement of the goal of the organization. However, most Engineers are flying to other organizations where they can earn better salaries and fringe benefits. Other professionals such as managers, accountants and the

like are also moving to other government and non government organizations where they can be paid better.

Thus, this study focused on assessment of problems related to compensation and benefit plan and policies of Ethiopian Roads Authority so that the necessary recommendations can be forwarded to solve the problems in the area of compensation and benefit policies of the organization.

1.4 Objective of the Study

This study had both general and specific objectives to be addressed. The general objective of this research is to identify problems associated with the compensation and benefit plan of Ethiopia Roads Authority with regard to employee motivation. Moreover, the study had the following specific objectives:

- To know the employees attitudes towards the current compensation and benefit scheme and the plan
- To identify the factors affecting compensation and benefit plans of ERA.
- To draw conclusions from the study and foreword the necessary recommendations to the organization.

1.5 Significance of the Study

The study was undertaken with the intention to examine and appreciate the relevance and effects of good compensation and benefit plan and its effect on motivation and overall job performance of ERA. Hence, the organization would identify its short comings and revise its



Compensation and Benefit Plans to have motivated and better performing employees. In addition, the study is expected to enhance its service and service quality of the organization. It is also expected to be an initial information for researchers who are interested to make further study in the area of compensation and benefit plans and their relation to employee motivation.

1.6 Methodology of the Study

1.6.1 Sources of Data

Both primary and secondary data are used to conduct this research.

Primary data: Questionnaires were distributed to employees (both managerial and non managerial) and interview was conducted with the Human Resource Manager of the organization.

Secondary data: The following secondary data sources were used to conduct the study

- The policy manual of the organization in compensation and benefit were referred.
- The organizations strategic plan documents were referred and consulted.
- The organization's collective agreements of Labor Union were consulted.

1.6.2 Data collection Methods

- Questionnaires were distributed to 110 of randomly selected employees (both managerial and non managerial) out of 1090 total population at Addis Ababa main branch to know their attitudes on the compensation and benefit plan of the organization.

- An interview was made with the Human Resource Manager of the organization to know the compensation and benefit practice and plan of the organization as well as factors affecting the plans in ERA.

1.6.3 Data Presentation and Analysis

The collected data was analyzed and presented by using table formats, descriptive statistical techniques such as frequency distribution and percentages.

1.7 Scope of the Study

Even though assessment of compensation and benefit plan and its impact on employee motivation is important for any organization, this study was confined to only one selected company, ERA. The study was also confined to the employees of Addis Ababa main branch of the organization due to several limitations.

1.8 Limitations of the Study

This study was limited by several constraints some of which were:

- Some employee did not accurately respond to questionnaire fear of job security;
- Knowledge problems of the respondents to provide correct responses to the questions in the questionnaire;
- Awareness problems by the respondents on the relevance of accurate response to the quality of research.
- Time shortage was one of the limitations affected the quality of the research.

1.9 Organization of the paper

This paper is composed four chapters. The first chapter has dealt with introductory part of the study. The topics in this chapter included background of the study, statement of the problem, objective of the study, limitations of the study, scope of the study and methodology to be used in data collection, presentation and analysis. The second chapter addressed the review of relevant literatures in the area of the study. The third chapter concerned about the presentation of the collected data, its interpretation and analysis. Finally, the fourth chapter consists the conclusions and necessary recommendations forwarded based on analysis of the data.

CHAPTER TWO

REVIEW OF LITERATURES

2.1 Compensation

Employees are the backbone of the organization. The attainment of organizational objectives largely depends when employees are motivated to work. Among other things, employees are motivated to work when they are provided a fair financial and non-financial compensation for work rendered to the organization. What, then, is compensation? What is its significance?

Compensation is fundamentally about balancing human resource costs with the ability to attract and keep employees. By providing compensation, most employers attempt to provide fair remuneration for the knowledge, skills, and abilities of their employees. In addition, the compensation system should support organizational objectives and strategies, as the discussion of broad banding indicates.

Compensation is reward employees receive in exchange for their performance. It is concerned with wages and salaries, pay raises, and similar monetary exchange for employees' performance. An incentive is compensation that rewards and employee for efforts beyond normal performance expectations. Examples of incentives include bonuses, commissions, and profit-sharing plans. (Holt, 1993).

If compensation is not tied to work, employees are likely to look for a better paying job. Moreover, other implications of pay dissatisfaction are illustrated in the figure (Werther & Davis, 1996) below.

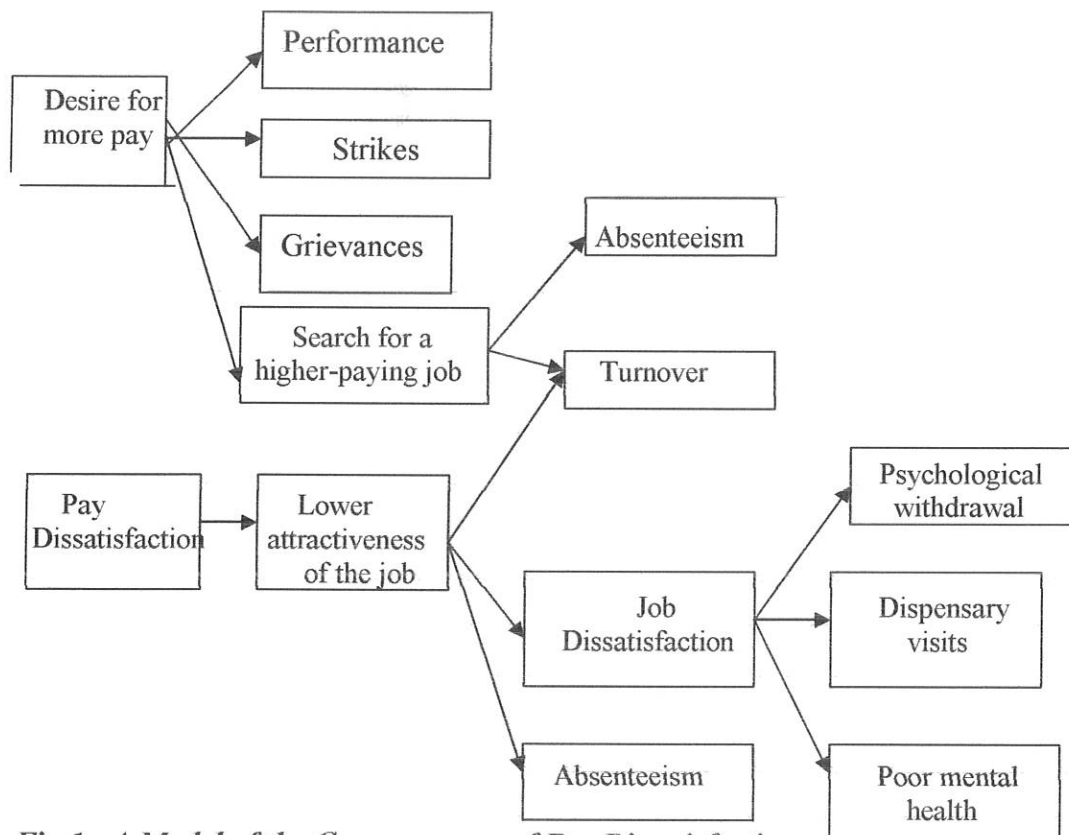


Fig 1. A Model of the Consequences of Pay Dissatisfaction

As can be seen from the above figure, in organization where employees are dissatisfied with the types of compensations, their contribution toward goal achievement tend to be lower. In severe cases, pay dissatisfaction may lower performance; cause strikes increase grievances, and lead to forms of physical or psychological withdrawal ranging from absenteeism and turnover to increased visits to the dispensary and poor mental health (Werther and Davis 1996).

2.1.1 Objectives of Compensation

The objective of a compensation administration is to establish fair and equitable rewards to the employees, so that they are motivated to do the job in a better way for the organization.

Moreover, Werther and Davis (1996) listed the following objectives, which are sought through effective compensation management.

- Acquire qualified personnel

Compensation needs to be high enough to attract applicants. Pay levels must respond to the supply and demand of workers in the labor market since organizations compete for employees.

- Retain current employees

Employees may quit when compensation levels are not competitive, resulting in higher turnover.

- Ensure equity

Compensation management strives for internal and external equity. Internal equity requires that pay be related to the relative worth of a job so those similar jobs get similar pay. External equity means paying employees what comparable employees are paid by other organizations in the labour market.

- Reward desired behavior

Pay should reinforce desired behaviors and act as an incentive for that behavior to occur in the future. Effective compensation plans reward performance, loyalty, experience, responsibility, and other related behaviors.

- Control costs

A rational compensation system helps the organization obtain and retain employees at a reasonable cost. Without effective compensation management, employees could be overpaid or underpaid.

- **Comply with legal regulations**

A sound wage and salary system considers the legal challenges imposed by the government and ensures the employer's compliance.

- **Facilitate understanding**

Human resource specialists, operating managers and employees should easily understand the compensation management system.

- **Further administrative efficiency**

Wage and salary programs should be designed to be managed efficiently, making optimal use of the organization's human resource.

2.1.2 Types of Compensation

Compensation can be both tangible and intangible. Regarding tangible (financial) compensation, there are two general types: direct and indirect. With the direct types of compensation, the actual tangible benefits are provided by the employer. The most common forms of direct compensation are pay and incentives.

Pay is the basic compensation an employee receives, usually as a wage or salary. An incentive is compensation that rewards an employee for efforts beyond normal performance expectations. Examples of incentives include bonuses, commissions, and profit-sharing plans.

With indirect financial compensation, employees receive the tangible value of the rewards without receiving the actual cash. A benefit is an indirect reward, such as health insurance, vacation pay, or retirement pensions, given to an employee or group of employees as a part of organizational membership.



Employee benefits are a smorgasbord of indirect compensations, such as pensions, health insurance, time-off with pay, and other. A benefit is a form of indirect compensation. Unlike employers in many other countries, in the United States employers have become a major provider of benefits for citizens in many other nations, citizens and employers are taxed to pay for the government's provision of such benefits as health care and retirement.

1. Financial Compensation

Financial compensation, as shown in the figure next page, includes direct compensation, which is paid to employees in the form of wages, salaries, bonuses, and commission in exchange for their performance, and indirect compensation includes all financial rewards that are not included in direct compensation (Mondy & Noe, 1990). Genet, an employee of the Ethiopian Civil Service College, for example, will receive indirect financial compensation because her college pays 50 percent of all medical and hospital costs.

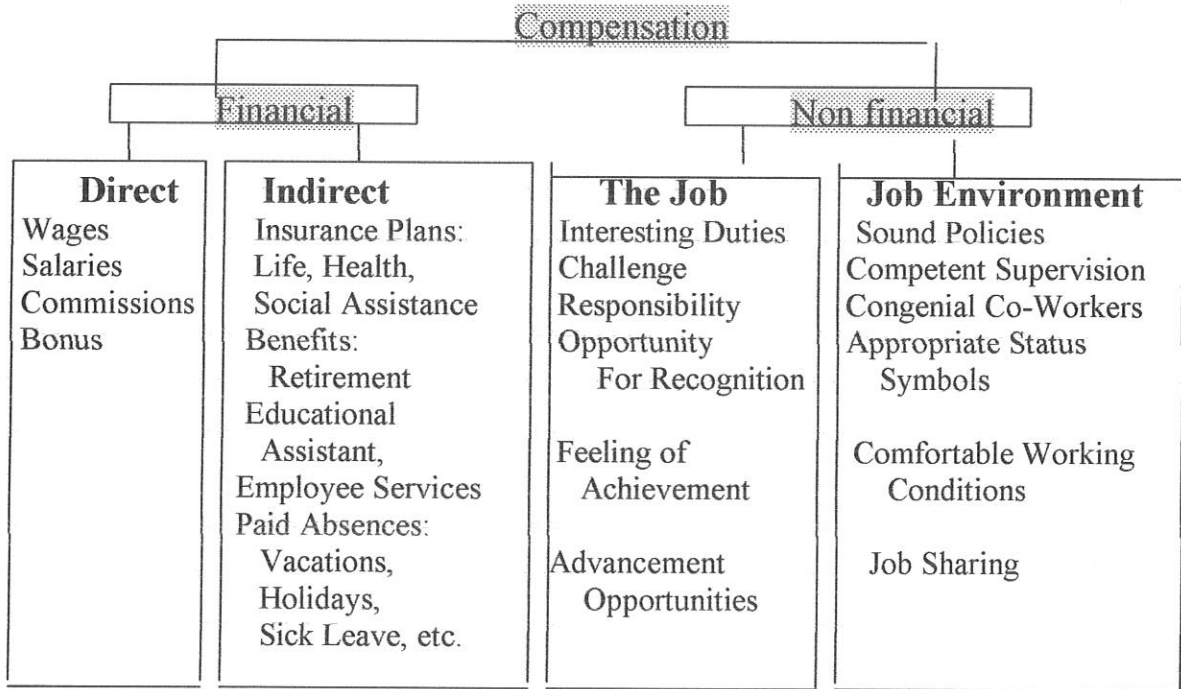


Fig. 2. Components of Compensation
Source: Mondy & Noe, 1990

It is important here to distinguish wage from other forms of direct financial compensation. Wages are payments based on the number of units (hours, days) that a person works for the organization or the number of units produced (piece rate system) (Baird, et, al, 1990). It is a payment to manual workers. Salaries are money paid on monthly or annual basis to employees whose output can not be easily quantified. Clerical and administrative staff receives salary. Bonuses, on the other hand, are lump-sum payments offered to employees in recognition of successful performance, whereas commission is a special form of incentive in which payments to sales representatives are made on the basis of a percentage of the sales value they generate (Armstrong, 1996).

