



St. Mary's University

SCHOOL OF GRADUATE STUDIES

***PRACTICES AND CHALLENGES OF HUMAN
RESOURCE MANAGEMENT IN HAMLIN FISTULA
ETHIOPIA***

BY

TIGIST SAHILE BIRU

JANUARY, 2017

ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO St. MARY'S UNIVERSITY SCHOOL
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APPROVED BY BOARD OF EXAMINERS

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LIST OF ABBREVIATION/ACRONYMS

HFE	Hamlin Fistula Ethiopia
HRM	Human Resource Management
HR	Human Resource
HRD	Human Resource Development
BSC	Bachelor of Science
BA	Bachelor of art
MA	Master of Art
MSC	Masters of Science
QMPMS	Quantitative Models for Performance Measurement Systems
SPSS	Statistical Packages for Social Science
SS	Stratified Sampling

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ABSTRACT

Human resource management (HRM) is concerned with getting better result with the collaboration of people. *Human resources are one of the most valuable resources of an organization and indeed an organization is nothing without human resources. Getting and keeping good people is critical to the success of every organization. This study investigates the Practices and Challenges of human resource management in Hamlin Fistula Ethiopia. Furthermore the study assessed detail HRM practices of Hamlin Fistula, evaluated major challenges of HRM and forwarded possible recommendations for problems identified in the study. This study discovered gaps in HRM practices especially with regards to recruitment and selection; training and development, and compensation policies and procedures of the Hamlin Fistula Ethiopia head office and Desta Mender-rehabilitation center- which is organized under the head Office in the out skirt of Addis Ababa particular KolfeKeranio Sub city. To achieve this purpose the descriptive research design should employ by following survey approach and questionnaire a Likert scale of 5 levels listing questions were distributed to a sample of 107 People out of the total population 357. Therelevant data was collected from 95 staff members who work at head office and Desta Mender. The gaps which were observed in the HRM practices were investigated descriptively by using quantitative data analysis method. The collected data is analyzing using statistical package for social sciences (SPSS). This paper is expected to describe and disclose how, when and what of staff Compensation, Training and development, Recruitment and Selection practice are managed, executed and existing in the Hamlin Fistula Ethiopia. It also provides important recommendations regarding staff Compensation, Training and development, Recruitment and Selection Policy.*

Key words- staff Compensation, Training and development, Recruitment and Selection,

Human Resource Management

Chapter One

Introduction

1.1 Background of the study

Human resource management (HRM) is concerned with getting better result with the collaboration of people. It is an integral but distinctive part of any management, concerned with people at work and their relationship with enterprise. It helps in attaining maximum individual development, desirable working relationship between employee and employers, employees and employees and effective modeling human resources as contrasted with physical resources. It is the recruitment, selection, development, utilization, compensation and motivation of human resources by the organization (Ankur, 2009).

Human power is very decisive for the sustainability of an organization and it is said to be the most important (or critical) element in an organization since people make the decisions concerning all other organizational resources. Therefore, getting and keeping good people is critical to the success of every organization, whether profit or non-profit, public or private. It is needless to mention that employees are very important for an organization to achieve its goal. Organizations established to fulfill their goals. Different organizations have different goals. Organizations carry out their duties with the help of their employees. Human resource is the most important asset for any organization and it is the source of achieving competitive advantage. Managing human resources is very challenging as compared to managing technology or capital and for its effective management; organization requires effective HRM system. HRM system should be backed up by sound HRM practices.

In recent times HRM professionals have been facing challenges with employee participation, performance management, employee reward systems, high commitment work systems and human resource flow because of globalization. Traditional models

and techniques have no place in today's business world; also local companies which go global cannot use the same tactics in the global business world.

Many organizations face diverse challenges in the area of human resource management like inadequate performance management system, difficulties in maintaining balance between employee and organization needs, lack induction and coaching mechanism for new employees, inadequate career development opportunities, inadequate or clear structures for rewarding performance. (Batti, 2014)

Hamlin Fistula Ethiopia (Addis Ababa Fistula Hospital) has evolved since its founding in 1974 by Drs. Reginald and Catherine Hamlin who came to Ethiopia to work in 1959. They were pioneers in performing surgery for women suffering from obstetric fistula. Once they began this work, the need became so great that in 1974 they established the Addis Ababa Fistula Hospital specifically for women with childbirth injuries. Dr Reg. Hamlin died in 1993 but Dr. Catherine Hamlin never doubted that the work had to continue. Hamlin Fistula Ethiopia (The Addis Ababa Fistula Hospital) is an organization that cares for women with childbirth and related injuries. These women come to the hospital destitute, in nothing but their urine soaked clothes, and more often than not, barefoot. Distanced by their relatives, this hospital is their only hope; therefore all care, treatment and surgery is completely free of charge.

Currently HFE has three functional areas: prevention, treatment (5 regional hospitals) and rehabilitation & reintegration.

According to Federal Charities and Societies Agency Proclamation No 621/2009 Hamlin Fistula Ethiopia is registered as Ethiopian Residents Charity and 100% of the fund are from donors. Both its operational and Administrative cost is covered by the contribution made by donors.

Vision, Mission & Purpose of Hamlin Fistula Ethiopia

Vision: A world without maternal death, birth injuries or obstetric fistula.

Mission: Hamlin Fistula Ethiopia is the world's pioneering and leading obstetric hospital.

Purposes:

- Care for the maternal health of Ethiopia's women and are committed to the treatment and rehabilitation of women with childbirth injuries.
- Work on improving the quality and effectiveness of maternal health professionals by continually striving to do better and more.
- Prevent & treat fistula & non- fistula urinary incontinence
- Research, education, partnership, advocacy & outreach
- Train doctors, midwives & clinical leaders from all over the world
- Facilitate reintegration & independency of patients
- Reproductive health service family planning & STI screening
- Fundraising
- The Fistula Hospital has therefore built five mini-hospitals throughout Ethiopia (In Mekele, BahirDar, Harara, Yirgalem, and Metu). Each has its own operating theatre and trained staff. They have been located in the grounds of existing Government Referral Hospitals to ensure close collaboration and partnership with the regional health authorities. Complicated cases can be referred to the Fistula Hospital in Addis Ababa.
- The Fistula Hospital has developed a practical hands-on-technique for fistula treatment that has inspired fistula service provision in many health facilities around the developing world. It is a world center for fistula treatment, rehabilitation, and Prevention. It provides training for health professionals, for Ethiopian surgeons and obstetrician/gynecologists from all over the developing world. The hospital also officially established Hamlin College of Midwives in 2007 to train a midwife in BSC degree and the graduates are deployed to rural area which used as strategy for prevention of Fistula problem.

Moreover, Desta Mender facility, undertakes rehabilitation, training and re-integration and college. The College provides free scholarships to students from different parts of the country to become clinically competent Midwives and advocates of women's health.

1.2 Statement of the problem

The practice of HRM is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services (Armstrong, 1977). It suggests that HRM practice has a strong conceptual basis drawn from the behavioral sciences and from strategic management, human capital and industrial relations theories.

Furthermore, HRM involves all management decisions and action that affect the nature of the relationship between the organization and its employees, its human resources (Beer et al, 1984). It seems that it comprise a set of policy designed to maximize organizational integration, efficiency and effectiveness, employee commitment, flexibility and quality of work. However, as the researcher observation there is a gap in compensation, training and development, Recruitment and selection practice of the organization.

As per the interview of the human resource manager of Hamlin Fistula Ethiopia there is staff dissatisfaction, acute shortage of labor, the corresponding increase in labor turnover and costs of employee replacement have forced to aggressively compete for employees. It seems that those are the challenges that affect smooth practice of HRM in the organization. Therefore, the study arises from the need to administer the HR of Hamlin Fistula Ethiopia. So, the researcher is inspired to study on identifying practices and challenges of HRM in Hamlin Fistula Ethiopia.

1.3 Research questions

The research will answer the following basic research questions.

1. How to practice HRM in Hamlin Fistula?
2. What are the major challenges of HRM in Hamlin Fistula Ethiopia?

1.4 Objectives of the study

1.4.1 General objectives

The general objective of this study is to investigate the Practices and Challenges of human resource management in Hamlin Fistula Ethiopia.

1.4.2 Specific objectives

1. To assess HRM practices of Hamlin Fistula;
2. To identify major challenges of HRM in Hamlin Fistula Ethiopia

1.5 Significance of the study

Concerning with significance of the study, the organization under this investigation intended to enhance HRM environment by understanding the needs of the customers and benefits of quality of HRM practice. On top of that it should help as a mechanism to improve employees' productivities. For decision makers also, it is a good stepping-stone to design and implement appropriate policy to improve HRM practice. Moreover, it initiates Hamlin Fistula Ethiopia to reassess human resources management practices. On the side of the researcher also it helps to enhance the existing HRM practice and its challenges.

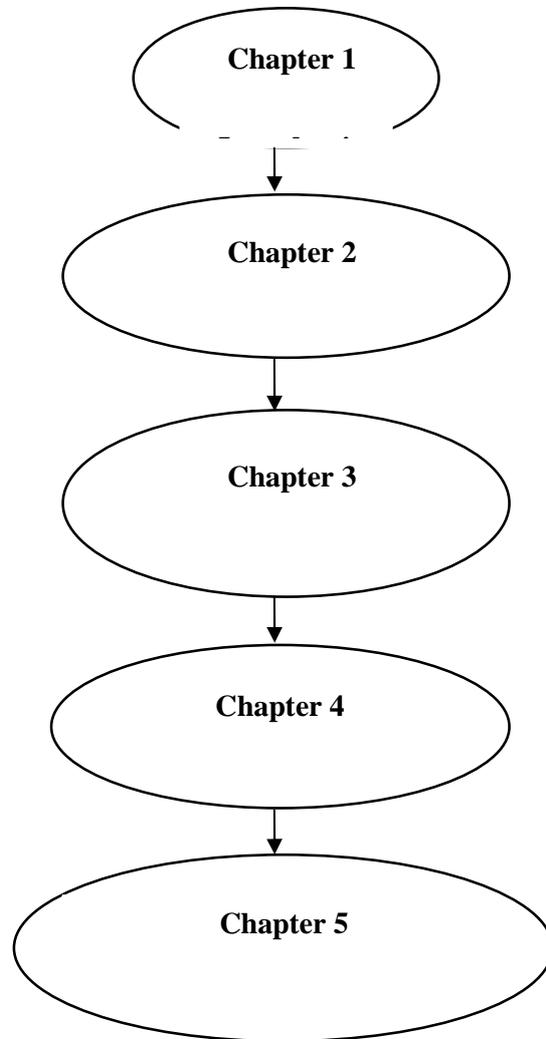
1.6 Scope/Delimitation of the study

The finding of the research would be more fruitful if it conducted widely by including managerial and non-managerial staff's in overall the organization. However, due to time, and money constraints the researcher is forced to delimit its scope only to Head office and Desta Mender that is located in Addis Ababa. Moreover, the practice of HRM is very wide to studies in this short period of time. So, it also delimited only selected variables such as Training and Development, Compensation, Recruitment and Selection and Challenges of HRM that the researcher believed that highly affect the current practice of HRM in Hamlin Fistula Ethiopia.

