

# Final Project 2

PMG 497

## Project Template

**Dr. Mona Moustafa Elashry**  
MIDOCEAN UNIVERSITY

**Midocean University**

**Faculty of Management**

**Department/ Specialization .....**



**Project title**

**Student name**

**Abdullah Mohammed Ali**

**Final Project - 2**

**Faculty of Management - Midocean University**

**Supervisor**

**Dr. Mona Moustafa Elashry**

**Faculty member- Faculty of management- Midocean University**

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## RESEARCH DESIGN AND METHODOLOGY

### 3.1 Research Design and Approach

There are three types of research approaches quantitative, qualitative and mixed research approach that combines both qualitative and quantitative ones. Since, this study desires to identify the impact of HR practices on Organizational performance, hypotheses testing is required which necessitates to adopt a quantitative research approach. Among the three types of research designs exploratory, descriptive and causal the study used a mixed research design i.e., descriptive and causal. The first stage of this study relies on the so-called descriptive research method which means that the study is typically concerned with describing the characteristics of certain groups, to estimate the frequency or proportion of subjects in a specified population, to analyze relationships between variables, or to make specific predictions (Zikmund, 2003). The descriptive research must start with prior knowledge about the phenomenon studied and should rest on one or more specific hypotheses. Based on that, the first stage of this research reviewed of the existing literature on HRM practices, their outcomes and impact of HRM practices and HRM outcomes and on organizational commitment. The second stage of the study is to examine the relationship between two key set of variables (i.e., Dependent and Independent variables), as well as other intervening or control variables based on primary and secondary data. The idea of writing this paper is to study, analyze and examine the impact of HRM Practices on Organizational performance.

### 3.2 Sample size and Sampling Technique

Population of this study is the employees who are working in different departments of Ethio telecom in the head office. Population of interest is homogeneous and population studies are more representative because everyone has an equal chance to be included in the final sample that is drawn. The head office has approximately 1357 staff during the period of the study until December 2018. From 1357 personnel 370 are females and 987 are males. The target population for this study was 1357. From the total personnel I selected 90% from human resource department since my topic is related with HR practices. And also by random sampling method from the entire department I just choose 10% from quality and process department. In Human resource department there are 143 personnel (Female-62, Male-81) and also it has 4 departments. i.e. compensation & benefit, human development, placement and personnel. In quality and process department there is 81 personnel

(female-17, Male-64) and also it has 4 departments in it. i.e. process, quality assurance, Revenue assurance and rescue & business. By calculating 90% of 143 it was 129 respondents from human resource department .and by calculating 10% of 81 it was 9 respondents from quality and process department. That is 129 HR staff and 9 quality and process staffs and the total is 138 samples. A total of 138 questionnaires were distributed to the 2-department staff. In this research purposive and random sampling design were used. From all branches of the company, the head office was selected purposely to get a large number of respondents. The human resource department was selected purposely because, it is one of my focal research interests to answer my research questions and the quality and process department was selected randomly.

### 3.3 Data sources and Data Collection tools

Both primary and secondary sources have been used to collect data relevant for the study. In order to gather primary information from employees, questionnaires have been prepared and distributed for employees who were evaluated. Secondary data has been collected from different sources like books, journals and magazine.

Primary data were collected from employees who are working in different departments of the company using questionnaire survey. For the purpose of this study, a structured questionnaire consisting of 70 question items were made to collect data. The questionnaire was organized into two sections. Section-one included questions regarding the personal details of respondents such as age, experience, sex, education and marital status. Section-two encompassed question items which included about employees' perceptions towards HRM practices such as Organizational Citizenship behavior, Employee's development and Compensation management and HR outcomes (organizational performance). A five-point Likert scale was used in this second section of the questionnaire to measure the impact of HR practices on employee's commitment. The scaling is: 5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree were given in order to analyze data.

### 3.4 Data Presentation and Analysis

The collected data are clearly presented by using tables, graphs and charts which are expressed in the form of frequency, percentage, mean standard deviation and variance. The data collected from the departments were given a separate section and it helped to give a different perspective and a

different set of factors that were discussed. The same was done in the case of other data collected from other sources.

Data were analyzed by multiple regression analysis. In this context, a multiple regression analysis was performed by making use of all the dependent and independent variables available in the dataset. The dependent variable is organizational performance and HR practices are independent variables. Multiple regression analysis was performed to identify the predictors of organizational performance. To what degree different types of HRM practices can predict perceived organizations? To answer this question, inferential statistical technique of Multiple Regression Analysis (MRA) was used.

The data which were collected from questionnaire first give code or recording variables on Statistical package social science (SPSS) program. Based on descriptive data analysis techniques frequency, percentage, mean, standard deviation and graphic representation were made. Furthermore, hypothesis tests were performed using regression analysis.

Kerlinger and Lee (2000) pointed that regression analysis is a statistical method that relates one dependent variable to a linear combination of one or more independent variables. A regression analysis technique identifies how much each independent variable has an impact on dependent variable. For each performance indicator separate data was regressed. Multiple regression analysis calculates multiple correlation coefficients. It is the proportion of variance in the dependent variables explained by the independent variables. The contribution of independent variables towards dependent variables is measured by the Beta value and can be explained on the basis of *p* or *t* value. The analysis results were presented in tables and charts.

### **3.5 Reliability**

This study used Chronbach's alpha to assess the internal consistency of variables in the research instrument. Chronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to Zikmund et al. (2010), scale with coefficient alpha between 0.6 and 0.7 indicate fair reliability so for this study a Chronbach's alpha score of 0.70 or higher is considered adequate to determine reliability.

**Table 4.1 Reliability Test Result**

|                                     | Cronbach's Alpha | N of Items |
|-------------------------------------|------------------|------------|
| Organizational Citizenship Behavior | .771             | 14         |
| Employee Development                | .851             | 19         |
| Compensation Management             | .794             | 21         |
| Organizational Performance          | .820             | 13         |
| Overall                             | 0.774            | 67         |

Source: Own survey, 2019

The above table indicated that the reliability test based on each dimension and employed Chronbach's alpha to assess the internal consistency of variables in the research instrument. Based on this base the researcher conducted a test to measure the internal consistency and make modification based on the test and the result showed Cronbach's alpha for all items is 0.774 and the items are internally consistent.