2.1.3 Determinants of Financial Compensation

Financial compensation system is influenced by a series of internal and external factors. As Monday & Noe (1990) pointed out the organization, the labour market, the job and the employee have an impact on the job pricing and the ultimate determination of employee's financial compensation. The major parties and issues of concern are shown in the table (Scarpello and Ledvinka, 1988) below.

PARTIES	MAIN ISSUES OF CONCERN
Government	Ensure that financial compensation supports the social and economic interests of the broader society.
Occupational groups	Protect members' human capital investment
Unions	Protect, maintain, and increase the welfare of the worker.
Individual	Ensure that a balance is maintained between contributions to work and the outcomes received from work.
Organization	Within budget constraints, attract individuals into the organization, retain employees, and motivate behavior toward achievement of organizational goals.

Source : Scarpello and Ledvinka, 1988)

A. Organizational Interest in Compensation

Why are organizations interested in compensation? Organizations view compensation mainly as a means:

- To attract qualified candidates for vacant positions
- To retain competent and dedicated employees
- To facilitate performance
- To comply with government employment policies.

Moreover, compensation is an expense in the sense that it reflects the cost of labour (Monday & Noe, 1990). Organization often has compensation policies. As organizations differ in size and purpose, so do in pay levels. According to Glueck (1978) there are three alternative strategies, this might be chosen by organizations. These are high, low, and comparable.

The high-pay-level strategy

In this strategy, the organization chooses to pay higher than the average pay levels. The assumption is that paying a higher salary or wage will enable organizations attract and retain competent employees and this, in turn enhance employees' productivity.

The low-pay-level strategy

In this alternative, the organizations pay a minimum salary or wage to employees. This may be because of poor financial condition or the work does not require highly qualified personnel. The low compensation policy does not save money; rather it is quite expensive.

In addition to being unproductive, low paid workers usually damage their work instruments

because of insufficient knowledge and skill. On the other hand, organizations using low pay strategy may also have a high labour turnover rate.

The comparable-pay-level strategy

This strategy requires organizations to follow “equal pay for equal work”. Here employees are paid based on comparable value of jobs they are performing.

The choice of any of the above pay-level strategies may be affected by factor internal or external to the organization. The following are some of the major factors that affect compensation decision.

- Quality and quantity of needed skill
- The organization’s current financial position and financial prospects for the coming year.
- Cost of living index
- Employees behavior, such as performance, turnover, absenteeism, unionization attempts, and sabotage (Scarpello & Ledvinka, 1988).

Furthermore, the profit levels of an organization can also affect employees’ salaries or wages. This being the case, who is a pay policy-decision maker? In most organizations, the top-level management makes pay decisions by considering the above factors.

B. Labor Markets Influence on Compensation

The number and types of employees indicated in the organization’s human resource planning are mainly drawn from the labour market. Since the market directly affects the pay-levels, analysis of the demand for and supply of labour is imperative. The demand for human resources largely depends on organization's ability to pay. On the other hand, the supply focuses on the number of persons of work age; the attractiveness of the job in pay, benefits,

and psychological rewards; the availability of training institutions, and so on (Glueck, 1978). When the supply of employees exceed the demand, the initial pay-levels tend to go down. On the contrary, when the demand for employees exceed the supply, the initial pay-levels tend to go up.

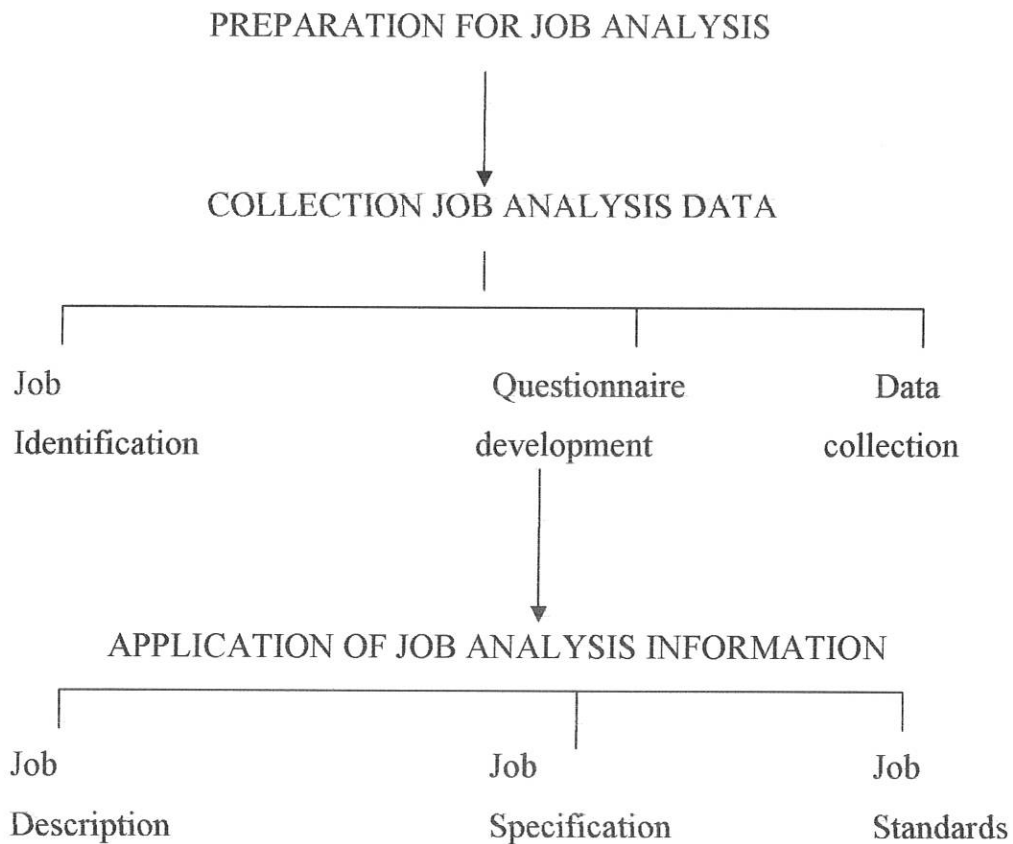
C. Job Influence on Compensation

Organizations appear to attribute similar values for similar jobs and different values to different jobs. In other words, jobs employees are assigned to perform are a major decisive factor of the amount of pay they will in turn receive. Organizations pay for the value they attach to certain duties, responsibilities, and other job-related factors. If this is the case, the question of what are the techniques used to determine the value of jobs is an important one that requires an answer. Compensation techniques used by organizations for determining the relative value of jobs are job analysis and job evaluation (Mondy & Noe, 1990) .

Job Analysis

If compensation policy is to be based on the nature of job, a job analysis activity must be conducted to identify the similarities and differences among the various jobs in the organization. As we discussed earlier, *job analysis* is a systematic process of determining the skill and knowledge required for performing jobs. It reveals the major tasks, duties and responsibilities, the relationship of a job to other jobs, the skill and knowledge required **for** each job, the outcomes that are expected and working conditions. The basic premise underlying job analysis is that jobs are more likely to be described, differentiated, and evaluated consistently if accurate information is available to reward managers (Bratton & Gold, 1995).

As can be seen in the following figure, to develop job descriptions, job specifications, and job standards, information relevant to the jobs to be analyzed must be collected through questionnaires, interviews, operation, and other related methods of data collection.



The process of analysis

Source: Bratton & Gold; 1995

What are job description, specification and standard? If we recall, job description is written document that describes the duties and responsibilities of a specified job. Job specification is a statement that explains the skill, knowledge, and experience needed to perform the job. Job standard, on the other hand, is a minimum acceptable level of performance.

It is based on job analysis that organizations assign a financial value to each job. Thus, unless there is a clear definition of the job and job performance standards it would be difficult to imagine how pay can be linked to individual performance (Bratton & Gold, 1995). It is worth noting that job evaluation is also a means to compare the relative values of various jobs in an organization. Hence, the next pages briefly examine how it is used to determine financial compensation.

Job Evaluation

A certain public enterprise may hire a chief administrative officer, accountant, mechanic, engineer, janitor, economist, and so on. Here it is necessary to get a clear understanding of how is compensation determined for various jobs in an organization. Compensation within an organization is determined by comparing one job to other job. This comparison is made possible with job evaluation. Thus, what is job evaluation? Job evaluation is that part of a compensation system in which a firm determines the relative value of one job in relation to another (Henderson, 1985). The major reason of job evaluation is to maintain internal pay equity among various jobs in the organization. Moreover, job evaluation is used to:

- Identify the organization's job structure
- Bring equity and order to the relationships among jobs
- Develop a hierarchy of job value that can be used to create a pay structure
- Achieve a consensus among managers and employees regarding jobs and pay within the firm (Plachy, 1987: p.269).

Job evaluation rates the job and not the employee performing the job. It is, therefore, a process of analyzing the worth of a job to that of another, without regard to personalities on the jobs. In this process accurate job descriptions and job specifications must be

available to analyze and assign monetary value to organizational jobs. The more skill, education and responsibility required in a job, the more it worth. (Ahuja 1988:p. 354)

Organizations use four major types of job evaluation methods to determine compensation. These are:

1. Job Ranking
2. Job Grading
3. Factor Comparison
4. Point System

Job Ranking Method

The simplest method of job evaluation is **ranking**. A committee or evaluators review the job descriptions and rank each job from the simplest to most challenging job in the organization. This job-ranking method is based on subjective evaluation of relative value. Compensation for each job will be based on the job hierarchy. The ranking method is more suitable for small organizations having a limited number of employees.

Job Grading Method

The job grading or the classification method works by having each job assigned to a grade by matching standard descriptions with each job's description, as shown below.

A Job classification Schedule for Use with the Job Grading Method

To determine appropriate job grade, match standard description with job description. Here jobs are assigned to grades by comparing the job description with the standard description. The sample above indicates five grades. Jobs, which might be classified under grade I, are simple and routine. Jobs become more difficult as the grade level increases. For example, jobs under grade IV are believed to be complex and require high-level skill. In attaching



monetary values to the various jobs, the rater makes pay-level differentials between jobs, based on their complexity. More challenging jobs in an organization are paid more. In this non-analytical method “complex jobs are difficult to fit into the system; a job may seem to have the characteristics of two or more grades (Bratton & Gold, 1995).

Factor Comparison Method

This method demands a more quantitative analyses of the jobs involved. In this method, each job is broken down into factors, which are considered common to all types of jobs. The compensable factors used to compare jobs in the organization are skill, mental requirements, physical requirements, responsibilities and working conditions. For each job in the organization, the factors are “ranked according to their relative importance in each job (Brotton & Gold, 1995) and then the job evaluator assigns a monetary value to each factor. For example, a job with worth of Birr1,200 per month may have its different contributing factors costed as follows: (Brotton & Gold, 1995)

Compensable Factors	Allotted Birr
Skill Requirements	240
Mental Requirements	360
Responsibility	240
Physical Requirements	192
Working Conditions	168
Total Job Value	Birr1,200

As can be seen above, the monthly salary Birr1,200 is allocated among the five factors. Though its application is complex in the sense that, each factor has to be costed, the criteria for evaluating job are explicit.

Point Method

The point rating system is the most accurate and widely used method of job evaluation. This system resembles the factor comparison method in that, in both cases, jobs are broken down into factors like skill, mental effort, responsibility, physical effort and working conditions. However, unlike the factor comparison where monetary value is assigned to each job, here points are used to determine the worth of jobs in the organization.

In allocating range of points to each job factor, the following steps may be followed.

1. Assign a number (between 1 and 100) to each factor.
2. Closely examine each factor in terms of its importance in relation to the other. For example, as shown in the figure below, the physical effort requirements for the job of labour is thrice as important as skill requirements.
3. Finally, each factor point value is added, to place job in order of importance.

Job Title	F a c t o r					Total
	Skill	Mental effort	Respons-ibility	Physical effort	Working condition s	
Inspector	20	20	40	5	5	90
Secretary	20	20	35	5	5	85
File clerk	10	5	5	5	5	30
Labourer	5	2	2	17	9	35

Point System Matrix

Source: Bratton & Gold, 1995.

As can be seen from the above table, it would mean that the inspector's salary rate is thrice that of the file clerk. In this manner, point-rating system would result into a logical monetary job-worth for all jobs in organizations.

D. Employee Influences on Compensation

The major goals of compensation are to attract and retain qualified employees to the organization. In most cases, employees are willing and cooperative to do their jobs to the best of their abilities if they believe that pay is relatively equitable to performance. In other words, compensation affects employee decision to stay or leave the organization, to work effectively and to accept additional responsibilities. An effective compensation system is designed to satisfy employee needs and reinforce job behavior consistent with organizational objective (Brattin & Gold, 1995).

Factors related to employee affecting compensation include:

- Performance,
- Seniority,
- Experience
- Etc....

Recall from the earlier discussion that organization, labor market, and the job influence compensation system. Moreover, factors related to employee like performance, seniority, and experience also determine pay levels in an organization.