1.7 Organization of the study

This study is organized into five chapters and presented in the form of a flow diagram (Figure 1). After passing through introductory chapter, the literature review can appear followed by the methodology applied in order to carry out the research, and analysis of collected data. Finally, conclusions have been made together with implications of the results.

Figure 1: Outline of the Study



Chapter Two

Review of the related literature

2. Review of Concepts of Human resources Management Practices

HRM involves all management decisions and action that affect the nature of the relationship between the organization and its employees- its human resources. (Beer et al, 1984) and it comprise a set of policy designed to maximize organizational integration, efficiency and effectiveness, employee commitment, flexibility and quality of work. (Gust,1987).Therefore HRM is a core management function in any type of organization. It creates the most crucial condition for organizational performance.

HRM is a process that assists organizations recruit, select and develop staff within the organization. According to Stanley and Albin (2013) they define HRM as a management function within organizations concerned with people and their relationships at work.

Human resource management is the performance of all managerial functions involved in planning, recruiting, selecting, developing, utilizing, rewarding and maximizing the potential of the human resources to the best achievement of the objective of an organization. Human resource management is both an academic theory and a business practice that addresses the theoretical and practical techniques of managing a work force. Synonyms to the concept Human Resource management include personnel administration, personnel management, manpower management and industrial management Jashim. (2005)

According to Noe et al. (2006), human resource management refers to policies, practices and systems that influence employees' behavior, attitudes, and performance.

Human resource management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, employee motivation, communication administration, and training (Heath field, 2006).

HRM practices differ from one country to another and the factors which affect the HRM practices include external and internal factors. There are a number of Human resources practices that could be tested in connection with employee performance. Human resources management practices refers to organizational activities directed at managing the pool of human resources and ensuring that the resources is employed towards the fulfillment of organizational goal.

2.1 Recruitment and Selection

Today's organization cannot ignore the fact that a key element of an organization's resource capability is its people and greater attention is being given to the recruitment/selection process than ever before. Recruitment/selection is just one of the key human resource (HR) practices that need to be integrated into a coherent "bundle" by organizations in order to support the delivery of business or corporate strategy. Newell and Rice (1999) noted that for some, recruitment/selection lies at the very centre of human resource practices in organizations where appointment decisions represent one of the most crucial ever taken by employers. While the recruitment/selection is typically the responsibility of the HR Director/Personnel, line managers in all the business units of an organization also have an important role in the recruitment/selection process.

Recruitment and selection in any organization is a serious as the success of any organization or efficiency in service delivery depends on the quality of its workforce who was recruited into the organization through recruitment and selection exercises(Ezeali and Esiagu,2010). Bohlander, Snell & Sherman (2001) reported that it is important for managers to understand the objectives, policies and practices used for selection .More importantly, those responsible for making selection decisions should have adequate information upon which to base their decisions. As Robbins (2005) observed, organization's human resource policies and practices represent important forces for shaping employee behavior and attitudes. In view of the findings, the study suggests that in designing and instituting recruitment and selection criteria quality should not be compromised. This is more so as the right type of labour is hard to come by.

Recruitment and selection is a topical area. While it has always had the capacity to form a key part of the process of managing and leading people as a routine part of organizational life, it is suggested here that recruitment and selection has become ever more important as organizations increasingly regard their workforce as a source of competitive advantage. Of course, not all employers engage with this proposition even at the rhetorical level. However, there is evidence of increased interest in the utilization of employee selection methods which are valid, reliable and fair. According to Arnold et al (2005), it has been noted that ‘over several decades, work psychology has had a significant influence on the way people are recruited into jobs, through rigorous development and evaluation of personnel selection procedures’.

Ensuring that the right people are in the right place at the right time is a critical factor in gaining and maintaining competitive advantage. Recruitment and selection have always been crucial processes for organizations. They are integrated activities. Bratton and Gold (2007) refers to recruitment as “the process of generating a pool of capable people to apply to an organization for employment. Selection is the process by which managers and other use specific instruments to choose from a pool of applicants the person or persons most likely to succeed in the job(s), given management goals and legal requirements”.

Recruitment and selection are considered as searching for and obtaining potential candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs McCourt and Awases, (2007). Similarly, Armstrong (2001) stated the aim of recruitment and selection in relation to obtaining the number and quality of employees with minimum cost that can satisfy the human resource needs of the organization. As the above two authors are emphasis on hiring new talent and reassigning serving staff including inter organizational transfers.

Specifically, recruitment, as defined by Bratton and Gold (2007), refers to a process used to attract potential capable applicants for employment in the organization, while selection is the process by which different instruments are used to choose from a pool of applicants who can fit with the required requirements.

Hence, emphasis may be placed on admitting only those applicants who are likely to behave, acquire skills and show attitudinal commitment in line with the requirements of the organization's strategy. Effective recruitment relies on the degree to which overall management philosophy supports and strengthens an approach to HRM that focuses on the deployment and development of new employees once they have gained entry to an organization. In doing this, there needs to be an intelligent uses of recruitment channel. An organization has two sources of labour supply-the internal and the external labour market.

Internal recruitment involves words-of-mouth, recommendation or notice board advertisements. In contrast, recruitment in the external labour market involves different ways: advertising, job centres, employment agencies, walk-in and professional associations Sisson and Storey (2000). Merit-based recruitment and promotion is widely acknowledged as the hallmark of well performing public administration systems Olowu and Adamolekun (1999). They further assert that the African experience of applying merit in the public service has also underlined the significance of balancing merit with other considerations aimed at ensuring some degree of representativeness like race, ethnicity and gender to ensure equal employment opportunity. Merit involves dealing with people based on their knowledge, skills and other capabilities rather than irrelevant characteristics Lee, (1993).

2.1.1 Definition of Recruitment and selection

Recruitment is the process through which the organization seeks applicants for potential employment. Selection refers to the process by which the organization attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the organization achieve its goals. An organization makes selection decision in order to add employees to its workforce as well as to transfer existing employees to new positions.

At some organizations, the selection process may focus on specific skills, such as experience with a particular programming language or type of equipment. At others,

selection may focus on general abilities, such as the ability to work as part of a team or find creative solutions. The focus an organization favors will affect many choices, from the way the organization measures ability, to the questions it asks in interviews, to the places it recruits.

2.1.2 Process of Recruitment and Selection

(a) Planning the recruitment and selection process

Upfront planning includes thinking about the steps in recruitment and selection early; and scheduling the activity, resources and time to support the process. Planning is essential in the recruitment and selection process as it ensures the best possible process is followed. It helps to manage time constraints and streamlines the recruitment and selection process for both the organisation and applicant.

Planning is crucial as it allows analysis and design of the position to be filled to be according to what the organisation needs at the time and in the future. The departure of a staff member provides an opportunity to consider and analyse whether the position itself should change in order to provide increased benefit to the organisation.

Good planning also positively affects an applicant's experience of the recruitment and selection process and their perception of the organisation. When the recruitment process is clear, it allows the recruiter to take a methodical and professional approach to the task. This in turn, influences their likelihood to complete the recruitment process and accept an offer of employment.

(b) Job analysis

Job analysis is critical to recruitment and selection because it is the foundation of a high quality process and when done well identifies not only the skills and knowledge required to perform a role but also the attributes, which can be used to assess 'cultural fit' within an organisation. Job analysis helps to identify the key selection criteria and inform the position description, which are both key aspects in attracting suitable candidates. A poor job analysis is likely to adversely affect the quality of outcomes, irrespective of how well the rest of the selection process is executed.

For example, without proper job analysis, interviewers may develop incorrect beliefs about the position requirements and hire a person unsuitable for the role.

(c) Attraction

Attracting the right candidates to apply for vacant roles is an important step in the recruitment and selection process. It is important to understand how your attraction strategy has worked by evaluating the process undertaken.

Attraction is the result of a range of activities and processes, including employer branding, employment value proposition, recruitment and induction. Attraction strategies provide opportunities for an organisation to market and communicate the benefits they can offer applicants.

(d) Short-listing

The **short-listing process** involves determining which applicants meet the minimum key selection criteria to perform the job satisfactorily and/or ranking applicants to progress to the next stage of the selection process.

Short-listing candidates supports an efficient applicant assessment process through ascertaining whether candidates meet the relevant criteria to reduce the applicant pool to a manageable size.

Best practice techniques in short-listing applicants include:

- ❖ Using a standard application form. This form should:
 - ✓ standardise the format and information collected from applicants to reduce potential subjectivity in the assessment process
 - ✓ contain statements confirming that the form has been reviewed for fairness and equity
 - ✓ communicate who will see the information, privacy and how information will be used in the recruitment and selection process and state that applicants may be required to verify the information provided
- ❖ using a scoring procedure to evaluate whether applicants meet the key selection criteria or determine ranking for the next stage of the process
- ❖ Developing, where possible, a talent pool (with applicants' permission) of those who were not successful for this particular position, but who may be suitable for an alternative position.

(f) Selection process: interviewing

Interviewing is the most commonly used selection technique. It can be expensive, time consuming and most organisations do not maximise its value. However, if used appropriately, interviewing can be a good predictor of work performance.

Research suggests that many organisations conduct unstructured interviews (i.e. have the person in for a 'chat' to see what they are like). They may also simply ask the same questions of each applicant believing this constitutes a 'structured' interview. This is only considered best practice if the structured questions are behaviourally-oriented.

The aim of behaviourally-oriented questions is for the applicant to demonstrate through past behaviour that they meet the required KSC e.g. Please describe a time when you had to raise funds for a particular purpose within an organisation. What was the situation, what did you do and what was the result?

Interviewing that is not behaviourally-oriented (structured or not) does not align with best practice and is not considered an effective and consistent method of predicting work performance. The key selection criteria arising through the job analysis should be used to create the behaviourally-oriented interview questions.

Where a candidate does not meet all criteria to the required level, the interview also provides an opportunity for the organisation to consider the candidate's potential to grow into the role.

In order to assess this potential, it is important to have questions that cover how the candidate might gain the skills and knowledge necessary to fill the role, for example, covering openness to further study or asking how the applicant learns best. This may also provide an opportunity to sell the role to a larger pool of candidates via learning and development opportunities.

In order to ensure that assessments made during interviews are objective, it is advisable that more than one person be involved in conducting the interview and in some circumstances for someone external to the organisation, but with the appropriate interviewing skill, to assist in this process. It is also important to advise candidates who

will be conducting the interview.