### 3.6 Validity

Validity is the extent to which difference found with measuring instrument reflecting true differences among those being tested. In order to ensure the quality of the research design content and construct validity of the research was checked. Construct validity establishing correct operational measures for the concepts being studied. Internally, the literature review was conducted and thoroughly examined to make sure that the content of measuring is relevant to the study. Experts' opinions were taken.

Externally, as stated on the methodology, questionnaire was used to collect the primary data. Therefore, to assure validity of the instrument the researcher has given a chance for professionals on the area to review the questionnaire and finally it was validated by the advisor with some adjustment.

### 3.7 Ethical Consideration

In this study, formal consent was obtained from each participant/sampling unit before data collection was commenced. Informed consent was sought from the management of the selected organizations before the commencement of this research initiative. The researcher undertook to protect the rights of the respondents by:

- ◆ Ensuring that none of the respondents were not named during the research or subsequent thesis;

- ◆ Respondents were selected to participate without compulsion;
- ◆ All respondents were properly informed of the reason and purpose of the research

## CHAPTER FOUR RESULT AND DISCUSSION

### 4.1 Response Rate and Reliability Test

This chapter includes the results and discussions of this research. It begins with response rate of the responses and the profile of the respondents and presents the views of respondents“ in Ethio- Telecom Company.

**Table 4.2 Response rate**

| No. | Categories    | No. of Employees | No. of respondent | Actual | %     |
|-----|---------------|------------------|-------------------|--------|-------|
| 1.  | Questionnaire | 783              | 138               | 111    | 80.4% |

**Source:** Own survey (2019)

A total of 138 questionnaires were administered to the respondents selected from HR department as shown on the above table that indicates the details of respondents. Accordingly, 111 questionnaires (81% of the targeted population) were properly filled and returned. It indicates that more than eighty percent of the targeted respondents were participated in the study.

### Background of Respondents

**Table 4.3 Respondents” Profile Based by sex**

| sex | Category of respondents | Frequency | Percent |
|-----|-------------------------|-----------|---------|
|     | male                    | 58        | 52.3    |
| sex | female                  | 53        | 47.7    |
|     | <b>Total</b>            | 111       | 100.0   |

Source: Own study, 2019

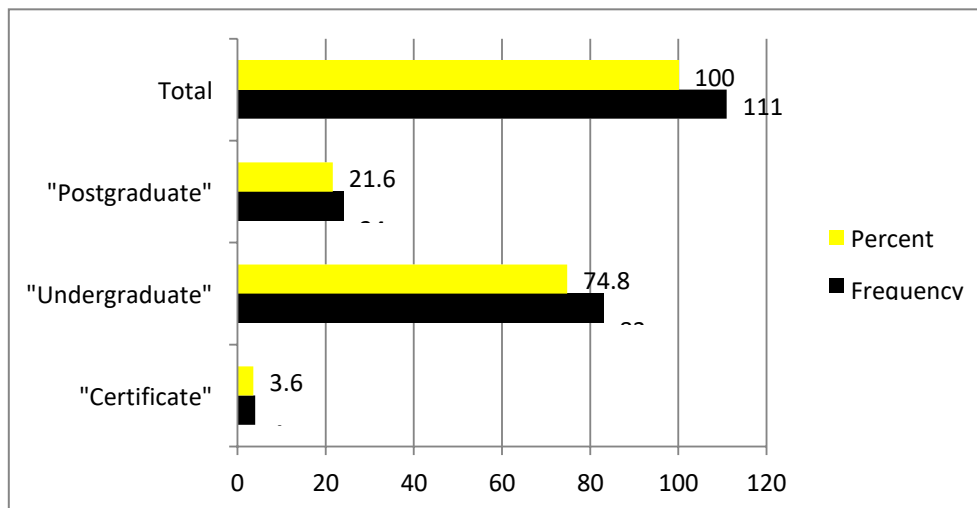
Of all respondents, half of the respondents were males (approximately 58 numbers of the total respondents) and the other half of the respondents (approximately 53 numbers of the total respondents) were female. This indicates that the gender participation of the respondents was maintained, and both men and women had equal opportunities.

**Table 4.4 Respondents' Profile Based by Age**

| Age Category of respondents |              | Frequency | Percent |
|-----------------------------|--------------|-----------|---------|
| Valid                       | "18-25years" | 7         | 6.3     |
|                             | "26-35years" | 66        | 59.5    |
|                             | "36-45years" | 27        | 24.3    |
|                             | "46&above"   | 11        | 9.9     |
|                             | Total        | 111       | 100.0   |

Source: Own survey, 2019

On other hand, 7 workers were below 24 years and most of the respondents of this study aged between 26 and 35 as 66 participants were in this category. It seems some young and new staffs are included on the survey. Only three workers were very matured; more than 60 years of age. Specifically, from the table, a greater percentage of workers (27) were between 36 to 45 age category and 11 respondents were above 46 years of age. This implies that this study comprises young and youth whose skills need to be developed and enhanced to ensure the effectiveness of the study.



**Figure 4:1 Chart for respondents' Profile Based by Education Background**

Source: Own survey, 2019

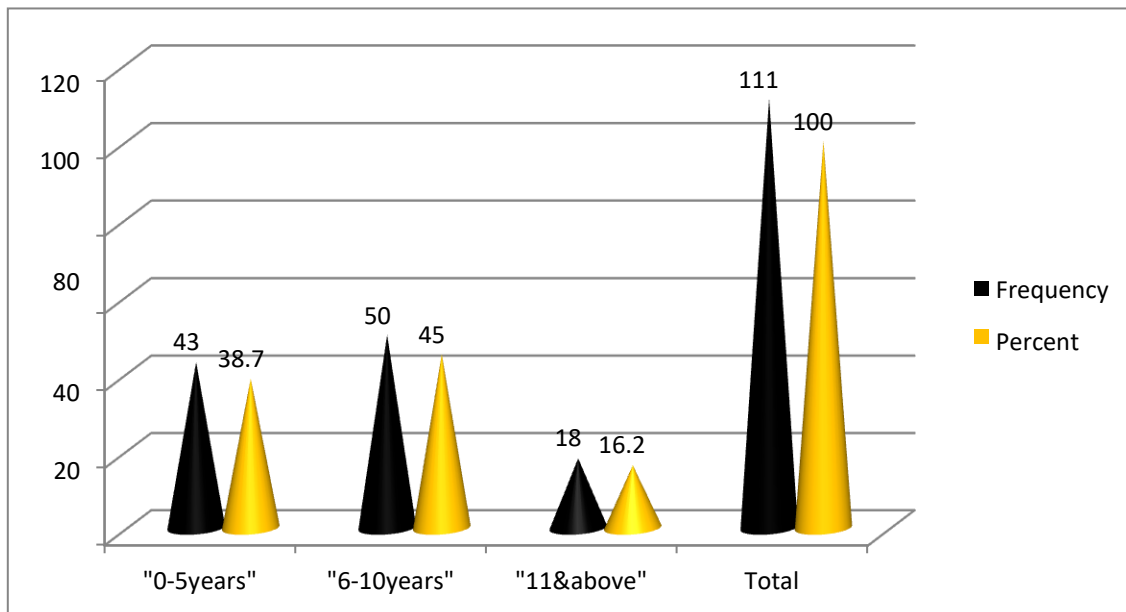
In this study, most of the participants completed undergraduate study as the data shows 83 respondents or 74.8 % selected this category. The highest educational level attained by 24 respondents who completed post study. As indicated in the above table, respondents of this study have had some level of formal education (more than elementary education) and it implies that the participants of this study have had formally educated to handle the questionnaire.