E. Compensation and Performance

As Armstrong (1996) put it, paying for performance is the process of providing a financial reward to an individual, which is linked directly to his/ her performance. Nothing is more demotivating to productive employees than to be paid equal salary as less productive employees. If this is the case, organizations need to practice varies method to improve job performance. The most common once are piecework, bonus schemes and commission.

Piecework (Payment-by-Results) is a reward system in which rewards are related to the pace of work / effort (Bratton & Gold, 1995). That is, the faster an employee works, the higher the output and the greater the reward. Bonuses are rewards for successful performance and are paid to employees as lump sum. Commission, on the other hand, is a reward paid on the performance of individual, typically salaried/sales (Bratton & Gold, 1995). The commission earned is a proportion of the total sales and may be added to basic salary. As discussed above compensation system serves as an incentive for employees to do their jobs to the best of their abilities and efforts. Therefore, organizations must have a reasonable standard against which performance can be compared. This, among other things, enables organizations to have a fair determination of reward. Otherwise, the incentive system may rather demoralize employees if it does not reflect expected performance levels.

Seniority and Experience

Seniority refers to the length of time employees have been working in an organization. Employees are more likely to be committed to the achievement of organizational objectives, if their long services are considered as a basis for pay increases or have some value during promotion. Advocates of paying for seniority believe that it enables the organization to maintain stable workforce without excessive turnover. The seniority must be linked with experience on the job. (Mondy & Noe, 1990).

2.1.4 Pay Structures

In the process of considering the values of jobs in an organization, attention must be paid to the job evaluation results and the pays in the labor market. The relative value of jobs, in the organization, is determined by the job evaluation whereas its absolute value is determined by

the labour market (supply and demand). To set the pay level the job evaluation and pay survey rates are combined using graph as shown below.

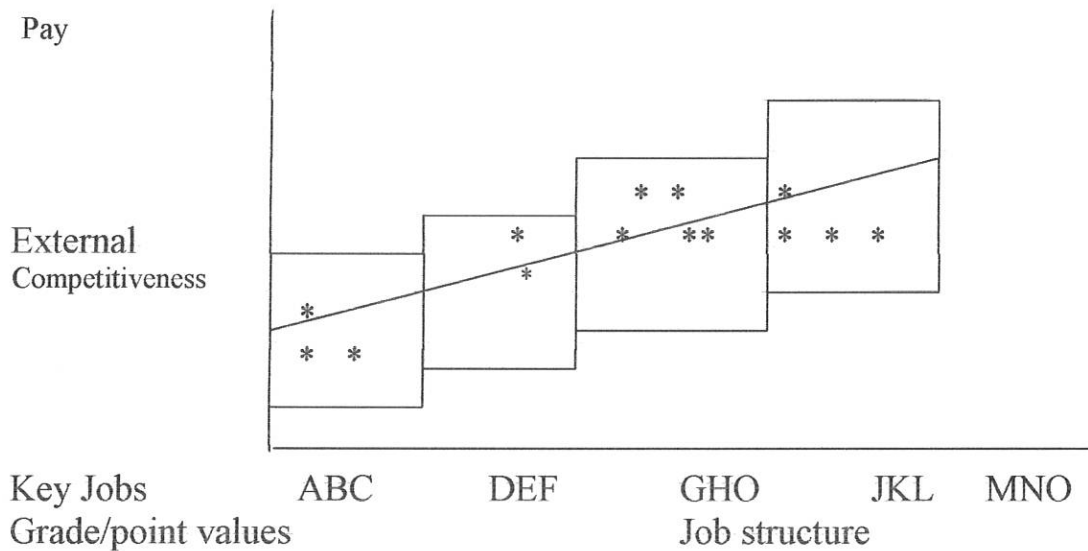


Fig. 3 The construction of pay levels

Source: Bratton & Gold, 1995

A pay grade is the grouping of similar jobs to simplify the job pricing process (Mondy and Noe, 1990). For example, as can be noted from the graph, key jobs ABC (grade 1) have lower pays and pay range than jobs DEF (grade 2). The pay range defines the lower and upper limits of pay for jobs in a grade (Bratton & Gold, 1995). The range allows organizations to pay according to seniority and or performance.

The vertical axis in the graph represents the pay rates. The midpoint can be established by the use of pay-survey data from similar jobs. In the graph, on the vertical axis the pay level policy line has been set to equal the average paid by the organization's competitors for each of the jobs: a matching-competition policy (Bratton & Gold, 1995). Here, if the organization wants to lead or lag behind the market rate, the pay policy line can be shifted up or down.

The pay policy line represents an organization's pay level in the market and serves as a reference point around which pay structures are established (Bratton & Gold, 1995).

2.2 Benefits (Indirect Financial Compensation)

In addition to financial compensation, employees aspire various benefits because of their membership in the organization. What then are benefits? Employee benefits are the indirect form of the total compensation; they include paid time away from work, insurance and health protection, employee services, and retirement income. Direct compensation such as salaries, wages or bonuses are based on the nature of the jobs and employees performance. Benefits, however, are indirect compensation that organizations provide to their employees and are not directly related to performance (Milkovich, 1991).

2.2.1 Objectives

What do organizations gain from benefits? Benefits enable organizations to retain and attract qualified personnel. Moreover, employee benefits policies of an organization are to:

- Reduce fatigue
- Discourage labour unrest
- Satisfy employee objectives
- Aid recruitment
- Reduce turnover
- Minimize overtime costs (Werther & Davis, 1996).

2.2.2 Major Categories of Benefits

Employee benefits, according to Werther and Davis, can be divided in the following major categories:

1. Insurance Benefits

The financial risks encountered by employees and their families can be spread by insurance. These risks are shared when funds are pooled in the form of premiums. Then, when insured risks occur, the covered employees or their families are compensated. Here organizations can purchase life, health and work related accident insurance.

2. Security Benefits

These are non-insurance benefits that provide income protection to employees before and after retirement. Provision of such benefits is based on earnings and years of services in the organization. The benefits are effective during separation, retirement, death, and disability

3. Time-off Benefits

In this type of benefit employees are paid for time not involved in performance. Time-off benefits include sick leave, holidays, vocations, maternity leave, education leave and other related leave of absence. Here employees are provided with an opportunity to rest and refresh their minds.

4. Employee Services

These services include educational assistance, subsidized food services, financial and social services and the like.

2. Non-financial Compensation

So far, we have discussed employee financial compensation, which cost the organization money either directly or indirectly. Advocates of motivation claim that employees are not only be satisfied with basic needs, but other subsequent needs such as social, ego, and self-

actualization are becoming more important (Mondy & Noe, 1990). These higher order needs may be satisfied through the job or job environment or both. The benefits each employee would value depend on their personal preferences. In most cases, employees may get personal satisfaction if the job provides them opportunities for recognition, feeling of achievement, and above all advancement opportunities. Jobs to be challenging, meaningful, and interesting, organizations must attempt to match the job requirements and individual abilities. The selection and placement processes are extremely important in this context (Mondy & Noe, 1990). In addition, organizations must establish the proper working environment so that employees perform their jobs effectively. By creating a conducive job environment, supervisors should enable their subordinates to do their jobs to the best of their abilities. Other major factors that are part of job environment include sound policies, congenial co-workers, appropriate status symbols and comfortable working conditions. These factors, among other things are hoped to lead to job satisfaction, improve morale and increase employee commitment.

2.3 Motivation

One of management's challenges is to motivate employees to make their contribution to the accomplishment of the organization's goals. Organizations can select and hire competent and able individuals, and still they are not being assured of getting desired result. It, therefore, becomes imperative for the management to be aware of factors that motivate or activate the potential of employees to work better. Since the needs of the employees and the organization are not always the same, the manager can better

integrate these two sets of needs by gaining an insight into the needs of his employees and then channelize them in the direction of organizational needs (Agarwal 1997).

The employee's job performance largely depends on the interaction between motivation and ability. This can best be illustrated by the following equation.

$$\text{Job Performance} = \text{Ability} \times \text{Motivation}$$

The equation clearly shows that successful job performance is determined not only by ability but also by motivation. Hence, the management must be concerned with providing the stimulus that changes employee ability into desired results. According to Kempton (1995) motivation is reflected in the attitudes and behavior of staff. Motivated staff exhibit high performance, energy, enthusiasm and effort.

2.3.1 What is Motivation?

Motivation is the process of stimulating employees to perform better in the attainment of organizational objectives. Holt (1993) defines motivation as "the concept of behavioral change or result of influence that alters an individual performance." It is composed of forces that cause a person to behave in certain directions. These forces, according to Holt (1993) come from within the person, from other people who interact with that person, and from the person's surroundings. Management, therefore, needs to know how employees are motivated and what stimulates their behavior in order to determine the nature of motivation.

Different theorists and researchers defined motivation in different ways. They have different point of view concerning why and how people are motivated to work. Some people are

motivated by money, some by recognition and some by doing a good job. Some people are motivated by all these things but at a different times. Kempton (1995),

Recall that management is defined as the "ability to get things done with and through other people." The following figure shows a basic model of motivation as the process of getting things done by motivating people.

In an organization, many factors influence the attainment of objectives, but employee effort is central to it. Administrators are mainly concerned with two elements of human effort. These are: employee's ability to perform assigned tasks, and the effort they exert. Both can be influenced by administrators, either negatively or positively. Poor administrative practices can antagonize employees, unnecessarily interfere with employees ability to work and discourage creativity. On the contrary, enlightened administrative practices can foster performance and stimulate employees to use their efforts and abilities for the betterment of their organization.

2.3.2 Some Early Motivation Theories

There are many motivation theories, each based on different assumptions about human behavior. Here we will try to look at some theories, which provide explanations of motivation. These are:

- Maslow's Hierarchy of Needs Theory
- McGregor's Theory X and Theory Y
- Expectancy Theory

1. Maslow's Hierarchy of Needs Theory

The most influential motivation theory is Abraham Maslow's hierarchy of needs. Maslow suggested five types of needs arranged in an order of hierarchy through which everyone progresses. Accordingly, an employee may initially have a desire to get money to satisfy his/her basic needs. The human needs are not only unlimited, but it is also a continuous process. Hence, once the fundamental needs are satisfied, people will look for the next level of needs until they reach the highest level. The needs theory assumes that individuals always need more, and what they need depends on what they already have. The basic human needs identified by Maslow are set in a hierarchy of five needs (Baird et. al., 1990) as follows:

1. **Physiological Needs:** These include needs for food, air, water, sex, rest, activity, and temperature regulation. From a managerial perspective, employees will want comfortable environments within which to work and enough money (income, wages) to support themselves and their families. If they do not find these in the job or workplace, they will not be motivated to work, but they will probably be motivated to find another workplace or to have the condition changed.
2. **Safety Needs:** People also want security, stability, and freedom from fear or threat in their environment. At work, people feel the need for such things as steady employment, health insurance, and pension. Given basic physical comforts, people will be motivated to seek security and stability.
4. **Social Needs:** Social needs include the need for friendship, love, affection, acceptance, and interpersonal interaction. Some employees have a strong need to be identified with or belong to group or department. Given comfort and security, this will become the most important need to be satisfied.

5. **Esteem Needs:** Esteem needs include needs for achievement, recognition, self-esteem, and respect for oneself. These are needs for a valuable reputation and increased competence and knowledge. Some employees will strive to satisfy these needs through development of expertise on the job or through upward progress in a career, after more basic needs have been satisfied.
6. **Self-actualization Needs:** People have needs for self-fulfillment, for realization of their full potential, and for self-expression, accomplishment, and growth. Managers can assume some employees to satisfy these needs on the job by allowing them full responsibility and control over projects of great personal interest to them.

According to Maslow's theory, unsatisfied need becomes a focal motivator, while a satisfied need no longer influences an individual's behavior. This is called deficit Principle (Holt, 1993). For example, when new employees are on Probationary period, they will be motivated to work better so as to be a permanent staff, but once they have met their needs, some other unsatisfied needs, such as promotion to the next level must motivate these employees to perform better. On the other hand, a second element of Maslow's theory, i.e. the Progression principle, states that the hierarchy defines a step-by-step process in which higher order needs are not active motivators until lowest order needs are fulfilled (Holt, 1993). For example, once physiological need is fulfilled, unfulfilled need at the next level, that is safety need becomes dominant. Once this need is fulfilled the need for belongingness will take place, and so on. (Holt, 1993).

Maslow separated the five hierarchy of needs into higher and lower order level. Hence, physiological and safety needs were described as lower order needs and the remaining three as higher-order needs. The difference between the two orders was made on the premise that

higher-order needs are satisfied internally, where as lower-order needs are satisfied externally by such things as salary, wage, etc. (Robbins, 1984).

2. Theory X and Theory Y

This is an early behavioral model developed by Douglas McGregor, where he expressed the nature of people in two sets of assumptions. managing, McGregor suggested, must start with the basic question of how managers see themselves in relation to others. This viewpoint requires some thought on the perception of human nature. Theory X and Theory Y are two sets of assumptions about the nature of people. McGregor chose these terms because he wanted neutral terminology without any connotation of being "good" or "bad".

a) Theory X Assumptions:

The traditional assumptions about the nature of people, according to McGregor were included in Theory X as follows:

- Average human beings have an inherent dislike of work and will avoid it if they can.
- Because of this human characteristic of disliking work, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
- Average human beings prefer to be directed, wish to avoid responsibility, have relatively little ambition, and want security above all.

b) Theory Y Assumption:

The assumptions under Theory Y were seen by McGregor as follows:

- The expenditure of physical effort and mental effort in work is as natural as play or rest.