(g) Reference checking

Reference checks are generally used to obtain the following information:

1. Employment dates
2. Appraisal of an applicant's claim against the key selection criteria
3. Estimates of an applicant's job performance capabilities
4. Employer's willingness to re-hire the applicant.

Professional referees (i.e. a previous employer) should be contacted to provide information on the applicant. If an applicant does not provide professional referees and does not have a legitimate reason, this could indicate issues around their past experiences. It is advisable to explore reasons as to why recent previous employers' details are not given.

Telephone reference checks are the most frequently used method of reference checking. This method has a number of advantages:

- High return rate
- allows the reference checker to ask follow up questions for clarification
- it is inexpensive to conduct
- Speed.

A structured approach to reference checks improves its value. A standardised questionnaire that requires referees to rate the applicant's standing on a number of job relevant attributes (rating scale 0–5) with a descriptively anchored response format should be used.

Mandatory checks (e.g. police checks) are an important part of the recruitment and selection process. These checks must be added into the recruitment and selection process as relevant to the organisation.

(h) Making a selection decision

It is common throughout organisations to make subjective judgements to assess an applicant's suitability to the role. This does not align with identified best practice.

Best practice is to use a scale (for example 0-5 with descriptors for each point of the

scale) to rate each assessment and then combine all ratings for each assessment activity for each applicant throughout the recruitment and selection process to provide the basis for a decision. This is an especially good method when more than one selection technique is used. This approach means the selection decision is more objective, removing the risk of bias or “gut feeling” which is not backed up by evidence.

(i) Induction/orientation

Induction/orientation facilitates a new starter’s adjustment into an organisation. Effective orientation is an investment in employee morale, productivity and retention.

Industry best practice suggests induction/orientation should involve:

- Conducting a structured induction process that covers tactical and administrative issues
- Using a buddy system
- Obtaining formal feedback from new starters after a specified time in the new role
- Monitoring and managing probation.

(j) Evaluation

Collecting accurate information is essential to not only understanding what is taking place, but also to ensure correct interpretation of the facts.

A gap analysis assessment tool has been developed to provide a resource for the sector to assess recruitment and selection processes against those defined as best practice.

The tool is a questionnaire based on the following dimensions:

- Job analysis and key selection criteria
- Short-listing
- Interviewing and additional assessment
- Induction/orientation
- The process (which includes evaluation of the selection process).

This tool can help the sector identify areas where they can improve their implementation of best practice and also measure their improvement over a number of years through annual assessments.

2.2 Training and Development

Training and employee development are key ingredients in the competitiveness of firms. Rapid change, especially in the area of technology, requires that employees continually learn new skills.

In the past organizations equipped employee to fulfill organizational requirements through training and development interventions. However the scope and cost of training and development has risen with the reality of trained employees quitting before the training and therefore many organizations do not plan for this.

2.2.1 Definition of Training and Development

Training is planned effort to enable employees to learn job-related knowledge, skills, and behavior, For example, many organizations offer safety training to teach employees safe work habits. Development involves acquiring knowledge, skills and behavior that improve employees' ability to meet the challenges of a variety of new or existing jobs, including the client and customer demands of those jobs. Development programs often focus on preparing employees for management responsibility.

Dale S. Beach defines training as 'the organized procedure by which people learn knowledge and/or skill for a definite purpose'. Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization acquire and apply the knowledge, skills, abilities, and attitudes needed by a particular job and organization

According to Edwin Flippo, 'training is the act of increasing the skills of an employee for doing a particular job'.

Training consists of an organization's planned efforts to help employees acquire job-related competencies with the goal of applying these on the job. A training program may range from formal classes to one-on-one coaching, and it may take place on the job or at

remote locations. No matter what its form, training can benefit the organization when it is linked to organizational needs and when it motivates employees.

Employees' commitment to their organization depends on how their managers treat them. To "win the war for talent" managers must be able to identify high-potential employees, make sure the organization uses the talents of these people, and reassure them of their value, so that they do not become dissatisfied and leave the organization. Managers also must be able to listen. Although new employees need direction, they expect to be able to think independently and be treated with respect. In all these ways, managers provide for employee development the combination of formal education, job experiences, relationships, and assessment of personality and competencies to help employees prepare for the future of their careers. HRM establishes a process for employee development that prepares employees to help the organization meet its goals.

With training so essential in modern organizations, it is important to provide training that is effective. An effective training program actually teaches what it is designed to teach, and it teaches skill and behaviors that will help the organization achieve its goals. Training programs may prepare employees for future positions in the organization, enable the organization to respond to change, reduce turnover, enhance worker safety, improve customer service and product design, and meet many other goals. To achieve those goals, HR professionals approach training through instructional design a process of systematically developing training to meet specified needs.

Development implies learning that is not necessarily related to the employee's current job. Instead, it prepares employees for other positions in the organization and increases their ability to move into jobs that may not yet exist. Development also may help employees prepare for changes in their current jobs, such as changes resulting from new technology, work designs, or customers. So development, is about preparing for change and achieving one's full potential in the form of new jobs new responsibilities or new requirements.

2.2.2 Objective of training

The fundamental objective of training is to help the organization to meet its organizational objectives by increasing the value of its major resource, namely, its employees. Armstrong (2001) sets out three specific training objectives:

- a. To develop the competences of employees and improve their performance.
- b. To help people growth within the organization in order that, as far as possible, its future needs for human resources can be met from within the organization.
- c. To reduce the learning time for employees starting in new job on appointment, transfer or promotion and ensure that they become fully competent as quickly and economically as possible.

2.2.3 Significance of Training and Development

The significance of Human Resource Management to a large extent depends on human resource development, and training is its most important technique. It is a fact that no organization can get a candidate who exactly matches with the job, and the organizational requirements. Hence, training is important to develop the employee, and make him suitable to the job. Training works towards value addition to the company through HRD. The significance of training and development can be understood from the following observations. Katta Ashok Kumar(2013).

Training and development help employees to increase their level of performance, which directly leads to increased productivity, and improved profitability to companies. Further, it helps employees and managers to understand the most effective and efficient way of performing the job. In fact, the increasingly technical nature of modern jobs demands systematic training to make possible even minimum levels of accomplishment. Training and development also help employees to improve their job knowledge and enable them to remain up-to-date. They can handle job operations with relative ease and comfort; thereby they can achieve the targets leading to heightened morale.

Employees who are trained can perform jobs with limited supervision. Both employees and supervisor want less supervision but greater independence, which is not possible, unless the employee is adequately trained. All the same, trained employees are not prone to accidents. Further, organizations can be stable, even if key employees and managers leave them. This is due to the fact that the trained work force can adjust to the changes easily in the organization. For instance, flexibility, the ability to adjust to short-run variations in the volume of work requires personnel with multiple skills. It is no exaggeration to state that trained employees with multiple skills can only adjust to the short-term fluctuations in the volume of work.

2.2.4 Challenges of Training and Development

Challenge facing staff in NGOs is the lack of career enhancement opportunities. This would involve continuously working towards creating new job opportunities and supporting staff to develop within the organization to keep up the morale.

In situation where training opportunities were available to the relevant staff was not given opportunity to attend and instead another staff is sent for training or the supervisors attend the training yet they are not directly involved in implementation activities.

In NGOs there is no certainty of growing in one's career as the funding duration is normally short term and funds or opportunities to support development of human resources capacity are normally few or not available.

3.1 Compensation

3.1.1 Defining compensation

Milkovich and Newman (1999) stated that, Compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship. The Journal of Global Business and Economics (2010) also defines compensation as the combination of all cash incentives and the fringe benefits mix that

an employee received from a company which constitutes an individual's total compensation. Chabra (2001) refers to Compensation as a wide range of financial and non-financial rewards given to employees in exchange for their services rendered to the organization. According to him, it is paid in the form of wages, salaries and employee benefits such as paid vacations, insurance, maternity leave, free traveling facility, retirement benefits, etc.

He indicated that the term 'wage' is used to denote remuneration to workers doing manual or physical work. Thus, wages are given to compensate the unskilled workers for their services rendered to the organization. Wages may be based on hourly, daily, weekly or even monthly bases.

According to DeNisi and Griffin (2001) compensation is a reward system that a company provides to individuals in return for their willingness to perform various jobs and tasks within organizations. They further stated that relevant and commensurate rewards need to be provided to the employees so that they feel valued and their expectations on exchanging their skills, abilities and contribution to the organization are met.

Compensation is the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required. Robert E. Lee and Andrew M. Thompson (2013). It is based on market research about the worth of similar jobs in the marketplace, employee contributions and accomplishments, the availability of employees with like skills in the marketplace, the desire of the employer to attract and retain a particular employee for the value they are perceived to add to the employment relationship, and the profitability of the company or the funds available in a non-profit or public sector setting, and thus, the ability of an employer to pay market-rate compensation.

Compensation also includes payments such as bonuses, profit sharing, overtime pay, recognition rewards and sales commission. It can also include non-monetary perks such as a company-paid car, stock options in certain instances, company-paid housing, and

other non-monetary, but taxable income items. Compensation management is a general policy, designed to help an organization maximize the returns on available talent. The ultimate goal is to reward the right people to the greatest extent for the most relevant reasons.

Compensation systems, also known as reward systems and pay systems refer to the scheme by which rewards are distributed to an employee Barr (1998). According to Thomas (1998) the typical compensation package includes two basic components: direct pay and indirect pay or benefits. Compensation systems vary across organizations and Gerhart and Milkovich (1988) suggested that “employers tend to distinguish among themselves through differences in the contingency of compensation.”

Scholars have argued that compensation systems provide outsiders with information about less visible organizational characteristics Gerhart and Milkovich, (1990) and therefore, they might signal to a job applicant what an organization’s culture, norms, and values are like Rynes and Barber (1990). It is further suggested by Rynes (1987) that “compensation systems are capable of attracting (or repelling) the right kind of people because they communicate so much about an organization’s philosophy, values, and practices.” Organizations could therefore take another look at their compensation packages and redesign them to attract those candidates on the job market who they think are very skilled and can help them reach their goals.

3.1.2 Compensation and benefit

This issue is most challenging in NGOs because offering competitive benefits to employees has high cost implications and local NGOs do not have the financial resource to do so. The salaries or incentives provided are dependent on the donor funds received or the income generated through an enterprise activity undertaken by the organization. This sometimes impacts heavily on the staff morale and performance within these organizations

Compensation is the most important part worth consideration in any employment exchange. It is perhaps the only reason push people to be employed and employment relationship is characterized by compensation March and Simon (1958).