**Table 4.5 Respondents' Profile Based by Marital Status**

|       |           | Frequency | Percent |
|-------|-----------|-----------|---------|
| Valid | "Single"  | 35        | 31.5    |
|       | "Married" | 67        | 60.4    |
|       | "Divorce" | 2         | 1.8     |
|       | "Other"   | 7         | 6.3     |
|       | Total     | 111       | 100.0   |

Source: Own survey, 2019

The above table shows that most of the respondents were married that accounts 60.4 % of the total participants of the study. 31.5 % of the respondents were single and others are divorced and had some other reasons. This indicates that most of the respondents have had family administration role in addition to their work and professional persons. This indicates that they were expected to be responsible in their office tasks. Overall, the respondents of this study were comprised from well-educated and family-oriented workers. It is believed that the study got data from responsible and accountable persons



**Figure 4.2: Chart for respondents' profile based on work experience**

Source: Own survey, 2019

Regarding working experience, half of the participants have had between 6 years and 10 years work experience. It accounts 45% of the total respondents. Others 38.7% of the participants have had

below 5 years working experience. 16.2 % of the respondents have had matured or more than 11 year of working experience. In general, most of the participants of the study have had a good working experience to handle the study questionnaire and to inform the factors of HR practices and organizational performance in EThio-Telecom.

### 4.3 Results of the Descriptive Statistics

#### 4.3.1 Organizational Citizenship Behavior

Organizational citizenship behavior (OCB) is a person's voluntary commitment within an organization or company that is not part of his or her contractual tasks. Accordingly, respondents were asked to rate their opinion based on the company adjusts work schedules to accommodate employees' requests for time off, co-workers learn new skills or shared job knowledge, genuine concern and courtesy toward coworkers, even under the most trying business or personal situations, ideas to improve the functioning of the organization, actions to protect the organization from potential problems, concern about the image of the organization, how the he management of the company took time to advice, coach or mentors the employees.

**Table 4.6 Respondents' response on OCB**

| Item                   | "Strongly Disagree" | "Disagree" | "Neutral" | "Agree" | "Strongly Agree" | Mean  |
|------------------------|---------------------|------------|-----------|---------|------------------|-------|
| Work Adjustment        | 19%                 | 21%        | 42%       | 14%     | 4%               | 2.631 |
| Helped Coworkers       | 3%                  | 6%         | 31%       | 39%     | 21%              | 3.671 |
| Concern And Courtesy   | 4%                  | 6%         | 28%       | 45%     | 17%              | 3.658 |
| Improve Functioning    | 4%                  | 9%         | 25%       | 45%     | 17%              | 3.631 |
| Protect Organization   | 4%                  | 14%        | 20%       | 41%     | 23%              | 3.649 |
| Organization Image     | 4%                  | 6%         | 22%       | 32%     | 37%              | 3.919 |
| Took Time Advice       | 7%                  | 8%         | 32%       | 31%     | 22%              | 3.514 |
| Helped New Employee    | 4%                  | 10%        | 29%       | 44%     | 14%              | 3.541 |
| Attends Functions      | 0%                  | 9%         | 47%       | 31%     | 14%              | 3.486 |
| Obeys Company Rules    | 2%                  | 7%         | 33%       | 41%     | 16%              | 3.631 |
| Competent Enough       | 4%                  | 23%        | 22%       | 33%     | 18%              | 3.387 |
| Respect Employ Ability | 2%                  | 16%        | 35%       | 30%     | 17%              | 3.439 |
| Stands Up To Protect   | 5%                  | 11%        | 36%       | 41%     | 8%               | 3.373 |
| Recommendable Place    | 4%                  | 9%         | 27%       | 28%     | 32%              | 3.773 |
| Grand Mean             |                     |            |           |         |                  | 3.522 |

Source: Own survey, 2019

The above table indicated that most of the respondents selected the category of disagree (21%) and others preferred the category of strongly disagree for the company adjusts work schedules to accommodate employees' requests for time off. This indicates that most of the respondents were not happy on the company's adjusts work schedules to accommodate employees' requests for time off. However, the respondents preferred the category of strongly agree (21%) and the category of agree (3%) for the co-workers learn new skills or shared job knowledge factor.

The average mean value is 3.5 and it inclines to agree category. It indicated a positive attitude towards this factor. Other factors such as genuine concern and courtesy toward coworkers, even under the most trying business or personal situations, ideas to improve the functioning of the organization, actions to protect the organization from potential problems, concern about the image of the organization, how the management of the company took time to advice, coach or mentors the employees. How new employees get oriented to the job, functions that are not required but help the company's image, obeys company rules and regulations even when no one is watching, competent enough to lead the organization towards prosperity, respects each employee's ability and knowledge have been selected in a positive way. Respondents selected a high percentage for all factors the category of agree and above.

#### 4.3.2 Employee Development

Employee development includes providing learning and training facilities, encouraging employees to gain new or advanced skills, knowledge, and viewpoints, as well as the opportunities to apply what is gained. It also provides motivational compensation for an employee who may join a company as a junior in skills, with the potential for gaining learning, skills, and salary.