- External control and the threat of punishment are not the only means for producing effort toward organizational objectives. People will exercise self-direction and self-control in the service of objectives to which they are committed.
- The degree of commitment to objectives is in proportion to the size of the rewards associated with their achievement.
- Average human beings learn, under proper conditions, not only to accept responsibility but also to seek it.
- The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
- Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

These two sets of assumptions obviously are fundamentally different. Theory X is pessimistic, static and rigid. Control is primarily external, that is imposed on the subordinate by the boss. In contrast, Theory Y is optimistic, dynamic and flexible, with an emphasis on self-direction and the integration of individual needs with organizational demands.

Clarification of the Theories McGregor was apparently concerned that the two sets of theories might be misinterpreted. The following points will clarify some of the areas of misunderstanding and keep the assumptions in proper perspective.

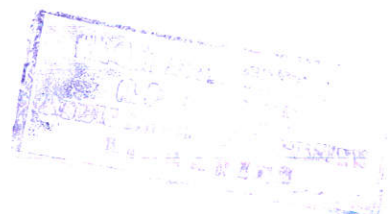
- First, Theory X and Theory Y assumptions are just that, they are assumptions only. They are not prescriptions or suggestions for managerial strategies.

Rather, these assumptions must be tested against reality. Furthermore, these assumptions are intuitive deductions and are not based on research.

- Second, Theories X and Y do not imply “hard” or “Soft” management. The “Hard” approach may produce resistance and antagonism. The “soft” approach may result in laissez-fair management and is not congruent with theory Y. the effective manager recognizes the dignity and capabilities as well as the limitations of people and adjusts behavior as demanded by the situation.
- Third, Theories X and Y are not to be viewed as being on a continuous sale, with X and Y on opposite extremes. They are not a matter of degree, rather, they are completely different views of people.
- Fourth, the discussion of Theory Y is not a case for consensus management, nor is it an argument against the use of authority. Under theory Y, authority is seen as only one of the many ways a manager exerts leadership.
- Fifth, different tasks and situations require a variety of approaches to management. At times, authority and structure may be effective for certain tasks and that different approaches effective in different situations as was verified by various research studies. Thus, the productive enterprise is one that fits the task requirements to the people and the particular situation.

2. Process Theory of motivation

Unlike need theories which concentrate upon what motivate people, process theories concentrate upon *how motivation ours*. Process theories explain how workers select



behavioral actions to meet their needs and determine whether their choices were successful. There are two basic process theories; Equity theory and expectancy theory.

A) Equity Theory

Developed by J. Stay Adams. equity theory focuses on individuals' perceptions of how fairly they are treated compared with others. Equity theory proposed that people are motivated to seek social equity in the rewards they expect for performance. If people perceive their compensations equal to what others receive for similar contributions, they will believe that their treatment is fair and equitable. Employees' satisfaction and motivation therefore depends on how fairly the employees' satisfaction and motivation therefore depends on how fairly the employees believe they are treated in comparison to peers. People calculate equity by a ratio of inputs to outcomes. Inputs include education, experience, effort and ability. Output includes, pay, recognition, benefits, and promotion. Equity exists whenever the ratio of inputs one person's to outcomes equals the ratio of another's inputs to outcomes. This creates job satisfaction and then motivation. But if the ratio is unequal it creates job dissatisfaction.

B. Expectancy Theory

Expectancy theory was introduced by Victor Vroom. It suggests that individuals not only stimulated by needs but also make alternatives in connection with what they will or will not do. Expectancy theory is concerned with motivation that suggests people make conscious decisions about their behavior based on expectations of outcomes (Holt, 1993). According to this theory, individual's interest to perform a task depends on his/her expectations of what can be achieved as the result of the performance. In other words, the expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an

expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Robbins, 1984). Writers in the field describe four assumptions about behavior in organizations on which the expectancy approach is based:

- ♦ Behavior is determined by a combination of factors in the individual and factors in the environment.
- ♦ Individuals make conscious decisions about their behavior in the organization.
- ♦ Individuals have different needs, desires, and goals.
- ♦ Individuals decide between alternative behaviors on the basis of their expectations that a given behavior will lead to a desired outcome.

These assumptions become the basis for the expectancy model, which has three major variables. These are:-

1. **Effort - performance linkage** - the perceived probability by the individual that exerting a given amount of effort will lead to performance (Robbins, 1984).
2. **Performance - reward linkage** - the degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.
3. **Valence** - the importance that the individual places on the potential outcome or reward that can be achieved on the job.

One can think of these variables as three questions:

1. If I do this, what will be the outcome?
2. What are my chances of achieving an outcome that will be worthwhile for me?
3. Is the outcome worth the effort to me?

Thus, according to this theory, individuals are motivated when they see a **favorable combination of what is important to them and what they expect as a reward** for their efforts, and they behave accordingly (Stoner et.al., 1996).

The **motivation** is equal to the product of **expectancy** and **valence**. That is,

$$\text{Motivation} = \text{Expectance} \times \text{Valence} \text{ (Baird, et.al., 1990)}$$

Since motivation is the result of expectancy and valence, if one is absent, then motivation will also be absent. In the same sense, when expectancy and valence are high, the level of individual motivation will also be higher.

The strength of people's motivation to work depends on how they believe that they can achieve what is being expected. If this goal is attained, will they be rewarded accordingly? If so, will the reward satisfy their goals?

CHAPTER THREE

DATA ANALYSIS AND PRESENTATION

Results of different studies and literatures have indicated that motivating employees is a key managerial activity to bring organizational success. This is because motivated employees are more productive and willing to put their effort in the work they are given to perform and help organizations achieve their goals. Several literatures indicated that employee motivation is highly linked with compensation and benefit plans of organizations.

In this study, attempts have been made to assess the compensation and benefit plans of Ethiopian Roads Authority (ERA) so as to see how the organization uses the plan in compensation and benefit to motivate its employees. Thus, this section of the paper deals with the presentation and analysis of the data gathered from randomly selected respondents of the head office of ERA. For analysis, 110 questionnaires were distributed to the randomly selected employees (both managerial and non managerial) out of about 1090 total employees of the head office of ERA. From the distributed questionnaires, 98 were returned being completely filled and the other 12 were not returned or incomplete. In addition to this, interview was conducted with the human resource manager of Ethiopian Roads Authority (ERA). Moreover, the employees' salary structure was assessed as a secondary data source to see the current and future reward plans of ERA. The results of both primary and secondary data gathered are presented and analyzed under this section.

3.1 Personal information of respondents

The purpose of presentation and analysis of personal profile of respondents is to indicate their general background with regard to age, sex, educational background, number of years

of services in the organization and the current salary they are earning from the organization. This personal information has also its own contribution in the analysis of the data. The summary of personal profile of the respondents is presented in Table 1 below.

Table 3.1: Profile of respondents (both Managerial and non - Managerial)

Item		Number of Respondents	Percentages
Sex	Male	62	63.3%
	Female	36	36.7%
	Total	98	100%
Age	Under 25 years	9	9.2
	26-40 years	59	60.2
	41-50 years	28	28.5
	51 years and above	2	2.1
	Total	98	100%
Educational Background	Below grade12	26	26.5%
	College diploma	15	15.3
	Degree	49	50%
	Masters	5	5.1%
	Other	3	3.1%
	Total	98	100%
Number of years of experience	Less than 1 year	19	19.4
	1-5 years	21	21.4
	6-10 year	40	40.8
	Mole 15 year	18	18.4
	Total	98	100%
Current salary of the respondents	Under 200 Birr	-	-
	201-500 Birr	15	15.3%
	501-1000 Birr	49	50%
	1001-200 Birr	18	18.4%
	Above 200 Birr	16	16.3%
	Total	98	100%

Source: Questions number 1-5 of questionnaire

As it is seen from the table above, out of the 98 respondents 59 (60.2%) fall in the range of 26-40 years age group; 9(9.2%) belong to the age group of under 25 years of age. Thus a total of 68 (69.4%) of the total respondents are below 40 years of age. On the other hand those respondents whose age falls in the range of years 41 and above make a total of only 30 (30.6%) of the total respondents. From this data it can be inferred that most of the employees from the sample data belong to younger age group which indicates that the organization has large number of young workers. The response to interview with the Human Resource Manager indicated that the high rate of employee turnover is one of the reasons for having such a large proportion of young employees.

When the respondent's response is seen, it is indicated in table 3.1 that 15.3% of the respondents belong to those who earn a salary range of Br. 201-500; 50% of the respondents are from the salary range of 501 -1000 Birr; 18.4% of the respondents belong to 1000-2000 Birr salary range and the remaining 16% of the respondents fall in the range of salary scale above 2000 Birr. This indicates that most of the respondents (total of 65.3%) get a relatively lower salary (below 1000 Birr) which is not sufficient to motivate employees for better performance and loyalty in the organization. When the personal profile of Educational Background is assessed for those getting a salary of birr 1000 and above, it is seen that most of them are newly recruited Engineers or those with low educational qualification but an experience of 10 years and above. Hence, the salary scale is found none motivating to them compared with the existing inflation rate in the country. It is also depicted from the data that 19% of the respondents have only an experience below one year in the organization; 21% of them have accumulated 1-5 years experience; 40% of the respondents have 6-10 years of experience and the remaining 18% fall in the range more than 15 years of experience. It

could be seen from this data that the employees having work experience below 5 years make up a total of 61 (61%) out of the total respondents. From this one can conclude that most of the employees are newly recruited with low experiences which due to employee turnover for better opportunities in other organizations.

3.2 Employees' evaluation of how the organization's compensation and benefit plans affect their motivation.

In this part, data pertaining to the feelings of employees in evaluation of their organization with regard to compensation and benefit plan and how much they are motivated with the existing compensation and benefit plan is presented and analyzed.

3.2.1 Direct Financial Compensation and Motivation

Table 3.2: Opinions of respondents to questions addressing direct financial compensation plan

Item	Responses									
	Strongly agree		Agree		Strongly disagree		Disagree		Total	
1. The payment policy of my organization motivates me for more effort.	2	2.1%	24	24.5%	56	57.1%	16	16.3%	98	100%
2. This organization frequently revises the salary scale of its employees to motivate them.	0	0%	12	12.2%	76	77%	10	10.2%	98	100%
3. I get adequate incentive for every extra effort I put	17	17.3%	25	25.1%	47	47.9%	10	10.2%	98	100%
4. My organization has a bonus plan for better achievements which motivates employees for better performance.	29	29.6%	44	44.9%	13	13.3%	12	12.2%	98	100%

5. Compared with other Governmental organizations in the country, the salary of my organization is better and motivating.	0	0%	30	30.6%	38	59.9	10	10.2%	98	100%
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Source: Questions number 8-12 of questionnaire

N:B. For the ease of analysis the grand total response will be used by combining the scores of “Agreement” scale in one and the results of “Disagreement” scale in another.

As can be seen from table 3.2, 26 (26.6%) of the respondents agree that they are motivated by the payment policy of the organization whereas the remaining 72 (73.4%) of the respondents do not agree that the payment policy of ERA is attractive and motivating. Moreover, among those motivated by the payment policy of the organization only 2(2.1%) stated that they strongly agree while 24(24.5%) where only moderately motivated by the policy. From the disagreeing respondent, 56(57.1%) strongly disagree whereas only 16(16.3%) stated that they disagree that the payment policy of ERA motivates them for more effort. So, we can infer from the data that the payment policy (plan) set by ERA does not motivate the majority of the employees for better performance and more effort.

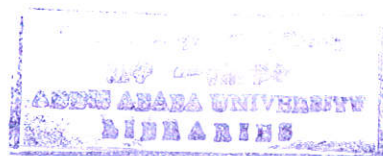
When the personal data is referred to the respondents who agree that the policy of the organization is motivating, it is found that they belong to the management group and professional workers who earn higher salary and better incentives and benefit. However the majorities (73.4%) who disagree with the statement that “the payment policy of the organization is motivating” are found to belong to the lower level operational workers and middle level professionals with lower salary and benefits. Thus, one can see that the

payment policy of the organization does not equally motivate employees at different levels organizational hierarchy.

To the question asked to assess employees' opinion on whether the organization frequently revises the payment scale (structure) of employees according to the changing inflation, surprisingly no employee (0%) of the respondents found to strongly agree and only 12 (12.2%) were found to agree. The remaining 86 (87.6%) in total stated that they disagree that their organization revises the salary structure of its employees frequently so as to cope with the increasing inflation rate of the country and to motivate employees to for better performance. Hence, one can see from the responses that ERA does not frequently revise the payment structure of its employees in such a way that it considers the inflation and would motivate its employees to stay in the organization than look for other organizations with better payment structure.

In response to an item (in table 3.2) "I get adequate incentives for extra effort I put", 42 (42.4%) of the respondents stated that they agree and 56 (57.6%) of the respondents disagree that they are provided with adequate incentive by their organization for their extra effort. Even though ERA provides incentive for some employees for their extra efforts, it can be seen from the data that the majority of the employees are not entitled to get additional incentives for their effort. Thus, those who are not entitled to get adequate incentives are not motivated to put extra effort in their work.

With regard to the question addressing whether ERA has a bonus plan that motivates employees to better achievements, relatively higher proportion (74.5%) of employees do not agree on the existence of motivating bonus plan in their organization where as only (25.5%)



do agree. Hence, one can also conclude from the responses that ERA is weak in motivating majority of its employees by providing them with attractive bonus plan for any better achievements.