The growth of global economy plays a major role in general business, especially in the areas of human resource management. It has been at the agenda of company leaders to chase the qualification of global mind-sets by which they used to meet the challenges brought by the trend of globalization of economy and create more opportunities. Compensation in international human resource management is one of the aspects for them to come up with to form the global mind-sets, which is more than complex. When it comes to use some incentives and rewards to motivate employers from different countries, so-called multinational employers, the multinational cultures are extremely important to be taken into consideration. In all, the global mind-set talked earlier can be attained by the proper adoption of compensation and reward systems. Otherwise, the systems will come to hinder the development of global mind-set if improper.

Labor supply drives the amount of compensation a business must offer to attract employees. In an oversaturated market, when unemployment is high and many more qualified candidates exist than job opportunities, the amount of compensation you must provide is less than when a shortage of candidates exists and you are competing against multiple other companies to recruit employees. HR must continually evaluate the compensation structure by conducting industry- and location-specific salary surveys to ensure wages remain competitive enough to attract and retain key staff members but low enough that the business remains financially competitive. HR must also ensure that the internal compensation structure is fair -- for example, experienced workers with specialized qualifications should earn more than recent college graduates performing the same tasks.

Compensation systems play a significant role in promoting organizations' strategic goals Milkovich (1988). Traditionally, compensation systems were designed to strictly reward employees based on the specific jobs they performed. Earlier researches have concluded that employees are the most important resource of the organization, and to satisfy

customers, organizations must first satisfy their employee's requirements. And also organizations have in the recent past experimented with this tradition as stated above and with increasingly varied forms of compensation based for example, on the market or on employee skills Nebeker et al. (2001).

In comparing the traditional system with the skill-based pay systems, the latter rewards employees for the array of skills they possess or the combination of different jobs they can do. Two employees doing the same piece of work could be placed on very different pay levels because one may possess more skills than the other. Which is quite different from the job based pay systems.

The result-based system approach to compensation could however be a very good system to ensure that irrespective of the skills you possess, your compensation is only tied to your output, as proposed by one researcher by the name Aguinis (2007). It is not always true that only the employee who demonstrates the competencies desired will produce the desired output and that makes the argument by Aguinis very valid. Much heated debate has centered on the philosophical differences inherent in these system and their purported benefits Barrett et al (1991) but few empirical researches have focused on comparing pay structures and outcomes Gerhart and Milkoyich (1992).

3.1.3 The Importance of Compensation Management on Employee Performance

According to Baker (2002) the output or performance of an employee is a combination of effort, ability and an error margin, providing for all uncontrollable factors, at least from the employee's perspective. He stated that given the employee's private information *vis a vis* the employer, the employer must depend on performance measures in order to estimate the effort the employee has put in. Performance measures are selected based on two criteria: (a) Alignment with the organizational objective and, (b) controllability by the employee as proposed by Baker (2002). The performance measure is used to evaluate the performance of the employee, which forms the basis for determining the amount of variable monetary compensation an employee will receive and for making career decisions.

According to him fixed compensation, as opposed to variable compensation, does not induce effort and its role is limited to retention and selection. In practice, completely fixed compensation that is totally unrelated to performance is extremely rare, for instance, the probability of being fired creates an incentive to perform. Further breaking it down, Baker identified two forms of fixed compensation as primary compensation and secondary compensation. Primary compensation he stated consists of monetary payments for employees whereas secondary conditions are the non-monetary benefits such as a company car, cell phone and pension benefits. Thierry (1987) stated that of compensation systems to be effective depended on some perceived features, which are transparency, fairness and controllability.

These perceptions have a linkage with each other which is discoursed below in more detail.

(a) Transparency:

According to how a compensation system is seen to be transparent will depend on how it is communicated and the level of complexity. A transparent system not only informs employees who would not want to take risk of the rules of the compensation system, but it also brings them a breath with the objectives of the organization. The rules if effectively communicated to these personnel will facilitate their understanding of the system works and create an environment to support the implementation of the compensation system. (Perceived) uncertainty decreases the effectiveness of incentive compensation Gibbons (1998).

In short, how employees perception a compensation system to be transparent will have a positive and propelling effect on their level of motivation to perform. Lessening the risk of working hard and not getting compensated accordingly in return is projected to make employees want to put in more effort and therefore increase performance.

(b) Fairness:

According to Prendergast (1999) although economic theory of trust is not well developed, the reliability and trustworthiness of the principal is expected to influence the actions of the employee greatly. Other theories like the Reciprocity theory have also concentrated on the concept of fairness as well, but have used different angles. It mentions that in relation to the employer, employee's compensation should be an amount that is fair. According to this theory in the agency contract any surpluses created must be divided fairly so as to enhance incentives. If the employee perceives that this concept of fairness has not been delivered in anyway, there is the likelihood that their motivation to perform will be reduced hence reducing performance.

Moreover, according to Locke and Henne (1986) equity theory emphasizes the fact that employee's need to receive a fair amount of compensation relative to the other employees and that the employee is expected to compare his/her ratio of performance over reward to the same ratio of other employees. Any deviation in this ratio causes a state of inequity. A study by Janssen (2001) has shown that managers who perceive effort-reward fairness perform better and feel more satisfied than managers who perceive under-reward unfairness. In some economic studies conducted by Prendergast (1999) some supervisors in evaluating their subordinates tended to evaluate the with relatively high scores which defeat the argument of fairness for a compensation management system to ensure improved performance. Supervisors could not risk telling their subordinates that their performances were below average which in the short run will make both parties unhappy.

But inaccurate or untrue and undifferentiated evaluations reduce the effectiveness of incentives in organizations Prendergast (1999). Hence, perceived fairness is expected to be a determinant to motivate for performance.

(c) Controllability:

The third characteristic we use to evaluate the compensation system's effectiveness is the perceived relationship between effort and (variable) compensation. Baker (2002) defines controllability as the extent to which the employee is able to control or influence the

outcome. The effect on the performance measure should vary as little as possible in order to have control of one's incentive compensation.

Within the cognitive evaluation theory, the controlling and informing elements of a compensation system are expected to have an effect not only on performance but on motivation as well Frey (1997). Employees perceive controllability and the controlling element of the compensation system as two opposite sides of the same coin.

The need for self-determination is the foundation for this dimension Ryan (1985). An employee, who is involved in determining the performance measures that are used in an incentive program, will perceive the performance measurement itself as less controlling. This is in line with the cognitive evaluation theory where the informing and controlling elements are proxies for the possibilities of self-determination of the employees. Although the underlying theoretical concepts are different for the cognitive evaluation theory and the agency theory, the expected relationship between control (self-determination) and motivation to influence performance is similar. Compensation combines with effort, ability and with external circumstances to determine actual performance. Looking at it from the other way around, one could infer that managing a compensation system effectively has the potential to motivate employees to improve their effort and ability to perform desirably. How motivated and employee is to perform can be measured by the amount of effort the employee demonstrates in the performance of their job.

From the discussions above two types of compensation have been identified which are direct and indirect compensation. The two put together will determine the total compensation and therefore, both types must be taken into account in the analysis for the optimal amount of effort that can be reached regarding employee performance which according to Aguinis (2007) is not only about the outcome of employees work but also about what employees do, i.e. behaviors. In other words performance management system include measures of results or the consequences that we infer are the direct results of employee behavior. He also presented 2 dimensions of the behavior we label as performance. Firstly they can be classified as evaluative, meaning that such behavior

can be judged to be negative, positive or neutral for the individual and organizational effectiveness. The behavior can be valued as either contributing to or hampering individual and organizational goal achievement. Secondly performance should be understood to be multidimensional. Which implies that there could be many different aspect of the behavior that have the potency to advance the achievement of organizational goals.

Employers expect their employees to perform specific tasks by which they can ascertain their performance. It is therefore very important to understand what performance really is and how it can be measured. Several researchers have written on the subject and some of their findings and definitions are discussed below. Performance measurement is a topic discussed extensively but rarely defined. "Literally it is the process of quantifying action and measurement is the process of quantification of an action leading to performance Neely et al. (1995). The performance measurement concept is related to effectiveness and efficiency. Effectiveness refers to the extent to which the firm's goals are attained while efficiency is a measure of how economically the firm's resources are utilized when achieving its targets. Therefore, performance measurement can be defined as the process of quantifying the efficiency and effectiveness of action Neely (1994).

Flapperetal(1996). States that staff carrying responsibility for certain activities within the system, need performance measurement to see how well they are performing their task.

So performance indicators are important for everyone inside an organization, as they tell what has to be measured and what are the control limits the actual performance should be within. The need to understand and appreciate what performance is will help us determine how effective it should be measured for its impact in any institution. It has been pointed out by Bates and Holton (1995) that performance is multi-dimensional and measuring it varies depending on a variety of factors. There are however divergent views as to what performance really is. It can be regarded as simply the record of outcomes achieved. On an individual basis, it is a record of the person's accomplishments Armstrong (2003).

Casio (1989) in discussing the Expectancy Theory stated that this theory emphasizes “perceived relationships” – what does a person expect? According to him performance combines ability and effort, that is, an employees’ skill, training information and talents. Performance then produces certain output (rewards). These outputs (positive or negative) may be as a result of either the environment (example: co-workers, the organization’s reward system or supervisors) or the completing of a performance task (example: personal worth or esteem and feelings of achievement and accomplishment,). Sometimes people perform but do not receive rewards that are incorporated in the organization’s Conditions of Service. However, as the performance-reward system process occur again and again, actual events provide further information to support a person’s beliefs (expectances) and beliefs affect how people are motivated in the future. The Expectancy Theory also suggests that satisfaction is best characterized as a result of performance rather than as a cause of it. However, according to Casio people can be urged on by the feeling of satisfaction having performed a task well and this feeling can go a long way to reinforce their beliefs concerning the consequences of their performance. In other words, the more people are satisfied in their job on the rewards they expect and received from managers or the organization in which they work, the higher they will perform since the believe that their efforts and contribution will be compensated for equitably.

Aguinis an authority in the field of performance management has introduced some three approaches to performance measurement. He supports the Trait, Behavioural and Result approaches to the measurement of employee performance. He alludes that every human being has certain traits which makes them different from other persons. He further suggested that traits such as abilities, aptitude, intelligence, skills, talents and conscientiousness among others can be a source of measurement of one’s performance. That is, the extent to which one possesses and demonstrates such traits.

He also makes a case for the behaviours of employees on the job as a means of measuring their performance. By the nature of the job in question certain behaviours are required to make one successful on that particular job. So the more of such

behaviours demonstrated would be an indication of whether or not the employee is performing at desired levels.

The result approach as mentioned by Aguinis (2007) emphasizes the outcomes achieved by the employee. In this case the employee's performance is only measured by the results they produce on a job. He also admonished that for a better understanding of the performance of an employee the trait, behavioural and results approaches could be used together to measure performance.