**Table 4.7 Respondents' response on Training**

| Item                                                  | Category       | Count | %   |
|-------------------------------------------------------|----------------|-------|-----|
| Taking any form of Training since joining the company | "No"           | 34    | 31% |
|                                                       | "Yes"          | 77    | 69% |
| Attending Trainings in a year                         | "Less than 5"  | 89    | 80% |
|                                                       | "5-10"         | 15    | 14% |
|                                                       | "10-20"        | 3     | 3%  |
|                                                       | "More than 20" | 4     | 4%  |

Source: Own survey, 2019

This research found that most of the respondents (69%) have taken training since they joined the organization. It indicates that the company organized various trainings to develop the skill of the employees. Most of the respondents (80%) attend training in less than five times a year.

**Table 4.8 Respondents' response on Employee Development**

| Item                                                                                            | "Strongly Disagree" | "Disagree" | "Neutral" | "Agree" | "Strongly Agree" | Mean  |
|-------------------------------------------------------------------------------------------------|---------------------|------------|-----------|---------|------------------|-------|
| a training and development policy applicable to all employees.                                  | 0%                  | 3%         | 26%       | 31%     | 41%              | 4.090 |
| Positively improve the organizational belief.                                                   | 0%                  | 3%         | 21%       | 43%     | 33%              | 4.072 |
| Corporate image                                                                                 | 0%                  | 0%         | 26%       | 46%     | 28%              | 4.018 |
| Assessed on the basis of their performance appraisal                                            | 7%                  | 8%         | 22%       | 22%     | 23%              | 2.919 |
| Problem solving skills and broader knowledge                                                    | 6%                  | 5%         | 26%       | 46%     | 16%              | 3.604 |
| encourage employees                                                                             | 7%                  | 10%        | 24%       | 50%     | 9%               | 3.432 |
| techniques learned in training                                                                  | 4%                  | 7%         | 19%       | 41%     | 31%              | 3.901 |
| Supervisors give employees the chance                                                           | 5%                  | 5%         | 35%       | 47%     | 7%               | 3.450 |
| Supervisors ease the pressure of work for a short time                                          | 9%                  | 5%         | 35%       | 47%     | 7%               | 3.468 |
| motivated to learn the concepts that will be covered in the training program.                   | 5%                  | 5%         | 26%       | 45%     | 18%              | 3.649 |
| Training has helped improve my job performance                                                  | 5%                  | 5%         | 18%       | 56%     | 22%              | 4.018 |
| Training for motivation towards performance improvement                                         | 5%                  | 5%         | 35%       | 47%     | 7%               | 3.450 |
| Training programme helps me to improve the quality and quantity of my work.                     | 5%                  | 5%         | 35%       | 47%     | 7%               | 3.423 |
| Training programme enable the employees to be accountable and authoritative in making decision. | 5%                  | 8%         | 18%       | 43%     | 25%              | 3.748 |
| Training helps to improve employee –employee relationship.                                      | 8%                  | 11%        | 16%       | 40%     | 25%              | 3.631 |
| Training helps to the motivation level of employees                                             | 4%                  | 6%         | 19%       | 54%     | 17%              | 3.748 |
| Training enables employees to be more productive.                                               | 11%                 | 12%        | 14%       | 36%     | 27%              | 3.541 |
| I am actively involved in learning during training process.                                     | 3%                  | 6%         | 23%       | 41%     | 27%              | 3.829 |
| Training course facilitate you in improving personal competency                                 | 14%                 | 9%         | 10%       | 41%     | 27%              | 3.586 |
| Grand Total                                                                                     |                     |            |           |         |                  | 3.662 |

Source: Own survey, 2019

This study showed that more than 70% of the respondents preferred the category of agree (31%) and strongly agree (41%) for a training and development policy applicable to all employees in the company. 33% and 43 % of the respondents preferred the category of strongly agree and agree for training and development positively improve the organizational belief. 28% and 46 % of the respondents preferred the category of strongly agree and agree for training and development help create better corporate image which aids organizational development, organizational culture and performance.

Most of the respondents (around 40%) preferred the category of agree for the training needs of the employees in our organization are assessed on the basis of their performance appraisal, training in our organization includes social skills, general problem solving skills and broader knowledge of the organization and business, supervisors encourage them to share what they have learned with other employees, supervisors support the use of techniques learned in training that employees bring back to their jobs, supervisors give employees the chance to tryout their training on the job immediately, the pressure of work for a short time so employees have a chance to practice new skills that are taught in training, motivated to learn the concepts that will be covered in the training program, training has helped improve my job performance, training for motivation towards performance improvement enabled me to contribute to increased productivity, to improve the quality and quantity of work, enable the employees to be accountable and authoritative in making decision, to improve employee –employee relationship, the motivation level of employees, enables employees to be more productive, actively involved in learning during training process and facilitate you in improving personal competency.

The mean average value of this factor is 3.662 which approach to agree category. Ethio-Telecom enables to ensure organizational culture and performance through the training needs of the employees based on their performance appraisal, social skills, general problem-solving skills and broader knowledge of the organization and business. It helps to encourage them to share what they have learned with other employees and supervisors support the use of techniques learned in training that employees bring back to their jobs, supervisors give employees the chance to tryout their training on the job immediately.

#### **4.3.3 Compensation Management**

Compensation is a process of providing monetary value to employees for the work they performed. Compensation can be used to hire skilled employees, reward the performance, encourage company loyalty by reduce turnover. Compensation may include Basic Pay, Overtime, Bonuses,

Travel/Accommodation Allowance, Stock Options, Medical Allowance, Commissions, and Profit Sharing. A recent study conducted by Hay points out that 20% employees plan to switch their current positions in at least five years. Employee retention turnover has become a more prominent aspect of organizational life.