The attitude of employees in comparing their organization with other similar Governmental organizations in Ethiopia with regard to the salary scale, the response results revealed that only 30(30.6%) of the respondents agree that they are being paid better salary than employees of other similar organizations out of which none (0%) strongly agree with the issue under question. The majority of respondents i.e. 68 (69.4%) however, do not agree that they are paid comparatively better salary than employees of other similar Governmental organizations. Thus, we can deduce that the majority of employees of ERA are not satisfied and motivated by the salary scale of the organization and failed to see external equity in their organization. Thus, employees who do not see external equity will not be motivated to stay in the organization and to put their effort in their work and always they will be look for other better job opportunity which can pay them better salary. This obvious will have a negative impact on the level of employee motivation. In general, it can be said from overall assessment of the data in table 3.2 that the majority of the employees of ERA are found to have a negative attitude towards the direct financial compensation plan of their organization and are not found to be motivated by the plan.

3.2.2 Benefit Plans and Motivation

Employees' attitude towards questions addressing the impact of benefit plan of ERA in their level of motivation is presented in Table 3.3 below.

Table 3.3: The Impact of Benefit plan of ERA in employee motivation

Item	Responses									
	Strongly agree		Agree		Strongly disagree		Disagree		Total	
	N ^o	%	N ^o	%	N ^o	%	N ^o	%	N ^o	%
1. The benefits I receive are adequate and motivating me for more effort.	5	5.1%	46	46.9%	35	35.7%	12	12.3%	98	100%
2. The major fringe benefit plans of my organization make me loyal and motivated for more effort.	4	4.1%	23	23.5%	55	56.1%	16	16.3%	98	100%

Source: Questions number 13-14 of questionnaire

The data presented in table 3.3 above depicts that out of 98 respondents 51 (52%) of them agree that they are motivated by the benefit they receive from their organization while 47 (48%) of them disagree with that the benefits they receive from their organization motivate them for more effort. It can also be seen from the table that about 27 (27.6%) of the respondents agree that major benefit plans available in the organization are motivating to them while the remaining 71 (72.4%) of the respondents are found that they disagree with the statement that the organization's major benefit plans motivate them for more effort. Thus, from this analysis result one can understand that there are still large number of employees who are not motivated by the benefit (indirect financial compensation) provisions by the company and where as majority of the respondents disagree that the major benefit plans of the organization motivate them.

The analysis of the personal profile of the respondents who stated “strongly agree” and “agree” that the benefit packages of their organization motivate them has shown that they belong to employees at the higher level in the organizational hierarchy and with educational background of first degree and above. Some of them are also found to have a work experience of more than 20 years in the organization hence are taking higher position. This indicates that the organization provides attractive benefits to employees taking higher level in terms of position where as it does not provide lower level workers with an attractive benefits so that the can be motivated for more effort.

3.2.3 Non-Financial factors as compensation and employee Motivation

In order to assess the employees' overall level of motivation, questions were also asked with regard to non financial compensation as a factors affecting employee motivation. The non financial compensation plans of organization assessed and associated with employee motivation include promotion or career advancement, the work itself, the work environment, relationship of the management with their subordinates, fairness in appraising employees' performance, fairness in training and development provisions and so on.

3.2.3.1 Promotion and career advancement

To see the promotion and personal growth opportunities and their impact on the level of motivation of employees of ERA, responses to questionnaire survey are presented in table 3.4 below.

Table 3.4: Attitudes of employees on the promotion or career advancement plan of ERA

Item	Responses									
	Strongly agree		Agree		Strongly disagree		Disagree		Total	
	N ^o	%	N ^o	%	N ^o	%	N ^o	%	N ^o	%
1. There is a motivating promotional opportunity in this organization.	10	10.2%	15	15.3%	62	63.3%	11	11.2%	98	100%
2. This organization makes an effort to help employees improve themselves	5	5.1%	36	36.8%	46	46.6%	11	11.2%	98	100%
3. I have great opportunity to get in to higher level and more pay than the in the future.	8	8.2%	17	17.3%	65	66.3%	8	8.2%	98	100%

Source: Questions number 15 -17 of questionnaire

The survey of respondents shown in table 3.4 depicted that only 25(25.5%) of the respondents are found that they agree with the idea that their organization has a motivating promotional opportunity out of which 10.2% of them strongly agree and 15.3% of them agree. On the other hand the greater proportion of the respondents i.e. 73 (73.5%) of the respondents do not agree with the presence of motivating promotional opportunity in their organization. This comparative looking clearly indicates that the greater proportion employees of ERA do not feel good with the promotional opportunities in the organization. As a result, one can say that those who do not perceive better promotional opportunities in

their organizations wouldn't be motivated to stay in the organization and to strive more and more so that they would get the promotional opportunity.

The survey result in table 3.4 also indicated that 41 (41.9%) of the respondents stated that they agree with their organizations effort in helping them improve themselves where as 57(58.1%) of the respondents do not agree with that the organization makes effort to help its employees improve themselves. Moreover, one can also see from the table that only 25 (25.5%) of the respondents agree that they have an opportunity of getting in to higher level and higher pay in the future while the remaining great proportion (74.5%) of the respondents do not agree with the presence of opportunity of growth and high pay in the in their organizations. consequently, it can be said that even though some proportion of the employees agree that they feel there is better opportunity for them to have higher pay and growth than the currant one and also some agree that their organization makes an effort to help them improve themselves, still majority of the respondents found to disagree with their organization's effort to make them improve them selves and the availability of opportunity for them to grow and earn high pay as well.

3.2.4 Superiors treatment to employees and Motivation

Additional questions were also asked to the employees of ERA to know their opinion on how their organization addresses issues related to other non financial compensation plans of ERA such as the relationship between superiors and subordinated, training and development opportunities and performance appraisal practices and safety and health provisions. Accordingly, the results of the survey are presented in tables below.

Table 3.5: Superiors' treatment and the relationship between employee and their superiors.

Item	Responses									
	Strongly agree		Agree		Strongly disagree		Disagree		Total	
	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%
1. My immediate superior is co-operative that encourages and motivates me to work hold.	19	19.4%	5	5.1%	49	50%	25	25.5%	98	100%
2. Superiors of this organization encourage team work and create conducive work environment.	8	8.2%	30	30.6%	40	40.8%	20	20.4%	98	100%
3. I have an opportunity to participate In decision making process.	25	25.5%	32	32.7%	30	30.6%	11	11.2%	98	100%
4. My supervisor encourages me to try new way of doing my job.	13	13.3%	36	36.7%	31	31.6%	18	18.4%	98	100%
5. Senior managers of this organization are highly concerned about employees' welfare.	5	5.1%	33	33.7%	44	44.9	16	16.3	98	100%

Source: Questions number 18 - 22 of questionnaire

With regard to the opinions of respondents on their relationship with their superiors and how they are treated by their superiors, table 3.5 shows that about 24 (24.5%) of the respondents agree while 74 (75.5%) of the respondents do not agree on the idea that their superiors are co-operatives and motivate them to work hard. On the other hand the response result also depicted that 38 (38.6%) of the respondents agree and the remaining 60 (61.4%) of them do not agree on the idea that “superiors in ERA encourage team work and create conducive work environment”. Hence, one can say that the cooperativeness of superiors to their subordinates is also poor which creates non conducive work environment which in turn has negative impact on employee motivation. The personal data analysis of those stated “agree” to the existence of good relationship between their managers revealed that they belong to employees at different managerial positions.

The data presented in table 3.5 with regard to the feelings of respondents in having an opportunity for to participate in decision making process also depicted that about 57 (58.2%) of them agree while about 41 (41.8%) of them do not agree on the question stating that they participate in the decision making process. Moreover, it can also be seen from Table 3.5 that about 38 (38.4%) of the respondents agree on the statement that senior managers of their organizations are highly concerned about employees welfare where as the majority of the respondents (61.6%) stated that they disagree. This can lead one to conclude that the majority of immediate superiors in ERA work co-operatively with their subordinates though there are some superiors who should improve their co-cooperativeness to motivate and encourage their subordinates for hard work. It can also be seen from the analysis that most managers of the organization do not encourage team work which can be considered as one of

the weakness of the organization with regard to increasing productivity and performance of employees by making them work together.

Moreover, it can also be deduced form the data in table 3.5 that great number of employees (about 41.8% of the respondents) are found that they have no opportunity in the decision making process which can be the cause for employees' low level of motivation.

The result form the data in table 3.5 also indicated that great majority of the employees of ERA perceive that the top level managers of the organization are not concerned about the employees' welfare which may have a negative impact on level of motivation, performance and productivity of employees.

3.2.5 Training and Development opportunities and Motivation

Table 3.6 below shows the respondents' feeling on the policy, fairness in distribution as well as level of communication to employees of the training and development programs of their organization.

Table 3.6: Feelings of respondents about training and development programs of the organization.

Item	Responses									
	Strongly agree		Agree		strongly disagree		Disagree		Total	
	N ^o .	%	N ^o .	%	N ^o .	%	N ^o .	%	N ^o .	%
1. There is clearly established and fair policy on training and development for employees in my organization.	5	5.1%	32	32.6%	59	60.2%	2	2.1%	98	100%

2. The training and development policy of the organization are clearly communicated to employees	8	8.25%	15	15.2%	65	66.4%	10	10.2%	98	100%
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Source: Questions number 23 -24 of questionnaire

As it is shown in the response scores of table 3.6, majority of the respondents i.e. 61 (62.3%) do not agree on the pretence of clearly established policy and plan on training and development programs in their organization while only 37 (37.7% of) the respondents stated they agree on the issue. Thus, it can be argued that great number of employees are not made clear with the policy with regard to training and development programs available for them and they are not clear when and how they would be selected for training. The table also depicted that the great majority of respondents (76.6%) do not agree on the presence of clear communication of training and development programs to employees while only some (23.4%) of the respondents disagree with the statement. Hence, it can be inferred that the training and development plans in ERA are not clearly communicated to the majority of the employees and this would have its own negative impact on the level of employee motivation.

3.2.6 Performance Appraisal and Motivation

Performance appraisal and its practice is one of the areas where employees are sensitive. The existence of fair evaluation of employees' performance, how it is clearly communicated to employees before and after its implementation and advancement based on appraisal results are the major area that affect employee motivation.

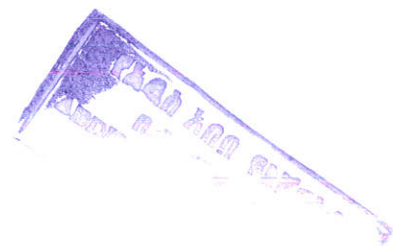
Responses of employees' feeling on the clarity, fairness of performance appraisal of their company and the level of trust they have on it is addressed in the following table.

3.7: Feelings of respondents about the clarity and fairness of performance appraisal of the company and the level of trust they have on it

Item	Strongly agree		Agree		Strongly disagree		Disagree		Total	
	N ^o	%	N ^o	%	N ^o	%	N ^o	%	N ^o	%
1. There is clear performance appraisal system in my organization which employees trust and it is communicated to employees on time.	0	0%	24	24.5%	66	67.3%	8	8.2%	98	100%
2. The performance appraisal done in my organization is fair and free from bias.	2	2.1%	31	31.5%	51	52.2%	14	14.3%	98	100%
3. The promotion given to employees in my organization is totally linked to performance appraised results of employees.	8	8.2%	35	35.7%	45.9	45.9%	10	10.2%	98	100%

Source: Questions number 25 -27 of questionnaire

As the summary of responses in table 3.7 shows that 24 (24.5%) of the respondents stated that they agree and the remaining 74 (74.5%) of them stated that they do not agree with idea stating that there is clear performance appraisal system in their organization which they trust and communicated to them on time.



The response result in table 3.7 also depicts that about 33 (33.6%) of the respondents agree where as 66 (66.5%) of the respondents do not agree with the fairness of performance appraisal conducted in their organization.

Moreover, one can also see from the table that 43 (43.9%) of respondents stated that they agree that the promotion given to employees is based on with the performance appraisal result while 55 (56.1%) of them stated that they disagree with the linkage of promotion given to employees with the performance appraisal result in ERA. Thus, from the presented response score in the area of performance appraisal in table 3.7 one can say that the majority of the respondents have no good feeling about the presence of clear performance appraisal system, the fairness and level of communication of performance appraisal system to employees. The greater numbers of respondents do not feel good also with the linkage of employee promotion to the performance appraisal in their organization. Hence, it can be inferred from the response results that the performance appraisal system of ERA is not designed and applied in such a way that it could motivate the majority of the employees by contributing to the their job satisfaction as part of their non financial compensation.

3.2.7 Physical work environment and Motivation

Employees also need security in terms of their physical and mental wellbeing. Sound plans and provisions in the area of employee safety and health are among those factors affecting employees' motivation.

To see the existing physical working condition and level of security ensured through the safety and health provisions in the organization (ERA), the employees' views and feelings are analyzed from the response result presented in the table below.

Table 3.8: Respondents' feeling about physical working condition, safety and health provisions by ERA.

