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**St. Mary's University**

**School of Graduate studies**

**Department of MBA**

**ASSESSMENT OF EMPLOYEE PROMOTION AND COMPENSATION  
PRACTICES**

**THE CASE OF MOHA SOFT DRINK S.C /GOTERA PLANT ADDIS  
ABABA ETHIOPIA**

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**ADDIS ABABA, ETHIOPIA**

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This is to certify that Seifedin Ahmed has carried the thesis entitled “Assessment of Employees Promotion and Compensation practice in case of Moha Soft Drinks Industry Share Company” for the partial fulfilment of Master of Arts in Business Administration at Saint Mary's University and due to the originality of the work it is not submitted for any degree program in this or any other Universities because of its originality but only reading to assimilate a knowledge is allowed when it is placed in a library after a Board of Examiners decided and signed on it.

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# Declaration

I, hereby, declare that, this thesis work entitled “Assessment of Employee Promotional and Compensation Practice in case of Moha Soft drinks industry share company” worked by my effort and completed after a lot of time consuming and internal energy with the help of my Advisor without any fatigue. So that no one is allowed to submit this work for the award of any level of education at all educational institutions.

Declared by: Seifedin Ahmed Reshid

Signature .....

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## **ACRONYMS**

HR Human Resource

MoHA Mohammed Hussein Al-almudin

PC Promotional and Compensation

S.C Share Company

SD Soft Drink



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## ***Abstracts***

*The purpose of this thesis was to examine employee promotion and compensation practice using MoHA Gotera Branch plant. To meet the objective the researcher adapted descriptive research design by using mixed data interpretation. The study used both primary and secondary sources of data 198 questionnaires were distributed out of which 184 of them were returned. The data has been analyzed by using descriptive statistics, frequency and tables. The analysis result indicates that though there are practices of promotion and compensation in the company, its level of practice is medium which means it is not at the expected level. Having mean score of 2.35 for the promotion and compensation practice, respondents have reservation on the promotion and compensation practice of Moha Soft Drink S.C Gotera branch. Regarding the availability of recognition and appreciation practices the respondents mean score is 2.03 which confirm that the practices of recognition and appreciation in MoHA Gotera branch are at low level. Poor exchange of information, shortages of necessary inputs, lack of modern management system and absence of performance appraisal in the company are rated as challenging factor in the provision of compensation and promotion practices. It is recommended that assessments need to be done to know the employees' means of promotion and compensation, so as to provide the identified employee promotion and compensation for the company development. The company should clarify why and how the employee would be promoted or compensation would be made to them including its time.*

**Key words:** *promotion, compensation, salary, cost of living, demand supply of labor salary.*



# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

In this competitive world, human resource (HR) plays a key role in developing, reinforcing and changing the culture of an organization. Pay, performance management, training and development, recruitment and onboarding and reinforcing the values of the business are all essential elements of business culture covered by hr. It is possible to find a human resource department in almost all the organizations out there in the world (Armstrong, 2006).

Employee promotion is the movement of an employee to a job of higher significance and higher compensation. In principle, promotion offers employees the opportunity to advance in existing career ladder or even take a bridging job to a new career path. Promotion also improves the social life of employees when they climb a promotion ladder on the basis of seniority and resultantly gets an increased wage rate and promotion has a stronger impact on to the factors such as recognition and achievement. This effect is due to the fact that promotion to the next level usually brings position changes such as pay, autonomy and supervision Mani ram (2007).

In addition, the management demands perfect deployment of the HR processes. The organizational structure of HR needs to be flat as possible. That's because the HR professionals should directly contribute towards the development of the entire organization. If there are too many managers, the decision-making process would get delayed and the organization would fail to execute planned strategies on time Kenai Chobani (2015).

Properly compensating employees shows you value them as workers and as human beings. When people feel valued, they feel better about coming in to work. Overall company morale increases and people are motivated to come to work and do a good job. Compensation is the results or rewards that the employees receive in return for their work. Compensation includes payments like bonuses, profit sharing, overtime pay, recognition rewards and sales commission, etc. Compensation can also include non-monetary perks like a company-paid car, company-paid housing and stock opportunities Cascio (2004).

Compensation is a vital part of human resource management, which helps in encouraging the employees and improving organizational effectiveness. From a manager's point of view, the compensation package offered to a company's employees is essential not only because it costs money, but because it is likely to be the primary reason the employees work for the firm Jeffry (2014).