**Table 4.9 Respondents' response on Compensation Management**

| Item                                                                                            | "Strongly Disagree" | "Disagree" | "Neutral" | "Agree" | "Strongly Agree" | Mean  |
|-------------------------------------------------------------------------------------------------|---------------------|------------|-----------|---------|------------------|-------|
| There is compensation management in Ethio-telecom.                                              | 9%                  | 5%         | 18%       | 36%     | 33%              | 3.829 |
| Satisfied with compensation management in your company.                                         | 23%                 | 21%        | 9%        | 27%     | 21%              | 3.027 |
| Ethio-telecom provides a general increase of salary.                                            | 0%                  | 0%         | 26%       | 46%     | 28%              | 4.018 |
| Ethio-telecom provides a cost of living increase.                                               | 15%                 | 25%        | 10%       | 22%     | 28%              | 3.215 |
| Ethio-telecom has a bonus or incentive plan.                                                    | 6%                  | 5%         | 26%       | 46%     | 16%              | 3.604 |
| A formal employee merit review process.                                                         | 12%                 | 20%        | 14%       | 45%     | 9%               | 3.200 |
| Salary and other benefits are comparable to the market                                          | 20%                 | 25%        | 12%       | 32%     | 22%              | 3.432 |
| The compensation directly linked performance                                                    | 23%                 | 32%        | 17%       | 20%     | 7%               | 2.550 |
| Profit sharing used as a mechanism to reward higher performance.                                | 19%                 | 22%        | 25%       | 29%     | 5%               | 2.802 |
| Compensation administrators always seek to achieve internal equity and consistency              | 3%                  | 9%         | 18%       | 50%     | 21%              | 3.766 |
| Paid adequately for the work i do.                                                              | 19%                 | 23%        | 16%       | 29%     | 13%              | 2.928 |
| Pay increments offered by our organization are satisfactory.                                    | 20%                 | 18%        | 17%       | 38%     | 7%               | 2.946 |
| Follows the policy of matching pay with performance.                                            | 23%                 | 40%        | 1%        | 30%     | 7%               | 2.595 |
| The pay is competitive compared to that of employees doing similar work in other organizations. | 17%                 | 26%        | 9%        | 23%     | 25%              | 3.126 |
| Rewards and incentives are fairly distributed                                                   | 8%                  | 11%        | 20%       | 36%     | 25%              | 3.595 |
| Rewards in Ethio-telecom linked to performance.                                                 | 22%                 | 33%        | 10%       | 23%     | 13%              | 2.712 |
| The existing reward and incentive plan does not motivate me for better performance.             | 11%                 | 14%        | 14%       | 35%     | 27%              | 3.541 |
| The salary increments given to employees who do their jobs very well motivates me.              | 12%                 | 15%        | 5%        | 32%     | 35%              | 3.640 |
| Financial incentives motivates me more than non financial incentives.                           | 10%                 | 27%        | 10%       | 32%     | 21%              | 3.234 |
| I am satisfied with the salary I draw at present.                                               | 28%                 | 25%        | 10%       | 23%     | 25%              | 3.243 |
| I am satisfied with the benefits i receive.                                                     | 18%                 | 14%        | 23%       | 25%     | 21%              | 3.171 |
| Grand Total                                                                                     |                     |            |           |         |                  | 3.246 |

Source: Own survey, 2019

In this study, it is found that 33% and 36 % of the respondents preferred the category of strongly agree and agree for the compensation management system and practices of Ethio-telecom. Half of the respondents (21 % strongly agree and 27 % agree) are satisfied with compensation management in their company.

Most of the participants of the study agreed their company provides a general increase of salary and a cost of living increase and has a bonus or incentive plan and has a formal employee merit review process. 22% and 32 % of the respondents preferred the category of strongly agree and agree for the factor salary and other benefits are comparable to the market. Others are less selected such as the compensation for all employees is directly linked to performance, profit sharing used as a mechanism to reward higher performance and compensation administrators always seek to achieve internal equity and consistency through organizational belief. 42% of the respondents assured as they are paid adequately for the work they do.

Other factors were selected by less respondents such as pay increments offered by our organization are satisfactory, follows the policy of matching pay with performance, competitive compared to that of employees doing similar work in other organizations, rewards and incentives are fairly distributed, rewards linked to employee's performance, the existing reward and incentive plan does not motivate for better performance, the salary increments given to employees who do their jobs very well motivates, financial incentives motivates me more than non-financial incentives, satisfied with the salary and satisfied with the benefits they receive.

The average mean value is 3.246 which incline to neutral category. Compensation provides monetary value to employees for the work they performed. The above analysis and interviewed results assured that the company is not committed to handle the compensation policy in effective way. Compensation can be used to hire skilled employees, reward the performance, encourage company loyalty by reduce turnover.

#### 4.3.4 Organizational Performance

**Table 4.10 Respondents' response on Organizational Performance**

| Item                                                                                    | "Strongly Disagree" | "Disagree" | "Neutral" | "Agree" | "Strongly Agree" | Mean  |
|-----------------------------------------------------------------------------------------|---------------------|------------|-----------|---------|------------------|-------|
| Uses customer feedback to improve the quality and efficiency of its fixed line service. | 3.6%                | 13.5%      | 35.1%     | 44.1%   | 3.6%             | 3.306 |
| Blamed by customers b/c of poor fixed line maintenance.                                 | 10.0%               | 4.0%       | 20.0%     | 51.0%   | 15.0%            | 3.570 |
| Considers the d/t kinds of costs determining price.                                     | 5.0%                | 8.0%       | 24.0%     | 58.0%   | 5.0%             | 3.500 |
| Focused on predetermined rate of return.                                                | 8.0%                | 12.0%      | 15.0%     | 35.0%   | 30.0%            | 3.670 |
| Ethio-telecom considers what customers are willing to pay.                              | 15.0%               | 12.0%      | 20.0%     | 30.0%   | 23.0%            | 3.340 |
| Distinctive distribution capabilities e.g the ability to open new branch.               | 8.0%                | 13.0%      | 5.0%      | 45.0%   | 29.0%            | 3.740 |
| Convenient opening hours are available in shops.                                        | 5.0%                | 16.0%      | 15.0%     | 37.0%   | 27.0%            | 3.650 |
| Promotes sales such as gifts, discounts, free calling days...etc                        | 3.6%                | 6.3%       | 34.2%     | 36.0%   | 19.8%            | 3.622 |
| Uses direct marketing methods such as e-service, direct mail, the internet.             | 4.0%                | 9.0%       | 17.0%     | 30.0%   | 40.0%            | 3.930 |
| Sponsors special events such as sports, charities, seminars.... etc                     | 10.0%               | 9.0%       | 13.0%     | 38.0%   | 30.0%            | 3.690 |
| Skilled and competent personnel and capable of providing services to guests.            | 11.0%               | 19.0%      | 12.0%     | 20.0%   | 38.0%            | 3.550 |
| The personnel at Ethio-telecom understand service culture.                              | 0.0%                | 3.6%       | 26.1%     | 22.5%   | 47.7%            | 4.144 |
| Providing excellent services to meet customers' needs                                   | 9.0%                | 9.0%       | 18.0%     | 29.0%   | 35.0%            | 3.720 |
| Grand Total                                                                             |                     |            |           |         |                  | 3.649 |