Item	Strongly agree		Agree		Strongly disagree		Disagree		Total	
	N ^o	%	N ^o	%	N ^o	%	N ^o	%	N ^o	%
1. My physical working conditions are comfortable	18	18.4%	34	34.7%	31	31.6%	15	15.3%	98	100%
2. The safety and health provisions and plans of my organization ensure employee security	7	7.17%	34	34.7%	37	37.8%	20	20.4%	98	100%

Source: Questions number 28 -29 of questionnaire

As it is indicated in table 3.8 above, 52 (53.1%) of the respondents agree that the physical working condition is comfortable to them while the other 46 (46.9%) stated that they do not feel the physical work environment is conducive for them. It is also shown in the table that about 41 (41.8%) of the respondents agree that the safety and health provisions and plans of ERA ensure employee security whereas the majority of the respondents (58.2%) do not agree that the safety and health provisions and plans of ERA ensure employee security.

From the presented data one can understand that the physical working condition including the safety and health provisions available in ERA are not attractive to the majority of the

employees of the organization though some of the employees feel that they are satisfied and happy with existing physical conditions, safety and health provisions.

Table 3.10: Attitudes of respondents with regard to the overall level of motivation on the current and future plan on payment and working conditions.

Responses	No of respondents	Percentage
High	17	17.3%
Medium	20	20.4%
Low	61	62.3%
Total	98	100%

Source: Question number 31 of questionnaire

As can be observed from table 3.9, only about 17 (17.3%) of the respondents are highly motivated; 20 (20.4%) are moderately motivated and 61(62.3%) of the respondents stated that their overall level of motivation due to current and future plan on pay and working conditions is low. Thus, it one can conclude that the current and future working conditions and the compensation plan of ERA is not motivating to the majority of its employees.

Table 3.11: Motivation of employees to stay in the organization and to put their effort

Item	Strongly agree		Agree		Strongly disagree		Disagree		Total	
	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%
1. Generally I am motivated to do my stay in this organization and to put my effort on my job	8	8.2%	12	12.2%	50	51%	28	28.6%	98	100%

Source: Question number 32 of questionnaire

As it seen from Table 3.10, about only 20(20.4%) of found saying that they agree with the statement that they are motivated to stay in the organization and to put their effort on the

current job they are doing where as 78(79.6%) of the respondents do not agree with the statement. Hence, it can be said that one can understand from the response results that most of the employees are not motivated to stay in the organization and to put their effort in their current job. Thus, those who are not satisfied and motivated by the overall payment and their job would be looking for other organizations where they can have better payment and working conditions than ERA.

Almost all the respondents to open ended question 33 of the questionnaire suggested that the company should make improvements on its overall compensation and benefit plan. Most of the suggestions focused on salary increment while others focused on introduction of an incentive plan which considers employees at all level without discrimination. Still others suggested on the improvement in the bias and confusion on who and how should the training opportunities be offered to employees. Moreover, others suggested that the promotion provisions should be made totally based on performance appraisal results of employees.

3.3 Analysis of Interview Questions

This part of the paper deals with the analysis of an interview questions asked to the Human Resource Manager of ERA to gather additional information in the area of compensation and benefit provisions and plan of the organization. The results of responses to the questions are presented below.

Q1. To the question “*what is the main objective of the organization?*” the interviewee answered that the main objective of ERA is to construct standard quality roads all over the country so as to improve the living standard of people by solving infrastructural problems and to enhance communication.

- Q2. While responding to the question "*How many of your current employees separated your organization within the most recent one year?*" the manager said that about 125 workers left the organization in only year 1998 E.C out of which 50% of them were Civil Engineers who are the key personnel for the organization in terms of the purpose of the organization i.e. quality road construction.
- Q3. The manager also answered to the question "*what do you think are the major reasons for the employees to leave your organization?*" by saying that the main reason for the employees to leave ERA is search for better salary and opportunity in other organizations. He explained that the organization could not motivate professionals especially Engineers by paying them equitable salary with private Contractors. He added that private Contractors are paying about three fold of the salary the Engineers get in ERA. Moreover, there are no as such motivating fringe benefits for these group professionals. The interviewee's response also showed that other professionals and medium level professionals like Accountants, Managers, Computer experts and Secretaries are among those frequently leaving the organization since they are better paid in other governmental or non governmental organizations than in ERA.
- Q4. The answer to the question "*Do you think your organization incurs cost due to the employee separating from your organization?*" by the manager was "yes" and he explained that the organization incurs much in recruitment, orientation, training and development of the new employees and other costs such as opportunity costs like delay of operation until the new employee is recruited and adapts the working condition. He also stressed that the financial cost of recruitment through media is currently becoming

beyond the capacity of the organization to afford. Hence, the company is looking for means of reducing recruitment cost such as sending vacancies to universities and colleges so as to get pool qualified professional applicants.

Q5. To the question *“Does your organization have mandate to revise and adjust employees’ salary and fringe benefit provisions and plans to its employees without the intervention of Government?”* the interviewee said “yes, there is mandate for the organization to revise its own salary scale separately from other Governmental organizations whose salary structure is regulated by Ministry of Finance.” He also added that ERA is among few non- enterprise Governmental organizations which are administered by Board of Directors (BOD). There is a labor Union in ERA and what is stated on collective agreement document is what governs compensation and benefit provisions and plans in the organization.

Q6. *Is there significant rate of absenteeism and lateness in your organization?*

The interviewee answered to the above question by saying “yes”. And he added that the main reason for absenteeism and lateness is lack of motivation due to that the organization does not provide adequate transportation service to employees. As a result, employees couldn’t afford transportation cost since their salary is low to afford the transportation cost. Hence, employees may remain at home or arrive lately to the organization which in turn has negative impact on motivation.

Q7. The interviewees’ answer to the question *“Do you think that there is an attractive and motivating compensation and benefit plan in your organization?”* revealed that the salary and benefit provisions in the organization is non motivating and disappointing to the employees except to some those taking top level managerial positions and

professional workers. These top level managers and professionals are provided with additional allowances, vehicles, insurance coverage and the like as fringe benefits whereas middle and lower level employees generally do not have such additional benefit or very low benefits. Consequently, these group workers are not motivated to stay in the organization and to put their effort.

Q8. The interviewee also answered to the question *“what do you think are the major reasons not to have an attractive and motivating compensation and benefit plan in your organization?”* by saying lack of concern by top level managers to employees is the main reason that can be mentioned, otherwise the company has adequate capacity and mandate to adjust the payment structure of its employees so as to motivate them for better performances. Hence, the problem is more of the top level managers’ to be reluctant to give more concern about their employees.

Q9. The response of the manager to the question *“does your organization has any additional incentive provisions to motivate them for more effort?”* was that the organization provides additional incentives to its employees but not satisfactory enough to motivate the employees for more effort especially to lower level employees..

Q10. The interviewee was also asked *what the reason for absence of an adequate amount and motivating incentive to employees is* and he said that there are several factors among which organizational policy, lack of willingness and initiation of top level managers, lack of concern for employees by top level managers are the major ones.

Q11. Which group /level/ employees are provided with better additional incentive by your organization?

While answering to this question, the manager said that the incentive provision coverage exists more of to top level managerial workers and professionals like Engineers. The reason is that the organization is trying to reduce the existing high rate of turnover of professionals by having such kind of differential incentive system. However, according to the response, this lead to the feeling of discrimination by the lower level workers

Q12. While answering to the questions “what do you say about the level motivation of employees of your organization?” the interviewee said that the level of motivation of employees in ERA generally ranges from medium to low. According to him, those employees with better compensation and benefit provisions at higher positions are moderately motivated where as the majority’s level of motivation is low.

Q13. The response to the question “what basic factors do you think affect the employees motivation of your organization?” the interviewee answered that among other things the major factor affecting employee motivation is the salary and benefit that are currently offered and the plan in the area of compensation and benefit.

Q14. To the question “what measures do you suggest to increase the level of motivation in the organization?” the manager suggested a lot of solutions to the existing problems. One of the solutions suggested by the manager was frequent adjustment and improvement of salary structure of the organization according to the changing inflation rate in the country. In addition, the manager suggested that the benefit structure in the

organization should consider employees at all level to increase the low level of motivation of the majority in the organization. Moreover, he suggested that there must be fairness in training and development program distribution to the employees; he also added that the performance evaluation should be communicated clearly to the employees and the promotion and salary increment should be linked to the performance appraisal results.

3.4 Analysis of Secondary Data (Documentary Analysis)

To see the financial compensation plan of ERA, the salary scale structure of its employees was used as a secondary data source even though the Company refused to provide the researcher with full information with regard to the Compensation and Benefit plans. Thus, the salary scale structure of ERA the minimum initial salary scale is birr 273.00 and the maximum initial scale is birr 4246.00 for Grade I and Grade XXI positions respectively.

From the analysis of the document attached the salary scale structure, it is seen that those who belong to Grade one job position include: Janitor, Guard, Laborers and so on where as that who belongs to the position of Grade XXI is the General Manager. Moreover, the rate salary increment is seen to be very low especially for lower level employees. Hence, one can understand from the salary scale structure that (see Appendix 1) the current salary provisions as well as the opportunity for raise in salary in the future is found to be very low and non motivating compared with the existing level of inflation in the Country.

When those earning a salary amount of birr 1000.00 and above are seen from the document that they are required to attain Grade level above X which demands them to have at least first Degree or more than 10 years of work experience with other qualifications.

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on the data presented and analyzed from the responses of employees through questionnaire and the interview conducted with the human resource manager of ERA, the following conclusion are reached to sort out the major findings on the strengths and weaknesses in the compensation and benefit plan and its implementation in the organization. Based on the conclusion's reached, recommendations are also forwarded for the company or concerned body to give attention and take the necessary measures in the area of suggestions made to solve the identified problems and improve weaknesses in the compensation and benefit planning system .

- According to the findings on the over all payment policy of the company, it can be concluded that the majority of employees of the company are not happy and motivated by the current payment provisions of the company. Moreover, those who have positive attitude towards the over all payment system are found to belong to higher positions in the organization which does not include the majority of the employees.
- When the frequency of revision of salary and overall payment structure of ERA is analyzed, it is found that the majority of the employees said that the organization does not revise the payment structure of its employees according to the rate increase in inflation of the country. This made most of the employees disappointed that they

could not afford the living cost with the current salary they get. In addition, the response to the interview by the human resource manager revealed that unlike other Governmental organizations, the ERA's Board of Directors have a mandate to revise the salary and benefit structure accordingly with the rate of increase in inflation. However, the salary and benefit structure of the organization has not been revised since 2002 G.C due to delay in taking action by the top level managers to revise the structure. Thus, it can obviously be inferred that the company did not consider the increasing rate of inflation in revising payment structure of its employees. Hence, employees getting lower salary and do not have allowance provisions would suffer from increasing cost of living and this will have a negative impact on the level of motivation in their work.

- Regarding bonus plan provisions in the company, majority of the employees stated that they do not have any bonus provisions or they have unsatisfactory bonus provisions and the bonus plan provision is not evenly distributed among the employees at different level of the organizational hierarchy. That is why the findings from the data revealed that some of the employees are happy with the bonus plan scheme of the company where as the majority are not satisfied with the bonus plan provisions. Hence, those who are not happy with the existing bonus plan would not be motivated for more effort in their work.
- The majority of the employees believe that the salary scale of ERA is not competitive. As a result, significant number of skilled and experienced man power is flying to other organizations where they see better payment. This can be seen especially from the turnover rate of the company in which about 125 employees left

the organization with in one year (1999 E.C) out of which 50 were Civil Engineers and the other 30 are professional employees such as Accountants, Computer Experts and the like. Hence, it can be deduced that the company's payment scale does not provide external equity as well as internal equity for its employees and has a negative impact on the level of motivation of employees.

- When one looks at the benefit provision and plans of the organization, the response results of both questionnaire and interview revealed that only few of the respondents are found to be happy and satisfied with the benefit provided by the organization whereas the grater proportion of the respondents are not happy about the benefit provisions. According to the interview response, those taking head lead positions are provided with major benefits and allowances like transportation facility (vehicle), positional allowance, over time payments, perdiem allowances and the like where as the lower level workers are not provided with as such adequate allowances. This may lead to conclude that there is no equity or fair distribution in benefit provisions to the employees of ERA that can lead to negative perception on the company due to discrimination in allowance provisions and hence affects the level of motivation of those having negative perception on the benefit plan and provision of the organization.
- From the result of responses of employees, it is revealed that the opportunity of promotion for the majority of the employees especially for whose educational qualification is below diploma level is not attractive. Thus, employees from that category are not motivated by having better hope for promotion and better pay.

- The result from the interviews and questionnaire also revealed that the organizational managers are not concerned much about their employees. This could be seen from the interview response that there is no adequate transportation provisions for employees, no adequate safety and health provisions etc - - - which led to absenteeism, lateness from work, employee turnover and very low level of motivation. The impact of this is also manifested on employees' productivity and very high cost of recruitment and selection which is hampering the organizational level of success in achieving its goal.
- Moreover, there is no clearly established policy in evaluating the performance of the employees and training programs as well. As a result, employees are not clearly communicated about how and when they would be selected for training and how their level of performance is evaluated. Consequently, there is unfair selection of employees for training and unfair promotions which are not linked to the performance appraisal results of the employees. This is found disappointing and demotivating to the majority of employees who are unfairly treated.
- The response to the interview also revealed that the compensation and benefit structure does not consider the difference in hardships associated with the job. i.e. those working in remote and desert areas and those working in Addis Ababa are compensated equally. Thus, employees are not motivated to go for field work. As a result, works in the field are highly hampered due to lack of professional employees willing to go to field work.
- Finally, the overall level of motivation of the majority of employees is found to be very low due to several reasons such as unfair treatment by superiors, the absence of

clear communication about the decisions made in the organization and absence of participation by employees in the decision making process of their organization.