Compensation packages with good pay and advantages can help attract and retain the best employees. A quick survey of employees about compensation is likely to expose an expectation that wages are fair and cover basic living expenses, keep up with inflation, leave some money for savings (perhaps for retirement) and leisure, increment over time. Compensation is the area of human resources management which involves making decisions about pay that are fair, equitable and competitive with current market rates; providing employees with incentives to improve performance; ensuring that benefits packages are cost effective and serve to motivate employees, and making certain that all compensation-related policies and programs comply with government requirements (Hamel, 2008).

Clearly, managing a firm's compensation policy is a complex task as it facilitates systematically administered and equitable salaries, reconciles employees' career aspirations with respect to earnings, aligns employees' personal objectives with those of the organization, and keeps the firm's costs under control. To summarize, compensation management is a synchronized practice that includes balancing the work-employee relation by facilitating monetary and non-monetary benefits for employees. A good compensation is a must for every business organization, as it gives an employee a reason to stick to the company and organization gains from a structured compensation management in the following ways Ralph (2003).

Moha (Mohammed Hussein Al-almudi) Soft Drinks Industry S.C was acquired from the Ethiopian Privatization Agency and established on May 15, 1996. Even though the core values of the company stated to ensure customer promotion and compensation, enhancement of positive corporate identity and image, ensure employees empowerment, be committed to social responsibilities, sustainability of quality and excellence in what we do and build a winning team. Employee related issues have a paramount effect in sustaining other core values and for the realization of mission and vision of the company.

## 1.2 Statement of the problem

There is no doubt that a well-organized and developed promotion and compensation activities was a valuable part to the company and thereby increase the chances of their efficiency and effectiveness in discharging their duties. Employee is one of the important assets in an organization. No company can survive without their employees. Therefore, companies should pay attention on their employees in order to retain them in the organization. By doing so, it can influence the organizational productivity which eventually will bring their employees to achieve the organization's mission and vision. High quality of job performance is normally delivered by highly job satisfaction and commitment employees (Riketta, 2002).

Compensation has become relevant topics in today's world and it is a subject that touches the moral and standards of a company and it is a political and economic questions of the whole general public. This is mainly because it indirectly affects employees' compensation Laietu and Mellado (2009).

In addition, compensation must strive employees to provide incentives and motivation to act in the best long-term interests of the company. The system must also be fair and proportional to the actual effort and success. Without proper compensations, employees may not be inclined and committed to act in the best interest of the company Topazio (2010) and Singh (2007).

Investigation through discussion with four different staffs who are currently working on head office and branches who have more experience; and some of the management members from human resource management department of the plant, and found out that there is a discontentment regarding the promotion and compensation practice of the plant which is denoted by its merely based on seniority, lack of sufficient promotion opportunities or chances and the perceived unfairness and inequity of the promotion on employee that is directly related to employees who have the relatives

in the plant. Un fair payment of compensation to employees By this case twenty-five employees were prepared a letter and submitted to leave the company in 2019. (Moha plant, 2019).

this area argued that attractive and well-designed compensation system could accelerate the achievement of the organizational goal and retain employees for long period as it had been argued by Ozkan (2007), Laietu and Mellado (2009) and Aduda (2011).

Besides to this, Orn and Konkell (2009), Sigler (2011) and Kaplan (2012) added that compensation has significant role on the performance of employees. It implies that if there exists poor system of compensation employees are looking for other job opportunities. The aforementioned problems initiated the researcher to further explore employee promotional and compensation practice in terms of commitment, motivation and retention in the plant. Consequently, the following basic research questions were prepared.

### **1.3. Basic Research Questions**

1. What is the perception of employees towards promotional practice in the case of moha company?
2. What is the perception of employees towards compensation practices in the case of moha company?
3. What are the challenges associated with promotional practices in the case of moha company?
4. What are the challenges associated with compensation practices in the case of moha company?
5. What are the possible remedials to alleviate employees promotional and compensation challenges in moha company?



## **1.4. Objective of the study**

### **1.4.1. General Objective**

The general objective of the study was assessing employee's promotional and compensation practices in case of Moha soft drinks industry S.C, Addis Ababa Nifas silk Gotera branch.