Source: Own survey, 2019

In assessing the organizational performance of the surveyed company, the first assessment was focused on service strategy. It focuses on customer feedback to improve the quality and efficiency of its fixed line service and blamed by customers because of poor fixed line maintenance. The collected data shows that 3.6% and 44.1 % of the respondents preferred the category of strongly agree and agree for customer feedback to improve the quality and efficiency of its fixed line service and blamed by customers b/c of poor fixed line maintenance. This indicates that the company did not effectively use customer feedback to improve the quality and efficiency and it is mostly accused by customers because of poor fixed line maintenance. On other hand, assessment of pricing strategy shows that this strategy accomplishes better performance. Around 63% of respondents positively evaluated consideration of different kinds of costs which incurs when determining price, focused on predetermined rate of return and considers what customers are willing to pay of the company. Similarly, organizational performance in terms of distribution strategy was positively assessed. About 29% and 45 % of the respondents preferred the category of strongly agree and agree for a distinctive distribution capabilities e.g the ability to open new branch of the company. About 27% and 37 % of the respondents preferred the category of strongly agree and agree for convenient opening hours are available in Ethio-Telecom shops. In the same way, most respondents evaluated the company's promotion strategy in good condition. Around 56% of the respondents preferred the category of agree and above for promoting sales such as gifts, discounts, free calling days. About 70 % and 68 % of the respondents selected the category of agree and above for both uses direct marketing methods such as e-service, direct mail, the internet and sponsors special events such as sports, charities, seminars. Finally, personnel strategy was assessed positively and 38% strongly agree that Ethio-telecom has a skilled and competent personnel and capable of providing services to guests. In addition, 47.7 % of the respondents strongly agreed that the personnel at Ethio-telecom understand service culture and 35.5 of them strongly agreed Ethio-telecom seeks to provide excellent services to meet customers' needs and desires. Interviewed results and the above analysis assured that organizational performance involves analyzing a company's performance against its objectives and goals. The real results or outputs compared with intended outputs of the surveyed company can be seen as a good performer.

## 4.4 Determinants of Organizational Performance

The data which were collected from questionnaire first give code or recording variables on Statistical package social science (SPSS) program. Based on descriptive data analysis techniques frequency, percentage, mean, standard deviation (Sd) were made.

### 4.4.1 Normality Test

**Table 4.11 The Normality Test**

|                                     | Skewness  |            | Kurtosis  |            |
|-------------------------------------|-----------|------------|-----------|------------|
|                                     | Statistic | Std. Error | Statistic | Std. Error |
| Organizational Citizenship Behavior | -.238     | .134       | .091      | .268       |
| Employee Development                | -0.047    | .134       | .466      | .268       |
| Compensation Management             | -0.193    | .134       | 0.261     | .268       |
| Organizational Performance          | -0.774    | .134       | 0.264     | .268       |
| Valid N (listwise)                  |           |            |           |            |

Source: Own survey, 2019

As we can see from the above descriptive statistic from Table 4.5, Kurtosis and Skewness statics calculation demonstrates that the distribution is normal because Kurtosis and Skewness are in between -2 and +2, thus data is normally distributed and had a reasonable variance to use subsequent analysis (John, 2007). The detailed descriptive statistics about each variable was discussed in the next paragraphs.

After checking the performance of the model, then finally hypothesis tests were performed using regression analysis.

### 4.4.2 Test of multicollinearity using VIF (Variance Inflation Factor)

**Table 4.12 Test of multicollinearity using VIF**

| Model                        | Collinearity |       |
|------------------------------|--------------|-------|
|                              | Statistics   |       |
|                              | Tolerance    | VIF   |
| (Constant)                   |              |       |
| 1 Organizational citizenship | .418         | 2.395 |
| Employee development         | .408         | 2.453 |
| Compensation management      | .733         | 1.364 |

Source: Own study, 2019

**Table 4.13 Test of Collinearity Diagnostics**

| Collinearity Diagnostics <sup>a</sup> |           |            |                 |                      |          |          |          |
|---------------------------------------|-----------|------------|-----------------|----------------------|----------|----------|----------|
| Model                                 | Dimension | Eigenvalue | Condition Index | Variance Proportions |          |          |          |
|                                       |           |            |                 | (Constant)           | VAR00001 | VAR00002 | VAR00003 |
| 1                                     | 1         | 3.945      | 1.000           | .00                  | .00      | .00      | .00      |
|                                       | 2         | .031       | 11.351          | .11                  | .03      | .02      | .97      |
|                                       | 3         | .018       | 14.733          | .68                  | .33      | .02      | .02      |
|                                       | 4         | .007       | 24.501          | .21                  | .64      | .96      | .01      |

**a. Dependent Variable: perceived organizational performance**

Source: Own survey, 2019

Multicollinearity refers to a situation in which there is exact (or nearly exact) linear relation among two or more of the input variables (Uma, 2003). The VIF (Variance Inflation Factor) for each term in the model measures the combined effect of dependence among the repressors on the variance of that term. One or more large VIF indicate multicollinearity. Practical experience indicates that if any of the VIF results exceeds 5 or 10, it is an indication that the associated regression coefficients are poorly estimated because of multicollinearity (Uma, 2003). Collinearity Statistics shows that the VIF value of organizational citizenship, employee development and compensation management are 2.395, 2.453 and 1.364 respectively which is less than 5 or 10 (Uma, 2003) and no collinearity is observed on this data. The table also presents the result of regression analysis; the result of regression analysis is based on organizational performance. The independent variables that contribute to variance of the dependent variable are explained by standardized Beta coefficient. In general, the organizational citizenship, employee development and compensation management will affect the perceived organizational performance.