3.1.4 Relating Compensation and employee performance

It has been found that there is a significant relationship between compensation and employee and organizational performance Shin-Rong and Chin-Wei (2012). For example, Mayson and Barret (2006) found that a firm's ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked to firm performance and growth. On the other hand, Inés and Pedro (2011) found that the compensation system used for the sales people has significant effects on individual salesperson performance and sales organization effectiveness. Therefore, in an ever competitive business environment, many companies today are attempting to identify innovative compensation strategies that are directly linked to improving organizational performance (Denis and Michel 2011).

According to Nebeker et al. (2001) Customer's satisfaction and organizations performance is the result of its employee's satisfaction. There has been research proving a positive relationship between stock bonus and employee performance. The evidences in Taiwan suggest that there exist positive associations between the amount of stock bonuses and firms' operating performance. It is also found that firms with larger firm size or high growth opportunity tend to adopt stock bonus.

Performance-based compensation is the dominant human resource practice that firms use to evaluate and reward employees' efforts Cllins and Clark,(2003).Evidently, performance-based compensation has a positive effect upon employee and organizational performance. In a quantitative content analysis of the narrative

descriptions of 50 rapid-growth firms and a comparison group of 50 slow-growth companies conducted by Barringer et al (2005) results demonstrated that employee incentives differentiated the rapid-growth from the slow growth firms. Firms that were rapid-growth oriented provided their employees financial incentives and stock options as part of their compensation packages. In doing so, firms managed to elicit high levels of performance from employees, provide employees the feeling that they have an ownership interest in the firm, attract and retain high-quality employees, and shift a portion of a firm's business risk to the employees.

Delery and Doty (1996) identified performance-based compensation as the single strongest predictor of firm performance. Both performance-based compensation and merit-based promotion can be viewed as ingredients in organizational incentive systems that encourage individual performance and retention Cho et al. (2005). Collins and Clark (2003) studied 73 high-technology firms and showed that the relationships between the HR practices and firm performance (sales growth and stock growth) were mediated through their top managers' social networks. Cho et al. (2005) suggested that incentive plans is effective in decreasing turnover rates. Banker et al. (2001) conducted a longitudinal study of the effectiveness of incentive plans in the hotel industry and found that incentive plans were related to higher revenues, increased profits, and decreased cost. In a related study Paul and Anantharaman (2003) found that compensation and incentives directly affect operational performance. To be effective, compensation practices and policies must be aligned with organizational objectives. While performance-based compensation can motivate employees, sometimes employees perceive it as a management mechanism to control their behaviour Lawler and Rhode, (1976). In such a case, employees are less loyal and committed, thus compensation plans have the opposite than desired outcome Rodriguez and Ventura (2003). Employee turnover can significantly slow revenue growth, particularly in knowledge-intensive industries (Baron and Hannan, 2002).

3.1.5 Types of Compensation Packages

According to Dessler (2011). Compensation can be divided into 2 forms- Direct and indirect compensation which are discussed below in detail.

3.1.5.1 Direct Compensation

He explained that direct compensation is usually limited to the direct cash benefits that the employees receive on monthly, bi-monthly or weekly basis for the services they render as employees of a particular organization. It could also be in the form of stock bonus compensation, where employees of the organization are given the opportunity to own shares in the organization they work for and at the end of every year they have the opportunity again some divided in the form of equity on their shares. This is also referred to as executive stock options (ESO).

3.1.5.2 Indirect Compensation

Dessler (2011) refers to Indirect Compensation as the indirect financial and non-financial payments employees receive for continuing their employment with the company which are an important part of every employee's compensation. Other terminology such as fringe benefits, employee services, supplementary compensation and supplementary pay are used. According to Armstrong (2009) Indirect Compensation or Employee benefits are elements of remuneration given in addition to the various forms of cash pay. They also include items that are not strictly remuneration such as annual holidays. Management uses it ostensibly to facilitate its recruitment effort or influence the potential of employees coming to work for a company, influence their stay or create greater commitment, raise morale, reduce absenteeism in general and improve the strength of the organization by instituting a comprehensive programme in this area Noe *et al.* (1996).

According to Chhabra (2001), Indirect or Supplementary Compensation involves 'fringe benefits' offered through several employee services and benefits such as housing, subsidized food, medical aid, crèche and so on. It involves rewards provided by

organization to employee for their membership, attendance or participation in the organization.

Because of the increasing cost of fringe benefits, some people also label them as hidden payroll. Benefits currently account for almost 40 per cent of the total compensation costs for each employee. The basic purpose of fringe benefits or supplementary compensation is to attract and maintain efficient human resources and to motivate them. From the above literature, it can however be deduced that most researcher who have considered work in this field agree on the definition of the term compensation and also agree on the types of compensation being considered by this review. Some have also classified compensation into fixed and variable compensations. These are term that relate to the concept of direct and indirect compensation also sometimes referred to as primary and secondary compensation.

Byars and Rue (2008) mentioned the following as some of the more popular indirect compensations offered by today's organizations. Though the list below is not exhaustive it is meant to give a fair idea of the kinds of packages that organizations consider as indirect compensation in the corporate settings today.

a. Paid Holidays:

These comprise holidays such as Christmas Day, New Year's Day, Independence Day, Labour Day, etc. One relatively new concept is the floating holiday, which is observed at the discretion of the employee or the employer. Another relatively new concept is referred to as personal time-off or personal days. Under this concept, organizations give employees a certain number of days with pay to attend to personal affairs. Normally these days can be taken at the employee's discretion. Casual leave days can also be considered in this category as paid holidays by at the discretion of the employer and the request of the employee.

b. Workers' Compensation:

This is meant to protect employees from loss of income and to cover extra expenses associated with job-related injuries or illness. The laws generally provides for replacement of lost income, medical expenses, rehabilitation of some sort, death benefits to survivors, and lump-sum disability payments.

c. Social Security:

This is a federally administered insurance system. According to law, both employer and employee must pay into the system, and a certain percentage of the employee's salary is paid up to a maximum limit. How much is paid by employer and employee is calculated on the average monthly wage (weighted toward the later years). It is provided mainly to give financial security to employees during their retirement.

d. Retirement Plans:

Retirement and pension plans, which provide a source of income to people who have retired, represent money paid for past services. Private plans can be funded entirely by the organization or jointly by the organization and the employee during the time of employment. One popular form of pension plan is the defined-benefit plan. Under this, the employer pledges to provide a benefit determined by a definite formula at the employee's retirement date. The other major type of retirement plan is the defined – contribution plan, which calls for a fixed or known annual contribution instead of a known benefit.

e. Paid Vacations:

Typically, an employee must meet a certain length-of –service requirement before becoming eligible for paid vacation. Also, the time allowed for paid vacations generally depends on the employee's length of service. Unlike holiday policies that usually affect everyone in the same manner, vacation policies may differ among categories of employees. Most organizations allow employees to take vacation by the day or week but not in units of less than a day. Organizations may offer a wide range of additional benefits, including food services, exercise facilities, health and first-aid services,

financial and legal advice, and purchase discounts in addition to the major benefits previously discussed to motivate employees.

3.1.6 Performance Indicators

Aguinis stated in one of his books on performance management that “..Standards can refer to various aspects of a specific objective, including quality, quantity, and time. Each of these aspects can be considered criteria to be used in judging the extent to which an objective has been achieved.” Aguinis (2007). In other words to be able to measure performance one must use the quantity of work done (how much unit of a product has been produced), quality on work produced (how well the work has been done) and the timeliness of the work that has been done (meeting due dates, adhering to schedules and deadline) according to Aguinis these will determine how performance can be measured.

In the context of an organizational, performance is usually defined as the extent to which an individual employee or a group of employees contributes to achieving the goals of the organization and therefore the performance could be measured based on the goals set for those individuals or groups and the extent to which the goals of the organization have been achieved. Suwignjo et al. (2000) have developed Quantitative Models for Performance Measurement Systems (QMPMS), a model for measuring performance with respect to a factor. The model utilizes cognitive maps and analytic hierarchy process to identify factors affecting performance and their relationships, quantify the effect of the factors on performance, and express them quantitatively. However, the model has the limitation to be used as an evaluation tool.

3.1.7 Challenges associated with compensation management

The main problem with indirect compensation is the lack of employee participation according to Aswathappa (2007). He mentions that once an employee benefit programme is designed by the organization, employees have little discretion. For instance, the same pension usually is granted to all workers. Younger employees see pension as distant and largely irrelevant. Older female workers feel that maternity benefits are not needed. The uniformity of benefits fails to recognize workforce

diversity. Admitted, uniformity leads to administrative economies, but when employees receive benefits they neither want nor need, these economies are questionable. Since employees have little choice in these benefit packages, most workers are unaware of all the benefits to which they are entitled. This lack of knowledge often causes employees to request for more benefits to meet their needs. And perhaps even worse, employee confusion can lead to complaints and dissatisfaction which could adversely affect their performance hence productivity.

Chapter Three

Research Design and Methodology

3.1 Research Design

The descriptive research design should employ by following survey approach. The reason for selecting descriptive research design was that it is a systematic method for gathering information from a relatively large number of cases at a particular time (Best and Kahn, 1989). In addition to this descriptive studies help the researcher must be able to define clearly, what he wants to measure and must find adequate methods for measuring it along with a clear cut definition of 'population' he wants to study.(C.R.Kothari 2004).

3.2 Research Population and Sampling Techniques

Among 357 target population the researcher were use Hamlin Fistula Ethiopia employees, who are currently working on Addis Ababa head office and Desta mender employees.

Hamlin Fistula Ethiopia (HFE) head office currently have 175 female and 61 male staffs which is a total of 236 staffs among these 20 Management and 216 non- management staff and *DestaMender* 58 female and 63 male which is a total of 121 staffs among these teaching 20 and 101 admin staff both office.

As far as the sample size concerned for the collection of primary data, the researcher will be used based on the formula of Yamini, (1967) total population proportion to determine sample size based on 95% confidence interval and at alpha level of 0.05 and on the basis of this a sample size were obtained. That is, Out of 236 Head office staff was uses 71 and out of 121 *Desta Mender* employees were selected 36. In this way, a total of 107 respondents were contacted from all selected sections by using proportionate to size rule.