### **1.4.2. Specific Objective of the study**

More specifically the objectives of the study were:

1. To assess the perception of employees towards promotional practices in the case of moha company.
2. To assess the perception of employees towards compensation practices in the case of moha company.
3. To analyze perception of employees promotion practices in moha company.
4. To analyze the perception of employees compensation practices in the company
5. To examine the challenges that confront the practices of employees promotional and compensation activities in the case of moha company.

## **1.5. Significance of the study**

This study will help to generate valuable information on promotional and compensation practices on a job satisfaction of the organization i.e. Moha SD plant. The findings of this study are also believed to be useful to concerned stakeholders and other policy makers in getting information for promotional and compensation practices on a job satisfaction

decision. Also, this study was useful for further research as source of information and it is also used us for the partial fulfillment of my master's degree.

## **1.6. Scope of the Study and Limitation of the study**

### **1.6.1 Scope of the study**

Moreover, since the study was conducted in one organization, it is difficult to generalize the study outcomes to other organizations and other sectors. But to make the research manageable the research was delimited to Moha plant Gotera branch. Content wise the study was delimited to investigating the assessment of promotion and compensation practices in Moha SD plant. Thus, it is intended to investigate the existing promotional and compensation practices.

### **1.6.2 Limitation of the study**

Methodologically, the study relied on the responses of the questionnaires and interviews that are filled out and answered by managers and other employees involved in procurement, sales, and technical services.

## **1.7. Organization of the Study**

The study was organized into five chapters. Chapter one discussed the background of the study followed by statement of the problem and continues with the research questions and objectives, the scope, significance of the study and the organization of the study.

Related literature reviews and conceptual framework were covered in chapter two. Chapter three contained the methodology that was used in the study. Chapter four presents, analyzes and interpret the data. Finally, chapter five provides the summary of the findings, conclusions and recommendations.

## **1.8. Definition of Basic Terms**

**Promotion:** is Promotion the advancement of an employee to a higher job involving more work, greater responsibility and higher status. It may or may not be associated with the increment in salary. Promotion is one of the best forms of incentives and it provides higher responsibilities, better salary, and high morale to the employees (Edwin B. Filippo, 1984).

**Compensation:** is the area of human resources management which involves making decisions about pay that are fair, equitable and competitive with current market rates; providing employees with incentives to improve performance; ensuring that benefits packages are cost effective and serve to motivate employees, and making certain that all compensation-related policies and programs comply with government requirements (Hamel, 2008).

**Employee performance:** define performance as the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed. Employee performance can be manifested in improvement in production, easiness in using the new technology, highly motivated workers (Afghan et al, 2012).

## **CHAPTER TWO**

### **RELATED LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter gives a literature review on compensation and promotion practices. It highlights the major issues that are covered in the study. The chapter examines the theoretical and the conceptual framework on the study. An understanding of the subject at hand was drawn from the conceptual framework and the theoretical perspectives were given by the theoretical framework to get further insight into the topic under discussion. Findings by other authors, practitioners and theorists were examined to acquire a better understanding of the topic under discussion.

#### **2.2 Theoretical literature review**

#### **2.3 Compensation**

Compensation can be defined as the sum total of all the rewards that the employers provide to employees for the labor rendered to them (Mondy et al, 1999). Compensation according to Walker (1998) is what an employee is given as a salary, bonus and other benefits such as monetary interchanges that employees get as a result of improved performance. Cole, (1997) further defines compensation as a direct monetary payout and that the constituents of compensation include salaries, bonuses, commissions and wages paid to employees. Financial compensation by character includes indirect monetary compensation like the pension schemes that are not part of direct financial compensation. In addition, non-monetary rewards are inclusive of the job itself and the overall job environment. The provision of equal and fair compensation are the main challenges that companies encounter on issues to do with pay and

salary issues and the services rendered by the employee should be paid for reasonably.

## **2.4 Direct Financial Compensation**

According to Yaseen (2013), direct financial compensation can best be described as a reward given to employees at a regular basis upon work done. These compensations include wages, salaries, commissions and bonuses.

### **2.2.1.1 Pay for Performance**

There are several factors which influence the individual financial compensation; the paramount factor is the employee performance on a specific job. The higher performance yields high employee job satisfaction.