**Table 4.14 Model summary**

| Model Summary                                                     |                   |          |                   |                            |
|-------------------------------------------------------------------|-------------------|----------|-------------------|----------------------------|
| Model                                                             | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                                                                 | .951 <sup>a</sup> | .905     | .904              | .22748                     |
| a. Predictors: (Constant), citizenship, development, compensation |                   |          |                   |                            |

| ANOVA <sup>a</sup>                                                |            |                |     |             |          |                   |
|-------------------------------------------------------------------|------------|----------------|-----|-------------|----------|-------------------|
| Model                                                             |            | Sum of Squares | df  | Mean Square | F        | Sig.              |
| 1                                                                 | Regression | 161.002        | 3   | 53.667      | 1037.135 | .000 <sup>b</sup> |
|                                                                   | Residual   | 16.869         | 326 | .052        |          |                   |
|                                                                   | Total      | 177.871        | 329 |             |          |                   |
| a. Dependent Variable: perceived organizational performance       |            |                |     |             |          |                   |
| b. Predictors: (Constant), citizenship, development, compensation |            |                |     |             |          |                   |

**Table 4.15: Estimation Results of the Regression Model**

| Model |                            | Unstandardized |               | Standardized | t      | Sig. |
|-------|----------------------------|----------------|---------------|--------------|--------|------|
|       |                            | Coefficients   |               | Coefficients |        |      |
|       |                            | B              | Std.<br>Error | Beta         |        |      |
| 1     | (Constant)                 | -.089          | .083          |              | -1.077 | .282 |
|       | Organizational citizenship | .322           | .025          | .347         | 13.136 | .000 |
|       | Employee development       | .375           | .030          | .336         | 12.579 | .000 |
|       | Compensation management    | .343           | .015          | .448         | 22.493 | .000 |

Source: Own survey, 2019

The above tables show regression analysis of HR practices in terms organizational citizenship, employee development and compensation management and perceived organizational performance. In literature, linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. In this research, the regression analysis used the independent variable (HR practices) indicated on the model to measure the organizational performance. The significance level of 0.05 was used with 95% confidence interval. The reason for using single analysis was to examine the direct effect of HR practices in terms organizational citizenship, employee development and compensation management as the independent variable on the perceived organizational performance.

As indicated in the above table the independent variables predict the dependent variable  $R^2 = 90.5\%$  with adjusted  $R^2 = 90.4\%$  the remaining less than 10% other extraneous variable that

can affect organizational performance. This result also indicates that the variable selected as independent influenced organizational performance. The ANOVA table shows that the ANOVA test, it is noticed that F value of 1037.135 is significant at 0.000 level. As a result, from the result, it can be concluded that with 90.4% of the variance (R-Square) in organizational citizenship, employee development and compensation management are significant effect on organizational performance and the model adopted appropriately measure the construct.

Similarities and contradictions between findings of the present study and other studies.

As indicated, the regressions suggest that organizational citizenship, employee development and compensation management have significant effect on organizational performance and the model adopted appropriately measure the construct in telecom-based organization. Elhusein and Azhdar (2004) oppose the result of this study as only some HRM practices have little impact on LISCO performance, and even fewer on LISCO's realisation of objectives. But, study conducted by Frye (2004) show HR practices particularly had positive relationship between compensation and organization performance. Cho et al. (2006) indicated only that companies implementing HRM practices tend to retain less well educated staff. Naftal and Busienei (2015) suggested that strategic human resource management practices have a significant effect on the performance of public universities in Kenya. Kidombo (2009) revealed that most of the independent variables had a relationship with firm performance and the variations in the dependent variable can be explained by the independent variables. Busienei (2013) found out that there was a strong positive correlation between human resources strategic orientation and firm performance.

**Table 4.17 Summary of Hypothesis Testing**

|                                                                                                                                         | Sig.<br>test<br>result | <b>Independent<br/>Variable</b> | <b>Dependent<br/>Variable</b> | <b>Ho Rejected<br/>or Accepted</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------|-------------------------------|------------------------------------|
| <b>H<sub>1</sub>:</b> There is positive relationship between <b>organizational citizenship behavior and organizational performance.</b> | .000                   | organizational citizenship      | Organizational Performance    | <b>Accepted</b>                    |
| <b>H<sub>2</sub>:</b> There is positive relationship between <b>employee's development and organizational performance.</b>              | .000                   | employee development            | Organizational Performance    | <b>Accepted</b>                    |

|                       |                                                                                                       |                         |                            |                 |
|-----------------------|-------------------------------------------------------------------------------------------------------|-------------------------|----------------------------|-----------------|
| <b>H<sub>3</sub>:</b> | There is positive relationship between <b>compensation management and organizational performance.</b> | compensation management | Organizational Performance | <b>Accepted</b> |
|                       | .000                                                                                                  |                         |                            |                 |

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Source: Own survey, 2019

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Appendix Instruction: Please tick the appropriate answer in the box provided.

### Section-1

1. Gender: Male ( ) Female ( )
2. Age: 18 – 25yrs ( ) 26 – 35 yrs ( ) 36 – 45yrs ( ) 46yrs & Above ( )
3. Marital Status: Single ( ) Married ( ) Divorced ( ) Others ( )
4. Education background: certificate ( ) diploma ( ) undergraduate ( ) post graduate ( )
5. Work Experience: 0 – 5 years ( ) 6 – 10 years ( ) 11years & above ( )

### Section-2

Put tick for your choice in the response side provided

- 1) Stands for strongly disagree
- 2) Stands for disagree
- 3) Stands for neutral
- 4) Stands for agree
- 5) Stands for strongly agree

### Organizational citizenship behavior

|    |                                                                                                                              | 5 | 4 | 3 | 2 | 1 |
|----|------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1  | The company adjusts work schedules to accommodate employees' requests for time off.                                          |   |   |   |   |   |
| 2  | The company helped co-workers learn new skills or shared job knowledge.                                                      |   |   |   |   |   |
| 3  | The company shows genuine concern and courtesy toward coworkers, even under the most trying business or personal situations. |   |   |   |   |   |
| 4  | The company offers ideas to improve the functioning of the organization.                                                     |   |   |   |   |   |
| 5  | Ethio-telecom takes actions to protect the organization from potential problems.                                             |   |   |   |   |   |
| 6  | Ethio-telecom shows concern about the image of the organization.                                                             |   |   |   |   |   |
| 7  | The management of the company took time to advice, coach or mentors the employees.                                           |   |   |   |   |   |
| 8  | The management of the company helped new employees get oriented to the job.                                                  |   |   |   |   |   |
| 9  | The management attends functions that are not required but help the company's image.                                         |   |   |   |   |   |
| 10 | The management of the company obeys company rules and regulations even when no one is watching.                              |   |   |   |   |   |
| 11 | The management of the company is competent enough to lead the organization towards prosperity.                               |   |   |   |   |   |
| 12 | The Management of the company respects each employee's ability and knowledge of the job.                                     |   |   |   |   |   |
| 13 | When ever a need arises our management stands up to protect the reputation of the organization.                              |   |   |   |   |   |
| 14 | Our organization is a recommendable place to work.                                                                           |   |   |   |   |   |

## Employee development

1. Have you had any form of training since you joined the organization?

Yes ( )

No ( )

2. How many training programs will you attend in a year?

less than 5 ( )

5-10 ( )