No.	Departments	Total number of staffs	Sample
1	Management staffs from Head office	20	6
2	Non-Management staff from Head office	216	65
3	Teaching staff	20	6
4	Administrative staff	101	30
Total		357	107

Sample size: Theoretical aspects, formulas



Simplified formula for proportions*

(Taro Yamane)

$$n = \frac{N}{1 + N * (e)^2}$$

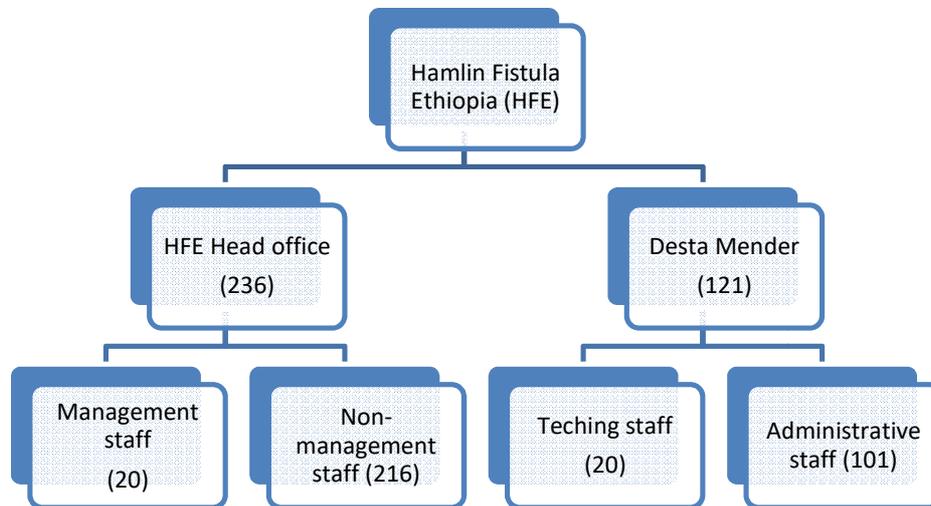
n - the sample size

N - the population size

e - the acceptable sampling error

* 95% confidence level and p = 0.5 are assumed

Figure 1: Organization structure on target population



A blend of sampling techniques was used for the selection of the various source of information for this study. Therefore, **Stratified Sampling** was used to divide total population based on their section/department/program. Then, **Simple random sampling** technique was also apply to select the respondents from each selected program and distributed questionnaire for them.

3.3 Data Source

The data source of the study is both primary and secondary sources. The secondary data have been derived from different reports, data, plans, documents and manuals as well as files from the archives of the organization. The selection of these data as a source if internationally based on the expectation that they may have better information and experience regarding the activities Compensation, Training and development, Recruitment and Selection practice.

In general, the study were conducted based on both primary and secondary data regarding HR Practices, Compensation, Training and development, Recruitment and

Selection practice, the secondary data is an approach. The primary data (quantitative) was collected using questionnaire survey; one of the very reasons to apply this method is to get firsthand information on the staff members' perception of the organization's HR practices.

3.4 Data gathering tools

Concerning data gathering tools because of the inadequate availability of organized secondary data, the study mainly depended on primary sources of data collection. From different primary data collection tools, a combination of questionnaire and personal observation on the spot have been used to gather information from respondents so that limitation of one method is counter balanced by the benefit of the other.

Questionnaire was used because it is appropriate tool to reach quite considerable number of respondents. The researcher specifies the content of the questionnaire so as to find relevant information from respondents. The questionnaire pretested to eliminate some ambiguities. After pretest the questionnaire administered to the selected Sample to collect relevant information. The questionnaire was prepared in English and translated in to Amharic (local language) and distributed to the respondents. Then the collected data were tabulated and analyzed.

Furthermore, observation that was intended to collect relevant information has been conducted on the overall procedures of Compensation, Training and development, Recruitment and Selection practice in the organization. Finally the theoretical frame work part is fully covered by secondary data such as books, journals, internets and other sources.

3.5 Data analysis Technique

The analysis and interpretation of the data was made based on quantitative results. The data gathered through both primary and secondary methods were summarized using descriptive data analysis, such as Mean, means score, tables, percentages, frequency distributions and others when need arises to give a condensed picture of the data.

Accordingly, the summarized data were analyzed in brief vis-a-vis the theoretical framework at the study to arrive at a meaningful conclusion. Finally, conclusion and recommendations have been made based on the findings of the analysis of collected data.

The analysis and interpretations of the data were made based on quantitative results by using SPSS software.

Chapter Four

Data Presentation, Analysis, interpretation and Discussion

4. Data Analysis and interpretation

Before conducting the actual data from the respondents the questionnaire prepared and verified with the researcher and dispatched to Hamlin Fistula Ethiopia head office and Desta Mender staffs accordingly. The questionnaire is divided in to four main parts; part one about respondent Demographic data, part two practices of Training and development, Compensation, and Recruitment and selection , part three Perception on practices of Training and development, Compensation and Recruitment and selection and part four Challenges of HRM.

4.1 Demographic Data

The total population of Hamlin *Fistula* Ethiopia is about 337 heads both head office and Desta Mender including management, non-management, administrative and teaching staff. Overall the Sample from these groups is planned to be 107 heads (30%).

In this study six variables are included as major demographic factor. Namely: sex; age; education status; marital status; income; and work groups. These variables are assumed to be comprehensive and essential to examine the practices of human resources management and challenges of the Hamlin *Fistula* Ethiopia.

The basic questions that have been raised to the respondents have four major parts: the first part discusses about the organization practice and perception of recruitment and section; the second part dealt about training and development; the third part was compensation; and the fourth part that was discussed about the challenges of HR in general.

The questionnaires that have been distributed in a week time were 107 (30%) of the total population, however 95 (88.8%) questionnaires were collected from these four major work groups.

4.1.1 Respondents by Gender

Sex is another demographic factor that is used to reflect the gender issues in this study. As it has been shown in the tables 4.1, the majority of the respondents are female that are 58 (61.1%) and rest are male 37 heads (38.9%).

No	Gender	No	%
1	Male	37	38.9
2	Female	58	61.1
	Total	95	100.0

Source: computed from field data

4.1.2 Respondents by Age

As it has been depicted in table 4.2 below the highest numbers of respondents between 26 and 35 of age are 51 (53.7%), the second highest respondents number, between the age of 36-45 are 30 (31.6%), the age that ranges from 46 to 55 are 8 heads (8.4%) and the age between 18 to 25 are 5 heads (5.3%) and the remaining 1(1.1%) respondent is above the age of 55.

S. No	Age Distribution	No	%
1	18 – 25	5	5.3
2	26 – 35	51	53.7
3	36 – 45	30	31.6
4	46 – 55	8	8.4
5	Above 55	1	1.1
	Total	95	100

Source: computed from field data

The overall figure shows that the great majority of the working force or employees are between the ages of 26 to 45.

4.1.3 Respondents by Marital Status

The figure in the table 4.3 shows below that the respondents marital status. From the total respondents the

No	Sex	No	%
1	Single	30	31.6
2	Married	62	65.3
3	Divorced	3	3.2
	Total	95	100.0

Source: computed from field data

great majority which is 62 (65.3%) of them are married, 30 (31.6%) are singles and the rest 3(3.2%) are divorced.

4.1.4 Respondents by Education

As it has been seen below in the table 4.4 the respondents' education background summarized into four major categories. First degree holders 53 (55.8%) are the majority respondents, whereas, Masters and above 26 (27.4%), diploma holders 13 (13.7%) and below diploma holders 4 (4.2%) contribute second to fourth ranks respectively.

No.	Education Status	No	%
1	Below Diploma	4	4.2
2	Diploma	13	13.7
3	First Degree	53	55.8
4	Masters and Above	26	27.4
	Total	95	100.0

Source: computed from field data

4.1.5 Respondents by Income

Income was considered as one factor in this study to collect data about the practice and challenges of human resource in Hamlin Fistula Ethiopia. As it is shown in the Table 4.5 below, all types of income that ranges from the lowest the highest income was a part of respondents in this study.

Out of 95 respondents, 32 (33.7%) of the respondents monthly income ranges from Birr 8,001 to 16, 000 and the second highest income 31 (32.6%) is from Birr 4,001 to 8000.

S. No	Income distribution	No	%
1	Less than 4,000	28	29.5
2	4,001 - 8,000	31	32.6
3	8,001 - 16,000	32	33.7
4	16,001 - 30,000	4	4.2
	Total	95	100

Source: computed from field data

Those who have income less than 4,000 are 28 (29.5%) whereas the remaining 4 (4.2%) have income between Birr 16,001 to 30,000 per month.

4.1.6 Respondents by Workgroup

The last but not the least variable of demographic data of this study was the employees of the organization work group. As it has been indicated in Table 4.6 below the overall staff work groups in the organization involved into four main work groups i.e. management; non-management; teaching; and administrative.

No	Work group	No	%
1	Management	6	6.3
2	Non-Management	60	63.2
3	Teaching	6	6.3
4	Administration	23	24.2
	Total	95	100

Source: computed from field data

Each of the respondents of management work group and teaching work group are 6 (6.3%), whereas non-management group which is the great majority of the respondents are 60 (63.2%) and the remaining administration group was 23 (24.2%) of the total Sample.

4.2. Practices of Recruitment and Selection, Training and Development and Compensation

The organization practices on recruitment and selection, and training and development have been assessed to investigate the current situations of the organization.

4.2.1 Practices of Recruitment and Selection

Table 4.2.1 below shows the practices recruitment and selection process of the organization. Only 37 (38.9%) of respondents confirmed that they know that the organization has formal policy for the recruitment and selection of employees, whereas 34 (34%) of them don't have information about this, however 15 (15.79%) did answer neither yes nor no. overall the table gives of the picture of the organization that recruitment and selection policy is not transparent or well informed to the employees.

Table 4.2.1 Practice of Recruitment & Selection							
N o	Questions	Responses					
		Yes		No		No answer	
		no .	%	no .	%	no.	%
1	Do you know that the organization have any formal policy for the recruitment and selection of employees?	46	48.4	34	35.79	15	15.79
2	Has the recruitment and selection practice of your organization affected your performance?	58	61.1	24	25.26	13	13.68
3	Are you satisfied with the frequency of promotion at your work?	37	38.9	58	61.05	0	0

Source: computed from field data

As it has been illustrated in the table 4.2.1 above, 58 (61.1%) of the participants believe that the recruitment and selection practice affected their performance, whereas 24 (25.26%) replied that their performance is not affected by the practice of recruitment and selection, however 13 (13.68%) did not reply. As we can see from the result the majority of the respondents confirmed the impact of recruitment and selection practice on their performance.

With regard to promotion, the great majority of the respondents 58 (61.05%) replied not satisfied and the rest confirmed that they are satisfied with the frequency of promotion in the organization.

As we can see from the responses the organization recruitment and selection policy is not transparent or is not properly addressed to the employee at large. In addition to the organization should review the practices that have negative impact on the organization performance.