5.2. Recommendations

Based on the findings and conclusions reached from the responses to the questionnaire and interview questions, the following recommendations are forwarded as solutions to the problems identified.

- The company should improve the current compensation system as well as the compensation plans such as salary, incentives, bonuses etc... so as to increase the employees' motivation and level of productivity in the company.
- The organization should revise the salary scales of its employees accordingly with the rate of increase in inflation so that it would allow the employees to afford the cost of living. By doing so the organization would be able to reduce the current turnover rate of employees in the organization which is due to lack of better salary and benefits provisions and plans.
- Employees consider additional payments to their salary as very important for them and it more motivates them for better performance. Hence, ERA should design a system of payment which would allow the provision of bonus to those who achieve high level of productivity and motivate them for more effort.
- Most of the employees perceive that there is no external equity in the company with regard to compensation and benefit. Hence, the company should assess the compensation and benefit provisions and plan systems of other similar governmental

organizations that are administered by Board of Directors and it should adjust its compensation and benefit provisions and plans at a competitive level so as to reduce the existing high rate of turnover and to enhance low level of motivation of its employees.

- The company should improve its benefit provisions and plans to have happy and motivated employees. Moreover, the findings of the study indicated that major benefit provisions and plans favor only employees at higher level in the organizational hierarchy and professionals. Hence, the company should consider the lower level workers in determining benefit structure and plan since organizational success is not possible without the motivation and productivity of lower level workers too.
- Not only the current compensation is poor but also the future promotional opportunities for the majorities are found to be unattractive and none motivating, Hence, the company should improve the promotional opportunities and payments attached to each promotional positions that would be taken by employees so as to make them eager and motivated to take higher level positions through hard work and better performance.
- The organizational managers should be concerned about employees by providing sustainable services like transportation facilities, subsidized food services etc... so as to support employees' financial problems. Moreover, it can reduce the level of absenteeism and lateness caused by unavailability of sustainable transportation services to employees at lower level.

- The performance appraisal system of the organization is found to be defective i.e. it is viewed as unfair, not clearly communicated to employees and it is not used properly for promotion and salary increment. Thus the company should improve its performance appraisal system in such of way that there should be a means to clearly communicate how the performance appraisal is conducted in the organization. Moreover, promotions and salary increments should be based fairly on the performance appraisal results of employees not based on nepotism.
- The organization also should determine differentiated compensation and benefit system based on the amount and difficulty of work and hardship that an employee faces in his /her job. Those who face more hardship in terms if work difficulty or environmental hardship should be paid better than those who face less hardship. By doing so, the organization can motivate employees to work in the remote and desert areas where the major work sites of ERA exist.
- Finally, the company should improve its overall compensation and benefit by restructuring its plan. This is because the organization has not used its mandate provided by the government to revise its payment structure. Hence ERA has to reduce the currently existing uncountable problems with regard to compensation and benefit which highly affected the level of motivation of employees especially, those of middle and lower level workers.

Appendix I

Addis Ababa University

Faculty of Business and Economics

MBA program

Survey questionnaire for employees (both managerial and non managerial employees)

The purpose of this questionnaire is to collect data for a research work entitled "the impact of compensation and Benefit plans on Employee Motivation" as a partial fulfillment of the award of Masters Degree in Business Administration. It is inherent that the availability of good employee motivation could show a profound impact on the company's success in business operations. Hence, the objectives of this study are to identify the major impacts of compensation and benefit plan on job satisfaction and motivation and suggest possible solutions to tackle the problems at hand. Thus, your free will and co-operation in giving the reliable information is important.

General information

1. Your participation is voluntary.
2. I guarantee you that the information you are providing me will be highly confidential and will not influence your present or future employment with the company.
3. Do not write your name in the questionnaire.
4. Please simply tick (X) or write your response in the space provided.

Thank you in advance for your kind cooperation!

PART ONE: Personal Profile

1. Sex Male ☐ Female ☐
2. Age: under 25 yrs Female ☐
26-40 ☐
41-50 ☐
51 and above ☐

3. What is your educational Back ground?

Below 12th Grade ☐

12th Grade ☐

College Diploma ☐

Masters Degree ☐

Other if any _____

4. For how long have you been working in this organization?

Less than one year ☐

11-15 years ☐

1-5 years ☐

more than 15 years ☐

6-10 years ☐

5. How much salary are you paid currently?

<200 Br. ☐

1001-2000 ☐

201- 500 Br. ☐

>2000 Br. ☐

501-1000 Br. ☐

6. In which department are you working currently? _____

7. In which position are you working currently? _____

PART TWO: Employees' opinions on the compensation and benefit plans and provisions of ERA

8. The payment policy of the organization satisfies and motivates me for more effort.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

9. This organization makes an effort to help employees improve themselves

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

10. I get adequate additional incentive to my basic salary for the extra effort I put

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

11. The organization has a trend of providing bonus for better achievements of employees which motivates them for better performance.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

12. Compared with similar organizations in the country, I am satisfied with the benefit package.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

13. The benefit I receive (healthy, insurance, sick leave, etc) are adequate and motivate me for more effort.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

14. The major fringe benefit plan makes me easier to stay in this organization and to strive more than what I currently do.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

15. There is a motivating promotional scheme that makes are to perform more and more so that I can take better position in the organization.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

16. This organization makes an effort to help employees improve themselves.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

17. I have great opportunity for me in my organization to get higher position and more pay in the future than what I get now

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

18. My immediate supervisor is friendly and helpful the encourages and motivates me to work hard.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

19. Supervisors of this organization encourage team work and create conducive work environment.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

20. I have an opportunity to participate in decision made by my supervisor that affects my work environment positively.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

21. My supervisor encourages me to try new ways of doing my job which motivates me to be creative and innovative.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

22. Senior managers of this organizations are concerned about the employees

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

23. There is clearly established and fair policy in training and development for employees in my organization

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

24. The organizations policy in the training and development programs are clearly communicated to the employees

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

25. There is clear performance appraisal system in the organization which employees trust and communicated to employees on time.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

26. The performance appraisal done in my organization is fair and free from bias.

Strongly agree ☐

Strongly disagree ☐

Agree ☐

Disagree ☐

27. The promotion given to employees in my organization are totally linked with the performance appraisal result of employees.

Strongly agree	☐	Strongly disagree	☐
Agree	☐	Disagree	☐

28. My physical working conditions are comfortable.

Strongly agree	☐	Strongly disagree	☐
Agree	☐	Disagree	☐

29. The safety and health provisions and plans of this organization ensure employee security.

Strongly agree	☐	Strongly disagree	☐
Agree	☐	Disagree	☐

30. I am clear about what I would get out of my effort.

Strongly agree	☐	Strongly disagree	☐
Agree	☐	Disagree	☐

31. What is the over level of your motivation due to current and future plan of working condition?

High	☐	Medium	☐
Low	☐		

32. I am highly motivated to stay and to put my effort in this organization.

Strongly agree	☐	Strongly disagree	☐
Agree	☐	Disagree	☐

33. What do you suggest on the overall level of payment and work environment in your organization so as to improve the level of motivation.

Appendix 2

በአዲስ አበባ ዩኒቨርሲቲ
የቢዝነስ እና ኢኮኖሚክስ ፋኩልቲ
የኤም. ቢ.ኤ ፕሮግራም
(የንግድ አስተዳደር ድህረ ምረቃ መርሃ ግብር)

ለሠራተኞች የቀረበ መጠይቅ

የዚህ መጠይቅ ዋና አላማ ድርጅቶች ለሠራተኞች በሚከፍሉት ክፍያና በሥራ ዘራዎች በሚያደርጉት የማሻሻያ መርሃ ግብሮች ሠራተኛውን ለሥራ ለማነሳሳት ከዚያም ምርታቸውን ለማሳደግ ምን ያህል ጥረት እንደሚያደርጉ ለማወቅ የሚደረግ ጥናት አንዱ አካል ነው። ጥናቱ የሚካሄደው በንግድ አስተዳደር የማስተርስ ድግሪ ማሟያ እንዲሆን ነው። ከጥናቱ የሚገኘው ውጤትም ድርጅቱ የታዩትን ችግሮች እንዴት ማስወገድ እንዳለበት ጠቋሚ ሃሳቦች ለመለገስ ነው። ስለሆነም የርስዎ ትክክለኛ መረጃ እና በጎ ትብብር ለጥናቱ ስኬት ከፍተኛ ጥቅም አለው።

አጠቃላይ መመሪያ

1. መጠይቁን መሙላት ነፃ እና በርስዎ ፍላጎት የተመሰረተ ነው።
2. የሚሠጡኝ መረጃ በሚስጢር የሚያዝ በመሆኑ በአሁኑም ሆነ በወደፊት ሥራዎ ላይ ምንም አይነት ችግር እንደማያስከትል ላረጋግጥልዎ እወዳለሁ።
3. በመጠይቁ ላይ ስምዎን አይፃፉበት።
4. በተሠጠው ክፍት ቦታ ላይ የሚስማማዎትን መልስ መርጠው የኤክስ (X) ምልክት ያድርጉበት።
5. ለቀና ትብብርዎ ለቅድሚያ ክልብ ላመስግን እወዳለሁ።

1. 2. ያታዎ ሀ/ወንድ ☐ ለ/ሴት ☐

2. . ዕድሜዎ ሀ/ ከ25 ዓመት በታች ☐ ሐ/41-50 ዓመት ☐
ለ/ 26-40 ዓመት ☐ መ/ 51 ዓመት በላይ ☐

3. የትምህርት ደረጃዎት ምንድን ነው?

ሀ/ ከ12 ክፍል በታች ☐

መ/ የመጀመሪያ ዲግሪ ☐

ለ/ 12ኛ የጨረሰ ☐

ሠ/ ማስተርስ ዲግሪ ☐

ሐ/ የኮሌጅ ዲፕሎማ ☐

ረ/ ሌላ/ይግለፁ/ _____

4. በአሁኑ ሰዓት የሚሠሩ የሥራ ክፍል ምንድን ነው? _____

5. እዚህ መስሪያ ቤት ለመቀጠር የወሰኑበት ምክንያት ምንድን ነው?

☐ በአጋጣሚ ነው የተቀጠረኩት ☐ የተሻለ ደመወዝ ስላለ ነው

☐ የተሻለ ጥቅማ ጥቅም ስላለ ነው ☐ የተሻለ የደረጃ እድገት ስላለ ነው

☐ ለሥራ ምቹ የሆነ መስሪያ ቤት ስለሆነ ሌላ (ይግለፁ) _____

6. በአሁኑ ሰዓት የሚሠሩት የሥራ መደብ ምንድን ነው? _____

7. በዚህ መስሪያ ቤት ምን ያህል አመት አገልግለዋል? _____

8. ባሁኑ ሰዓት የሚከፈልዎ የደመወዝ መጠን ስንት ነው?

☐ ከ200-ብር በታች

☐ 501-1000 ብር

☐ 201-500 ብር

☐ 1001-2000 ብር

☐ ከ2000 ብር በላይ

9. ከሌሎች ተመሳሳይ ድርጅቶች ሲነፃፀር በድርጅቱ ውስጥ ያለው ክፍያና ጥቅማ ጥቅም የሚያስደስትና የተሻለ ነው።

☐ በጣም እስማማለሁ ☐ በጣም አልስማማም

☐ እስማማለሁ ☐ አልስማማም

10. የማገኛቸው ጥቅማጥቅሞች (ማለትም የዓመት እረፍት፣ የወሊድ ዕረፍት፣ የኢንሹራንስ ዋስትና ወዘተ) በቂና ለተሻለ ሥራ ጥረት የሚያነሳሱኝ ናቸው።

☐ በጣም እስማማለሁ ☐ በጣም አልስማማም

☐ እስማማለሁ ☐ አልስማማም

11. ዋና ዋናዎቹ ጥቅማ ጥቅሞች እዚህ ድርጅት ውስጥ ታማኝና ትጉ ሠራተኛ እንድሆን ረድቶኛል።

☐ በጣም እስማማለሁ ☐ በጣም አልስማማም

☐ እስማማለሁ ☐ አልስማማም

12. የመሥሪያ ቤቱ የክፍያ ፓሊሲ አሁን ከምሰራው ይልቅ እንድተጋ ያደርገኛል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

13. እዚህ መስሪያ ቤት ውስጥ ለስራ የሚያነሣሣ የደረጃ እድገት እቅድ ስላለ ያንን የደረጃ እድገት ለማግኘት ሁሌ ተግባራዊ እሰራለሁ።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

14. ይሄ መሥሪያ ቤት ሰራተኛው ራሱን እንዲያሻሽል ብዙ ጥረት ያደርጋል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

15. መሥሪያ ቤቱ በየጊዜው መዋቅሩን በማሻሻል ሠራተኛውን ለሥራ ያነሳሳል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

16. ለወደፊት እዚህ መስሪያ ቤት የተሻለ የሥራ መደብ እና አርኪ ደመወዝ የማግኘት እድል ስላለኝ ሁሌ ለስራ የተነሳሳሁ ነኝ።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

17. እዚህ መስሪያ ቤት ከሥራ ሰዓት ውጪ ለምሰራው ስራ በቂ የሆነ ተጨማሪ አበል ይከፈለኛል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