10-20 ( )

more than 20 ( )

|    |                                                                                                                                             | 5 | 4 | 3 | 2 | 1 |
|----|---------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1  | Organization has a training and development policy applicable to all employees.                                                             |   |   |   |   |   |
| 2  | Training and development positively improve the organizational belief.                                                                      |   |   |   |   |   |
| 3  | Training and development help create better corporate image which aids organizational development, Organizational Culture and Performance.  |   |   |   |   |   |
| 4  | The training needs of the employees in our organization are assessed on the basis of their performance appraisal.                           |   |   |   |   |   |
| 5  | Training in our organization includes social skills, general problem solving skills and broader knowledge of the organization and business. |   |   |   |   |   |
| 6  | When employees arrive from training, supervisors encourage them to share what they have learned with other employees                        |   |   |   |   |   |
| 7  | Supervisors support the use of techniques learned in training that employees bring back to their jobs.                                      |   |   |   |   |   |
| 8  | Supervisors give employees the chance to tryout their training on the job immediately.                                                      |   |   |   |   |   |
| 9  | Supervisors ease the pressure of work for a short time so employees have a chance to practice new skills that are taught in training.       |   |   |   |   |   |
| 10 | I am motivated to learn the concepts that will be covered in the training program.                                                          |   |   |   |   |   |
| 11 | Training has helped improve my job performance                                                                                              |   |   |   |   |   |
| 12 | Training for motivation towards performance improvement enabled me to contribute to increased productivity.                                 |   |   |   |   |   |
| 13 | Training programme helps me to improve the quality and quantity of my work.                                                                 |   |   |   |   |   |
| 14 | Training programme enable the employees to be accountable and authoritative in making decision.                                             |   |   |   |   |   |
| 15 | Training helps to improve employee –employee relationship.                                                                                  |   |   |   |   |   |
| 16 | Training helps to the motivation level of employees                                                                                         |   |   |   |   |   |
| 17 | Training enables employees to be more productive.                                                                                           |   |   |   |   |   |
| 18 | I am actively involved in learning during training process.                                                                                 |   |   |   |   |   |
| 19 | Training course facilitate you in improving personal competency                                                                             |   |   |   |   |   |

## Compensation management

|    |                                                                                                                   | 5 | 4 | 3 | 2 | 1 |
|----|-------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1  | There is compensation management in Ethio-telecom.                                                                |   |   |   |   |   |
| 2  | I am satisfied with compensation management in your company.                                                      |   |   |   |   |   |
| 3  | Ethio-telecom provides a general increase of salary.                                                              |   |   |   |   |   |
| 4  | Ethio-telecom provides a cost of living increase.                                                                 |   |   |   |   |   |
| 5  | Ethio-telecom has a bonus or incentive plan.                                                                      |   |   |   |   |   |
| 6  | Ethio-telecom has a formal employee merit review process.                                                         |   |   |   |   |   |
| 7  | Salary and other benefits are comparable to the market.                                                           |   |   |   |   |   |
| 8  | The compensation for all employees is directly linked to his/her performance.                                     |   |   |   |   |   |
| 9  | Profit sharing is used as a mechanism to reward higher performance.                                               |   |   |   |   |   |
| 10 | Compensation administrators always seek to achieve internal equity and consistency through organizational belief. |   |   |   |   |   |
| 11 | I am paid adequately for the work i do.                                                                           |   |   |   |   |   |
| 12 | Pay increments offered by our organization are satisfactory.                                                      |   |   |   |   |   |
| 13 | Ethio-telecom follows the policy of matching pay with performance.                                                |   |   |   |   |   |
| 14 | The pay i receive is competitive compared to that of employees doing similar work in other organizations.         |   |   |   |   |   |
| 15 | Rewards and incentives are fairly distributed in Ethio-telecom.                                                   |   |   |   |   |   |
| 16 | Rewards in Ethio-telecom are strictly linked to employee's performance.                                           |   |   |   |   |   |
| 17 | The existing reward and incentive plan does not motivate me for better performance.                               |   |   |   |   |   |
| 18 | The salary increments given to employees who do their jobs very well motivates me.                                |   |   |   |   |   |
| 19 | Financial incentives motivates me more than non financial incentives.                                             |   |   |   |   |   |
| 20 | I am satisfied with the salary I draw at present.                                                                 |   |   |   |   |   |
| 21 | I am satisfied with the benefits i receive.                                                                       |   |   |   |   |   |

## Organizational performance

|    |                                                                                                       | 5 | 4 | 3 | 2 | 1 |
|----|-------------------------------------------------------------------------------------------------------|---|---|---|---|---|
|    | <b>Service strategy</b>                                                                               |   |   |   |   |   |
| 1  | Ethio-telecom uses customer feedback to improve the quality and efficiency of its fixed line service. |   |   |   |   |   |
| 2  | Ethio-telecom has blamed by customers b/c of poor fixed line maintenance.                             |   |   |   |   |   |
|    | <b>Pricing strategy</b>                                                                               |   |   |   |   |   |
| 3  | Ethio-telecom considers the d/t kinds of costs which incurs when determining price.                   |   |   |   |   |   |
| 4  | Ethio-telecom focused on predetermined rate of return.                                                |   |   |   |   |   |
| 5  | Ethio-telecom considers what customers are willing to pay.                                            |   |   |   |   |   |
|    | <b>Distribution strategy</b>                                                                          |   |   |   |   |   |
| 6  | There is a distinctive distribution capabilities e.g the ability to open new branch.                  |   |   |   |   |   |
| 7  | Convenient opening hours are available in Ethio-telecom shops.                                        |   |   |   |   |   |
|    | <b>Promotion strategy</b>                                                                             |   |   |   |   |   |
| 8  | Ethio-telecom promotes sales such as gifts, discounts, free calling days...etc                        |   |   |   |   |   |
| 9  | Ethio-telecom uses direct marketing methods such as e-service, direct mail, the internet.             |   |   |   |   |   |
| 10 | Ethio-telecom sponsors special events such as sports, charities, seminars....etc                      |   |   |   |   |   |
|    | <b>Personnel strategy</b>                                                                             |   |   |   |   |   |
| 11 | Ethio-telecom has a skilled and competent personnel and capable of providing services to guests.      |   |   |   |   |   |
| 12 | The personnel at Ethio-telecom understand service culture.                                            |   |   |   |   |   |
| 13 | Ethio-telecom seeks to provide excellent services to meet customers' needs and desires.               |   |   |   |   |   |