4.2.2. Practices of Training and Development

Table 4.2.2 Practice of Training and Development			
N o	Questions and response	Responses	
1	Did you get any training by the organization?	no	%
	Yes	46	48.4
	No	49	51.6

	Total	95	100
2	How did you selected for training?		
	On joining the Organization	6	13.0
	Compulsory for all employees	5	10.9
	Performance appraisal	6	13.0
	Supervisors recommendations	16	34.8
	Upon employees request	13	28.3
	Total	46	100
3	How often do you attend training		
	Quarterly	0	0
	Once in a year	10	21.7
	Every six months	0	0
	Every two years	1	2.17
	No regular schedule	35	76.1
	Total	46	100
4	Which types of competencies you were get from the training?		
	Technical	32	69.6
	Managerial	5	10.9
	Personality	9	19.6
	Total	46	100

source: computed from field data

As it has been depicted from the table 4.2.2 above, the respondents were asked if they get training that shall be provided by the organization. Among the respondents, 46 (48.4%) of them get training, 49 (51.6%) did not get training.

As we can see from the table 4.2.2 above only 46 (48.4%) are participated on the training, for this reason the questions that are raised in the above table question 2 to 4, are responded by the respondents who get training only.

Therefore, from the total respondents, 6 (13%), 5(10.9%), 6(13%), 16(34.8%), and 13 (28.3%) were selected on joining the organization, due to compulsory for all employees, for performance appraisal, supervisors recommendations and upon employees request respectively. The overall responses indicated that the selection practice of training and development is not properly planned. See question number 3 of table 4.2.2 above.

With regard to the training schedule, as it has been seen in the above table 4.2.2. Question number 4, Training is provided either once in a year 10(21.7%), or no regular

schedule 35 (76.1%) or every two years 1(2.17%). This also gives a picture of organization how training and development is not properly managed at all.

With regard to competencies of training, as illustrated on table 4.2.2 question No. 4 above ,technical share 32 (69.6%) of training methods, personality 9 (19.6%) and managerial 5(10,9%). It can be understood from the result that technical method is a dominant method among the others.

Overall as it has been tested the existing and current practices of recruitment and selection, and training and development the organization has a gap on these issues in general.

4.3. Perception on Practices of Recruitment and Selection, Training and Development and Compensation

The second part of this study examines three major parts: first the perception of employees on practice of recruitment and selection; second the perception and practices of training and development; and third the perception of employees on practices of compensation of the organization.

4.3.1 Perception on Practices of recruitment and Selection

Table 4.3.1 Perception on Practice of Recruitment and Selection								
No	Recruitment and Selection	S	A	N	D	SD	Mean Score	Remarks
1	The organization filling vacancy at the right time	3	23	31	33	3	2.83	N
2	The organization use the right source of recruitment	3	33	31	23	5	3.06	N
3	The organization use the right method for recruitment	8	16	40	27	4	2.97	N
4	Adequate number of qualified candidates are pooled encouraged to apply	6	13	37	36	3	2.82	N

5	HR maintains an adequate pool of quality “protected class” applicants	5	1 5	4 8	24	3	2.95	N
6	The organization clearly define the position objectives, requirements and candidate specifications in the recruitment process	8	1 7	3 6	29	5	2.92	N
7	The organization doing timeliness recruitment and process	5	1 8	4 9	20	3	3.02	N
8	The organization choose the right candidates to fill the vacant position	8	3 8	2 5	19	5	3.68	A
9	There is no bias in the selection process	3	2 9	3 4	13	16	2.89	N
10	The organization interview and selection tests are valid and right for the purpose	7	3 7	3 6	7	8	3.29	N
11	The organization selection process is undertaken as per the hospital policy	7	8	3 6	37	7	2.28	SDA
12	The organization use the right criteria for selecting candidate	5	3 6	4 3	4	7	3.29	N
Group Mean							3	N

Sources: computed from field data

Where SA = Agree (5); A= Agree (4); N= Neutral (3); DA= Disagree (2),SDA= Strongly Disagree(1)
Total number ($\sum F$) 95 for total Sample; Mean Score= $\frac{\sum \text{rating} \times \text{observation}}{\sum F}$

Respondents were asked if the organization fills vacancies at the right time in the above table 4.3.1. Question No.1, the result of the mean score shows 2.83 or neutral. The implication is here that the organization does not respond to fill the vacancies at the right time or in other words many vacant posts are not filling in time.

The respondents were also asked if the organization use the right source of recruitment and the majority of the response in the above table 4.3.1 questionNo.2, the mean score for the total reply is here also neutral. It can be concluded that the organization that used sources are not proper in most cases.

The participants of the Sample were asked if the organization use the right method for employment. With this mean score is neutral which means the perception on practices of recruitment is not as effective as expected. See in the above table 4.3.1 question No 3.

The question that has been raised the above table question No.4, how the adequate numbers of qualified candidates are pooled encouraged applying. The mean score result shows neutral.

As it has been indicated in the above table 4.3.1 Question No. 5, the response of Sample about to what extent HR maintains an adequate pool of quality “protected class” applicants is neutral too.

In the above table question No 6, the mean score result, to what extent the organization the position objectives, requirements and candidate specifications in the recruitment process, is neutral.

The respondents asked how to precept on the practice of the organization doing timeliness recruitment and process. The reply of mean score is neutral. The sum of strongly agree and agree with sum of disagree and strongly disagree is equal. See question No. 7, in the above table 4.3.1

As it has been illustrated in question No. of 8, the mean score result shows agree that the organization choose the right candidate to fill the vacant position. However as it has been indicated in question 9 of the above table the majority of the respondents are hesitant to respond the selection is free from bias.

As it has been shown in the above table of question 10, the means score result is neutral to response that the interview and selection tests which are done by the organization are valid and right for the purpose.

As it has been responded in question 11, the mean score result relied on Strongly Disagree on the selection process of which is undertaken by the organization as per the hospital policy.

Respondents were asked, see question No.12 in the above table 4.3.1., if the organization use the right criteria for selecting candidate. The mean score is neutral however a significant amount of the respondents agree that the organization use the right the right criteria for selecting candidates.

The overall reply of the respondents gives a picture that selection and recruitment practice of the organization is not effective and efficient as well.

4.3.2 Perception on Practices of Training and Development

Table 4.3.2 Perception on Practice of Training & Development								
No	Training and development	SA	A	N	DA	SDA	Mean Score	Remarks
1	Desired outcomes of the training outlined and communicated	8	36	32	10	9	3.36	N
2	The objective of the training is measurable (quantitatively and qualitatively) in terms of outcomes.	6	38	33	11	7	3.37	N
3	Trainers have the right experience and skill	23	36	32	4	0	4.16	A
4	Trainers use the right methodology to address the subject matter.	20	31	38	6	0	3.8	A
5	The training offered by HFE improves trainees performance	5	38	38	8	6	3.4	N
Group Mean							3.6	A

sources: computed from field data

Where SA = Agree (5); A= Agree (4); N= Neutral (3); DA= Disagree (2),SDA= Strongly Disagree(1) Total number ($\sum F$) 95 for total Sample; Mean Score= $\frac{\sum \text{rating} \times \text{observation}}{\sum F}$

As it has been depicted in the above table 4.3.2, the means score result of desired outcome of the training outlined and communicated is neutral.

The measurability of the object of the training result that is indicated in the above table 4.3.2 question No.2 is also neutral. This is also indicated that measuring the outcome of training poor.

With regard to the right experience and skill of trainers, as stated in the above table 4.2.2 Question No. 3, the means score shows Agree, which is promising.

Question No 4, asked the respondents, if the trainers use the right methodology to address the subject matter. The mean score result shows Agree. This shows that the methodology used for training is at acceptable level

As it has been seen on the above table 4.3.2 question No.5, the respondents were asked the training which is provided by HFE, if it improved their performance. The mean score result shows neutral.

Generally the overall perception on practice of training which is responded by the participate shows the gap of training which is offered by the organization.

4.3.3 Perception on Practices of Compensation

Table 4.3.3 Perception on Practice of Compensation								
	Compensation	SA	A	N	DA	SDA	Mean Score	Remarks
1	The organization provides me with reasonable salary	0	20	19	31	25	2.35	DA
2	The organization provides me with a right employee benefits	6	19	30	25	15	2.74	N
3	If I injured during working hours, the organization will provide reasonable compensation	10	31	45	9	0	3.44	N
4	I feel good with the organization's compensation/reward system	1	15	38	20	21	2.58	N
5	The organization have attractive compensation for employees	1	15	23	28	28	2.29	SDA
Group Mean							2.68	N

sources: computed from field data

Where SA = Agree (5); A= Agree (4); N= Neutral (3); DA= Disagree (2),SDA= Strongly Disagree(1) Total number ($\sum F$) 95 for total Sample; Mean Score= $\frac{\sum \text{rating} \times \text{observation}}{\sum F}$

Compensation is another major factor to test the perception of employees on practice of compensation of the organization and five inter related question were discussed here under.

The employers were asked if the organization that currently provided reasonable salary. The result of the mean score shows, in the above table 4.3.3, question No.1, Disagree. This shows that the organizations that provide salary for the staff is very low.

As it has been stated in the above table question No.2, the respondents were asked if the organization provides them a right employee benefits. The means score result is neutral.

It shows that the organization that provides benefits to the employee is not satisfactory.

Question No.3 of the above table discussed about the work place injury compensation and the mean score result shows neutral. This is also another gap which is mentioned by the respondents.

In question No.4 of the above table, the respondents have been asked if the organization provides good compensation or reward system and the mean score result shows neutral.

The fifth question is that the organization provides attractive compensation for the employee. The mean score result shows Strongly Disagree which is the lowest result among the above mentioned questions.

The overall result of compensation shows that the organization that currently provides compensation is low.

4.4. Challenges of HRM

Table 4.4 below has discussed the major challenges of HRM in the organization. As it is stated in the below table 4.4, four major issues were discussed with regard to challenges of recruitment and selection and the mean score results of the first three consecutive questions are Agree. It can be concluded that poor human resources planning, ineffective job analysis, inadequate information on the available vacancy is the manifestation of the

organization or the gap that has been observed from the respondents result. Poor working condition, the mean score result shows neutral, is also another gap of the organization that has been observed from this study.