18. የቅርብ አለቃዬ በጣም ተባባሪና ለሥራ የሚያበረታታ ሰው ነው።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

19. እዚህ መስሪያ ቤት ያሉ አለቆች የቡድን ሥራ የሚያበረታቱና ምቹ የሥራ አካባቢ እንዲኖር የሚያደርጉ ናቸው።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

20. ሥራዬን በተመለከተ የቅርብ አለቃዬ ወሳኔዎች ላይ ያሳትፈኛል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

21. የቅርብ የስራ አለቆቼ በምሰራው ስራ አዳዲስ የስራ ስልቶችን እንድጠቀም ነፃነት ይሰጡኛል፤ ያበረታቱኛል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

22. እዚህ መሥሪያ ቤት ለሰራተኛው በግልጽ የተቀመጠና ፍትሃዊ የስልጠና ፖሊሲ አለ።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

23. እዚህ መስሪያ ቤት ያለው የስልጠና ፖሊሲ በግልጽ ለሰራተኛው ስለሚነገር ሰራተኛው መቼና እንዴት ለስልጠና እንደሚመረጥ ያውቀዋል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

24. መስሪያ ቤቴ ውስጥ የሚካሄደው የሥራ አፈጻጸም ምዘና ግልጽና ሰራተኛው የሚተማመንበት ነው።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

25. መስሪያ ቤቴ ውስጥ የሚከናወነው የስራ ምዘና አድሎ የሌለበትና ፍትሐዊ ነው።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

26. መስሪያ ቤቴ የተሻለ ውጤት ላስገኙት ሰራተኞች ተጨማሪ ጉርሻ በየጊዜው ይሰጣል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

27. እዚህ መስሪያ ቤት የተሻለ የሥራ ዋስትና አለ።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

28. የበላይ አለቆቹ ለሰራተኛው በጣም ተቆርቋሪዎች ናቸው።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

29. ይህ ድርጅት ለሥራ ይመቻል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

30. የሠራተኞችን ደህንነት በሚገባ ድርጅቱ ይጠብቃል።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

31. በአጠቃላይ አሁን ባለው እና ወደፊት በሚኖረው ክፍያ እና የሥራ አካባቢ ምክንያት ያሉት የሥራ ተነሳሽነት ምን ያህል ነው?

- ☐ ክፍተኛ ☐ መካከለኛ
☐ ዝቅተኛ :

32. እዚህ መስሪያ ቤት ለመቆየትም ሆነ ባለኝ አቅም ሁሉ ለመስራት የሚያነሳሳኝ የሥራ አካባቢ ነው ያለው።

- ☐ በጣም እስማማለሁ ☐ በጣም አልስማማም
☐ እስማማለሁ ☐ አልስማማም

33. በአጠቃላይ ክፍያ እና የሥራ አካባቢን በተመለከተ እዚህ መስሪያቤት ምን ምን ማሻሻያ በደረግ ይሻላል ይላሉ?

APPENDIX 3

Ethiopian Roads Authority Salary Scale Structure

	A	B	C	D	E	F	G	H	I	J	K
	SALARY STRUCTURE										
Grade	Initial Salary	1	2	3	4	5	6	7	8	9	10
I.	273	285	297	309	321	333	345	358	371	384	398
II.	321	333	345	358	371	384	398	412	426	440	455
III.	371	384	398	412	426	440	455	470	486	502	520
IV.	426	440	455	470	486	502	520	538	556	575	594
V.	486	502	520	538	556	575	594	613	633	653	677
VI.	556	575	594	613	633	653	677	701	725	750	777
VII.	633	653	677	701	725	750	777	804	832	860	906
VIII.	725	750	777	804	832	860	906	952	998	1045	1093
IX.	832	860	906	952	998	1045	1093	1142	1191	1240	1292
X.	998	1045	1093	1142	1191	1240	1292	1344	1396	1448	1502
XI.	1191	1240	1292	1344	1396	1448	1502	1556	1610	1664	1736
XII.	1396	1448	1502	1556	1610	1664	1736	1808	1880	1952	2031
XIII.	1610	1664	1736	1808	1880	1952	2031	2110	2190	2270	2350
XIV.	1880	1952	2031	2110	2190	2270	2350	2430	2510	2590	2672
XV.	2190	2270	2350	2430	2510	2590	2672	2754	2836	2918	3000
XVI.	2510	2590	2672	2754	2836	2918	3000	3083	3166	3250	3334
XVII.	2836	2918	3000	3083	3166	3250	3334	3418	3502	3586	3676
XVIII.	3166	3250	3334	3418	3502	3586	3676	3766	3856	3956	4048
XIX.	3502	3586	3676	3766	3856	3952	4048	4144	4246	4348	4450
XX.	3856	3952	4048	4144	4246	4348	4450	4552	4660	4768	4876
XXI.	4246	4348	4450	4552	4660	4768	4876	4984	5098	5215	5326

GRADE 1

GARDENER
GUARD
JANITOR
LABOURER

GRADE 2

COOK I
GARENER II
GUARD II
HELPER I

GRADE 3

COOK II
EQUPLMENT SERVICEMAN I
GARDENER III

GRADE 4

DRIVER I
EQUIPEMENT SERVICEMAN II
POWDERMAN I

GRADE 5

BAR SETTER
CHIEF GUAND

CLERK I
TOOLS STORE ATTENDANT

GRADE 6

ACCOUNT CLERK I
BAR SETTER II
ORDER II
CLERK MPIST I

GRADE 7

ACCOUNT CLERK II
AUDIT VISUAL TECHNICIAN I
CHIEF COOK

GRADE 8

ACCOUNT CLERK III
ASSISTANT LIBRARIAN I
CLERK II
CLERK TYPIST III
COMPUTER TECHNICIAN I

GRADE 9

ADVOCATE I
ASSISTANT LIBRARIAN II
ENGINEER AIDE II
EXPEDITOR I

GRADE 10

ADVOCATE II
ASSISTANT LIBRARIAN II
COMPUTER OPERATOR III

GRADE 11

ACCOUNTANT I
ADMINISTRATIVE ASSISTANT I
ADVOCATE IV
AUDITOR I

GRADE 12

ACCOUNTANT II
ADMINISTRATIVE ASSISTANT II
AUDITOR II
AUDIOVISUAL TECHNICIAN IV
LAWYER IV
LIBRARIAN II

GRADE 13

ACCOUNTANT III
ADMINISTRATIVE ASSISTANT III
AUDITOR III
LIBRARIAN V
LAWYER V

GRADE 14

ACCOUNTANT IV
ADMINISTRATIVE ASSISTANT IV
ASSOCIATE ENGINEER III

GRADE 15

ASSOCIATE ENGINEER IV
EQUIPMENT SUPER
ATTENDANT II
EXPEDITOR V
STAFF ASSISTANT I

GRADE 16

ADMINISTRATIVE ASSISTANT V
ANALYST PROGRAMMER V
AUDITOR
BUDGET ANALYST V

GRADE 17

ADMINISTRATION BRANCH
CHIEF (DISTRICT)
" SUPPORT
BRANCH CHIEF
LAWYER V
INSTRUCTOR VI

GRADE 18

ALEMGENA TRAINING &
TESTING BRANCH CHIEF
ADVISORY & LITIGATION
BRANCH CHIEF.
CONTRACT MANAGEMENT
BRANCH CHIEF
ENGINEERING RESEARCH
BRANCH CHIEF

GRADE 21

GENERAL MANAGER

GRADE 19

CIVIL SERVICE REFORM
PROGRAM OFFICE HEAD
DISTRICT MANAGER
EXECUTIVE ASSISTANT
FINANCE DIVISION MANAGER

GRADE 20

ENGINEERING AND REGULATORY
DEPARTMENT DEPUTY GENERAL
MANAGER HR. AND FINANCE
DEPARTMENT DEPUTY MANAGER
OPERATION DEPARTMENT
DEPUTY MANAGER

Appendix 4

***Addis Ababa University
Faculty of Business and Economics
MBA Program***

Survey Interview questions for the Human Resource Manager of Ethiopian

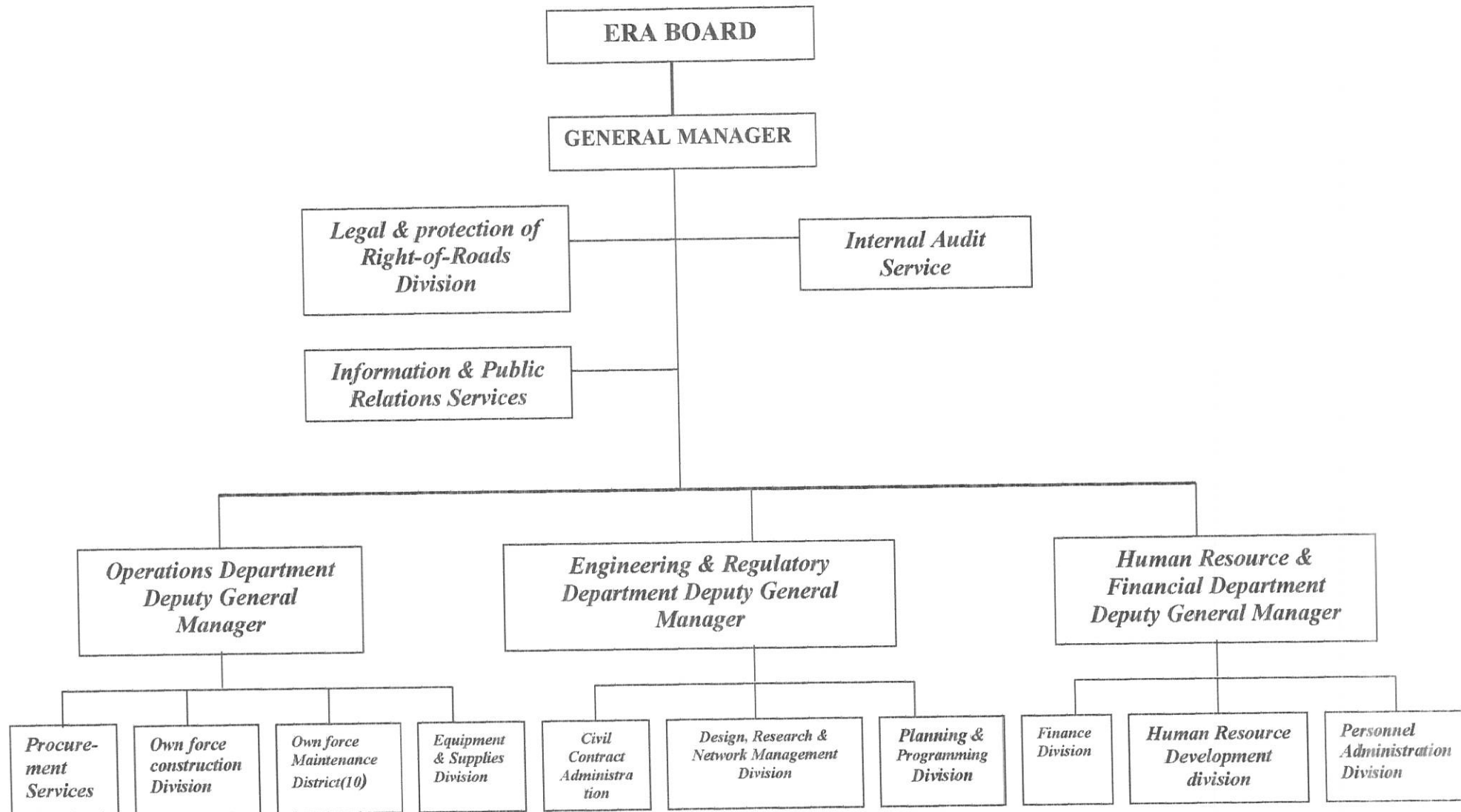
Roads Authority (ERA)

1. What is the main objective of this organization?"
2. How many of your current employees separated your organization within the most recent one year?
3. What do you think are the major reasons for the employees to leave your organization?
4. Do you think your organization incurs cost due to the employee separating from your organization?
5. Does your organization have mandate to revise and adjust employees' salary and fringe benefit provisions and plans the intervention of Government?
6. Is there significant rate of absenteeism and lateness in your organization?
7. Do you think that there is an attractive and motivating compensation and benefit plan in your organization?
8. What do you think are the major reasons for the absence of an attractive and motivating compensation and benefit plan in your organization?

9. Does your organization have any additional incentive provisions to motivate employees for more effort?
10. If the answer for the question 9 is "No", what the reason for absence of motivating amount of adequate incentive to employees?
11. Which group /level/ employees are provided with better additional incentive by your organization?
12. What do you say about the level motivation of employees of your organization?
13. If the answer for the question "12" is "low", what basic factors do you think affect the employees' motivation of your organization?
14. What measures do you suggest to increase the level of motivation in the organization?

Appendix 5

ETHIOPIAN ROADS AUTHORITY ORGANIZATIONAL CHART



Declaration

I Tamirat Erasha declare that the study entitled “The Impact of Compensation and Benefit Plans on Employee Motivation: A Case Study of Ethiopian Roads Authority (ERA)” is the result of my own effort in research undertaking. The study has not been submitted to any Degree/Diploma in AAU or any other University. It is submitted for the Partial Fulfillment of the Requirement of the Degree in Business Administration.



Tamirat Erasha
(Researcher)