### **2.2.1.2 Merit Pay**

Armstrong (2005) averred that merit pay is established upon the outcomes from performance appraisal. Theoretically, merit pay is defined as pay rise awarded to employees basing on the performance rating revealed in the appraisal. However practically, it is normally an adjustment in disguise of cost-of-living. The employees tend to suffer from high taxes since these merits pay increases are considered as additional to employees' base pay and it is taxable.

### **2.2.1.3 Variable Pay**

According to Marchington and Wilkinson (2005), variable pay is described as compensation given basing on the performance. Bonus is the most common type of variable pay. The bonus can also be referred to as the one-time reward, basically it is not added to the employee's base pay. IPMZ (1999) alludes that from 1988 to date, there was a drastic increase from 58% to 78% of domestic organizations issuing variable pay to its employees. This increase was stimulated by

the increase in domestic as well as international competition, the maintenance of high levels of performance and management of labor costs become essential. The issuing of variable pay ascertains the accomplishment of these factors

#### **2.2.1.4 Time Rates**

The time rates are initiated to give a predetermine rate for specific hours worked by employees, for instances US\$ 2.90 per hour. The time rate is most preferable in a scenario where the pay by result systems is undesirable. Employees will be compensated according to the working hours. This system does not factor in quality and output volume. The system is based upon the assumption that higher base rate will influence employees to put greater effort towards productivity. The merits of using time rates include the fact that the remunerations are fixed and predictable; hence this reduces cases of quarrels over rate fixers and allowances. However, the weakness associated with this system is that it neglects the direct incentives in relation to the effort or results.

#### **2.2.1.5 Skill based pay**

This type of compensation implies that workers are rewarded according to knowledge and skills relating to the job (Mondy et.al, 1999). This belief was taken from the fact that those with knowledge contributes much to the development of the company and the add value to the firm and should be rewarded accordingly. Therefore, the firm will only pay for the skills that are needed. This system is a people-based approach on compensation and not necessarily job-based approach. The main purpose of this skills-based pay is to encourage employees to attain skills that will add value to the company and at the end increases competitiveness. This type of a system is expensive and also it is hard to implement as some of the employees will be paid for the skills that they will not use at the company.

### **2.2.2 Indirect Financial Compensation**

Bateman and Snell (2009) assert that indirect financial compensation can be explained as all financial rewards that are not fused in direct compensation and typically are assumed to formulate the employer-employee social contract. Some scholars came up with a assertions linking indirect financial compensation or benefits and job satisfaction. Employees' benefits can be voluntary or legally acquired, regardless of them being intangible or tangible, Armstrong (2005).

Contemporary writing exploration around this matter shows that indirect financial compensation is much for the enticement of the desired quality of staff. Not just that but also increasing productivity, avoiding basic shortages such as housing and transport facilities, commitment and subsequently employee job satisfaction. All this benefits in fulfilment of workers' needs and job satisfaction by contributing to medical aid requirements, recognition, security needs in old age, assistance with personal issues and problems and also the opportunity to achieve status resulting in job satisfaction, Pinnington and Edwards (2000). However, in this compensation struggle, firms end up investing much towards worker benefit putting themselves in unnecessary uncontrollable costs.

### **2.2.3 Non-Financial Compensation**

Non-financial compensation consists of workers' prospects of promotion, affable co-workers, recognition, career development and task autonomy Lunenburg (2011). In exchange for employee skills, time and effort, many organizations offer non-financial compensation to create the necessary job satisfaction within workers. Jenaibi (2010) asserts that constant levels of employee job satisfaction cannot be created by financial compensation alone. This signals the importance of adopting measures that satisfy a number of workers desires in a workplace. These include good working conditions, the yearning for more satisfactory job security, status, satisfying work, and good social relationships within the workplace. The job and environment are the very notions that workers are more concerned with. In a study at the GMB union of 400 businesses in 17 countries, basic pay was rated 4th for the males surveyed and ranked 7th for the women, Monappa and Saiyadain, (1979). The survey deduced that women felt that it was much better to work for an employer who they respected, to operate in a healthy, clean workplace and having a say in how they perform their duties

### **2.2.3.1 The Job**

According to Yeltan, (2007), some jobs can be so appalling and monotonous and employees feel discouraged to go to work. The ideal situation involves individuals who have jobs that afford them chances to showcase their talents and skills and offer a variety in the job, independence and management feedback and performance appraisals on their performance. Mentally challenging tasks are ideal characteristics in a job. A number of theories mention the job itself a vital cog in the total reward system.