Table 4.4 Challenges HRM								
		S	A	N	D	SD	Mea n Scor e	Remark s
1	Recruitment and selection	A	A	N	A	A		
1.1	Poor human resource planning	27	24	34	8	2	3.61	A
1.2	Ineffective job analysis	29	27	33	6	0	3.77	A
1.3	Inadequate information on the available vacancy	6	29	35	25	0	3.61	A
1.4	Poor working condition of workers	11	14	45	20	5	2.85	N
Group Mean							3.46	N
2	Training & Development							
2.1	Inadequacy of budget	1	26	32	14	22	2.68	N
2.2	Lack of awareness of usefulness	9	29	29	13	12	3.01	N
2.3	Unavailability of sufficient time to provide training because of too much work overload	5	24	27	20	19	2.75	N
2.4	Lack of skilled trainers	6	20	31	17	21	2.72	N
2.5	Training opportunity was not given for concerned staff	24	44	33	11	3	3.79	A
Group Mean							2.99	N
3	Compensation							
3.1	Financial constraint	2	27	33	11	20	2.54	N
3.2	Unavailability of clear reward management system strategy	26	32	30	7	0	3.81	A
3.3	Inadequate capacity of HR experts/ managers	16	27	33	14	5	3.37	A
3.4	Poor practicing of compensation policy	23	31	29	9	3	3.65	A
Group Mean							3.34	A

Sources: computed from field data

Where SA = Agree (5); A= Agree (4); N= Neutral (3); DA= Disagree (2),SDA= Strongly Disagree(1)
Total number ($\sum F$) 95 for total Sample; Mean Score= $\frac{\sum \text{rating} \times \text{observation}}{\sum F}$

The second major component on the challenges of HRM is training and development. Among five questions, four of the reply of the mean scores shows neutral result whereas the remaining one question result of the mean score is Neutral. For instance inadequacy of budget, lack of awareness of usefulness, unavailability of sufficient time to provide training that results too much work overload, lack of skilled trainers and training opportunity that was not given for concerned staff means score results are the indicators of major challenges that affect training and development of the organization.

With regard to compensation, four basic components were discussed with respondents. The mean score result of financial constraint is Neutral, whereas the remaining three components: unavailability of clear reward management system strategy; inadequate capacity of HR experts/ managers; and poor practicing of compensation policy result show Agree

In other words, the respondents are in doubt with regard to the financial constraint of the organization; however the absence of clear reward management system strategy, the absence of capable managers/experts, and the absence of proper compensation policies are believed to be the bottle neck of the organization.

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CHAPTER FIVE

Summary of Findings, Conclusion and Recommendation

5.1 Summary of Findings

Based on the primary and secondary data, the findings revealed that the organization recruitment and selection, training and development, and compensation policy practices are ineffective and inefficient as well.

The finding also assesses the Recruitment and selection process of the organization as follows: there is bias during selection; interview and selection test poor; selection process is not undertaken as per the organization policy; and the organization that is used for the selection of candidate does not use the right criteria at all

With regard to training and development, the finding shows that the desired outcome of training is not properly communicated. Besides it is found that the objective of training is not clearly measurable. The study shows that trainers do not have the right experience and skill corresponding to the training they have been provided and some of the trainers don't use the right methodology to address the subject matter of the training. Overall the training which is offered by the HFE does not necessarily improve trainee's performance.

With regard to compensation the finding shows that the current compensation system is at high dissatisfactory level. To mention a few examples: the salary which is currently paid considered by the employee is low; the benefit provided to the employee is assumed not right; there is also a fear that if work injury happened the compensation for injury is not proper; the feeling about compensation or reward system is poor; and the compensation is not attractive too. These all points indicated the high dissatisfaction of the employees with overall compensation system of the organization.

The major challenges observed from this study is training opportunity is not given for concerned staff only. The other expected challenges such as inadequacy of budget; Lack of

awareness of usefulness; Unavailability of sufficient time to provide training became of too much work overload; and Lack of skilled trainers are not considered as major challenge though it is to some extent reflected in this study.

Compensation is the major challenges of the organization among many other challenges discussed in this study. The finding shows that financial constraint is not the major challenge for the organization. Unavailability of clear reward management system strategy, inadequate capacity of HR experts/ managers, and Poor practicing of compensation policy are the core manifestation of the organization that are seriously addressed in this study.

Poor human resources planning, Ineffective job analysis; inadequate information on the available vacancy are the another challenges of the organization which is considered as component of recruitment and compensation method.

5.2 Conclusion

Hamlin Fistula Ethiopia (HFE) is an organization that is showing encouraging growth in terms of the scope of its program, budget, and staff size over the years it has pursued its mission and vision in this country. Such growth is accompanied by significant increases in workforce and mandates the development of proportionate HRM practices.

Hamlin Fistula Ethiopia evaluated major challenges of HRM and forwarded possible recommendations for problems.

This study discovered gaps in HRM practices especially with regards to recruitment and selection; training and development, and compensation policies and procedures of the Hamlin Fistula Ethiopia head office and *Destamender*-rehabilitation center- which is organized under the head Office in the out skirt of Addis Ababa particular KolfeKeranio Sub city. Therefore the researcher has prepared this preliminary paperon these observations after a series of discussions and permission from concerned bodies.

The primary focus of this paper, as per observations made in the course of the research, was concentrated on major problem areas such as staff dissatisfaction, employee turnover and policy implementation.

The gaps which were observed in the HRM practices were investigated by descriptive and quantitative data analysis methodology, through questionnaire in addition to these secondary data also gathered from the departments.

The total population of the organization was about 357 both at head office and *DestaMender* as well. The total number of Questionnaires that has been distributed was 107 and 95 questionnaires were collected. Besides secondary data have been collected and used from different departments of HFE and HR department for this study.

Generally based on the facts established by the study, the majority of respondents agree that revising the practices, setting up an effective performance appraisal system and empowering the executive bodies are mandatory for smooth work relations.

5.3 Recommendations

This thesis delved into analysis of practice and challenges of HFE from the view point of human resources theories. Now it is safe to conclude both the theories and practices have their relevant in explaining the perception on practice and challenges of human resource management of HFE. Therefore as recommendation this study suggests the following points that are essential to address the gaps and challenges of HFE human resources management of the organization.

With regard to recruitment and selection, the existing recruitment and selection policy, guide lines, operational and technical manual shall be updated to handle the selection process transparently and to absorb the current and the future demand of the employment.

The policy should be also open to respond external environment such as technological, societal and political forces. In addition to this the employment policy of the

organization shall respond the internal environment including, job posting, HR inventory, and so on.

The external recruitment can also be addressed using different methods. For instance, direct advertising to attract qualified candidates from labor market directly. Whenever the vacant post assumed to attract redundant labor from the market, it is preferable to give the assignment to either government or private employment exchange agencies to reduce the burden of HR department of the organization.

. Walk in/write in/electronic search and so on are also an option to attract and to select qualified personnel for the organization.

With regard to training and development, the HFE shall newly design or update the existing formal training and development policy not only to respond the gap but also to cope up the internal and external demand of the working environment. The policy shall state in detail how need assessment taking place, what kind of criteria of selection of staff for training is used, how and for which types of posts frequency of training is needed, methods of deliver of training, types and purpose of competencies of training. Overall detail operational and technical manuals, and guide lines shall be prepared by the organization.

The finalized training and development policy shall be disseminated to the entire staffs in a transparent way to show how training and development is set in the organization.

With regard to compensation, the organization shall update the current compensation system by considering the external labor market supply and internal demand of the employees. For instance the dynamic nature of economic situation of the country, the labor market and other internal and external driving forces shall be considered to review the compensation system.

The compensation policy should also address clear reward management system strategy to tackle the existing poor practicing of compensation policy. For instance performance appraisal shall be seen as major factor to provide benefit the employees.

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Hamlin Fistula Ethiopia's Personnel File

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Part II: Item concerning on Recruitment and Selection, Training and development, and Compensation., (Please tick (√) on the blank space which is appropriate for you)

1. Did you get any training by the organization?
a. Yes b. No

If “Yes” answer the next question

2. How did you selected for training?

- a. On joining the Organization d. Supervisors recommendations
b. Compulsory for all employees e. Upon employees request
c. Performance appraisal

3. How often do you attend training?

- a. Quarterly d. Every two years
b. Once in a year e. No regular schedule
c. Every six months

4. What were the methods of deliver at the training you have been attended?

- a. Lecture
b. Demonstration
c. Discussion
d. Seminar

5. Which types of competencies you were get from the training?
 a. Technical b. Managerial c. Personality
6. Are you satisfied with the frequency of promotion at your work?
 Yes No
7. Do you have any formal policy for the recruitment and selection of employees?
 A) Yes B) No
8. Has the recruitment and selection practice of your organization affected your performance?
 A) Yes B) No

Part III: Perception of employees on Recruitment and selection, Training and development, Compensation.

Following statements measure your level of concern for HRM practice with respect to specific HRM functions. Please rate each statement ranging from “Strongly Agree” to “Strongly Disagree”. SA=strongly agree, A= Agree, N= Neutral, DA= Dis agree, SDA= strongly Disagree

	Training and development	Strongly Agree	Agree	Neutral	Dis Agree	Strongly Disagree
1	Desired outcomes of the training outlined and communicated					
2	The objective of the training is measurable (quantitatively and qualitatively) in terms of outcomes.					
3	Trainers have the right experience and skill					
4	Trainers use the right methodology to address the subject matter.					
5	The training offered by HFE improves trainees performance					
	Compensation	Strongly Agree	Agree	Neutral	Dis Agree	Strongly Disagree
1	The organization provides me with reasonable salary					
2	The organization provides me with					

	a right employee benefits					
3	If I injured during working hours, the organization will provide reasonable compensation					
4	I feel good with the organization's compensation/reward system					
5	The organization have attractive compensation for employees					
	Recruitment	Strongly Agree	Agree	Neutral	Dis Agree	Strongly Disagree
1	The organization filling vacancy at the right time					
2	The organization use the right source of recruitment					
3	The organization use the right method for recruitment					
4	Adequate number of qualified candidates are pooled encouraged to apply					
5	HR maintains an adequate pool of quality "protected class" applicants					
6	The organization clearly define the position objectives, requirements and candidate specifications in the recruitment process					
7	The organization doing timeliness recruitment and process					
	Selection	Strongly Agree	Agree	Neutral	Dis Agree	Strongly Disagree
1	The organization chose the right candidates to fill the vacant position					
2	There is no bias in the selection process					
3	The organization interview and selection tests are valid and right for the purpose					
4	The organization selection process is undertaken as per the hospital policy					
5	The organization use the right criteria for selecting candidate					

Part IV The under listed are some identified challenges in Hamline Fistula Ethiopia encounter in the HRM practices. Rank them using 1 to 5 scales, 1= strongly disagree, 2 =Disagree, 3=Neither, 4=Agree, 5=Strongly agree

1	Recruitment and selection method	S	A	N	DA	SD
		A				A
3.1	Poor human resource planning					
3.2	Ineffective job analysis					
3.3	Inadequate information on the available vacancy					
3.4	Poor working condition of workers					
3.5	Low salary and incentive package					
2	Training & Development	SA	A	N	DA	SDA
1.1	Inadequacy of budget					
1.2	Lack of awareness of usefulness					
1.3	Unavailability of sufficient time to provide training became of too much work overload					
1.4	Lack of skilled trainers					
1.5	Training opportunity was not given for concerned staff					
		S	A	N	DA	SD
		A				A
3	Compensation					
2.1	Financial constraint					
2.2	Unavailability of clear reward management system strategy					
2.3	Inadequate capacity of HR experts/ managers					
2.4	Poor practicing of compensation policy					