### **2.2.3.2 The Job Environment**

The undertaking of a challenging and difficult job or task in an untidy workplace cannot be pleasing to many people. There are also other factors which contribute to satisfaction of employees' during undertaking daily duties. "These include status symbols, workplace flexibility, work groups or teamwork, favorable working conditions and sound policies" (Sun, 2002). On the same note, there are other cases which are unpredictable which distract employee concentration such as mere crowding, conversations and noise from telephone ringing (Bridger & Brusher, 2011)

### **2.2.3.3 Workplace Flexibility**

The flexibility of working conditions enables families related to employees in coping up with stressful work as well juggling home related activities. Stoney (1999) alludes that flextime includes allowing employees to choose working hours which are favorable to them within certain confines. In an empirical research done by Towers and Perrin, results indicated that about 90% of firms which provides flexible working arrangements as one of their employee benefits experienced a surge in employee job satisfaction (Mondy et al 1999). The paramount objective of flexible working time is to minimize conflicts among job requirements and employee needs. The flextime gives employees leverage to choose working hours which they find favorable and feel



they can perform best. It also boosts morale among employees as well enhance employee job satisfaction.

Unfortunately, flextime is not compatible and favorable to all organizations. It is unfavorable to organizations with limited line operations but can be suitable to firms operating several shifts. Employers have found challenges though with flextime. Supervision, planning and control of workers can prove to be costly and a burden logistically.

## **2.5 Overview of Promotion**

Promotion is a shifting of employee for a job of higher significance and higher compensation. The movement of an employee upward in the hierarchy of the organization, typically that leads to enhancement of responsibility and rank and an improved compensation package (McCausland, Pouliakas, &Theodossiou, 2005).

A promotion can involve advancement in terms of designation, salary and benefits, and in some organizations the type of job activities may change a great deal. It is usually symbolized with a change of job and title. It can be attached with an increase in pay, power, and responsibility. Or, it can also include an increase in freedom or independence, or a decrease in danger or discomfort. It may mean less inconvenience in terms of hours or location for some employee (Curley, Kalesh, &Stefanov,2007).

Armstrong (2009) maintains that a promotion policy could state the organization's intention to promote from within wherever this is appropriate as a means of satisfying its requirements for high quality staff. The policy could, however, recognize that there will be occasions when the organization's present and future needs can only be met by recruitment from outside. Torrington &Taylor (2008) asserts that giving preference to internal recruits, particularly as far as promotion are concerned, has the great advantage of providing existing employee with an incentive to work hard, demonstrate their commitment and stay with the organization when they might otherwise consider looking for alternative employment.

In addition, the practice provides a powerful signal from management to show that existing employees are valued and that attractive career development opportunities are available to them.

Failing to recruit internally may thus serve to put off good candidates with potential from applying for the more junior positions in an organization.

Promotions and career advancement are an important aspect of a worker's career and life, affecting other facets of the work experience. They constitute an important aspect of workers labor mobility, most often carrying substantial wage increases (Blau;Cobb-Clark 2001; DeVaro 2007; Francesconi 2001: &Kosteas 2011) and can have a significant impact on other job characteristics such as responsibilities and subsequent job attachment.Organizations can use promotions as a reward for highly productive workers, creating an incentive for workers to exert greater effort. Promotions are the only effective mechanism for eliciting greater effort if workers place significant value on the promotion itself. Nevertheless, the use of pay increase can induce employee to give off their best.

There can be a constellation of effects that a promotion trigger. A promotion may serve as a formal method to increase wages and responsibilities or may be a mechanism by which workers move along their wage-tenure profiles and firms increase their workers' job attachment. Not all wage increases are necessarily promotions. Francesco (2001) advocated that there must be something about a promotion that makes it different from a wage gain. Furthermore, a promotion may have an impact on other aspects of the job, such as training opportunities, career development, and supervisory responsibilities.

### **2.5.1 Importance and Benefits of Employee Promotion**

A promotion is not only a way to add more responsibilities to an employee but is a major form of boosting employee motivation and morale. This results in high productivity and prevents company from losing its valuable and important employee. There are many benefits and advantages of promoting employee regularly for their efforts, and the following are some of the main ones (Charles Doyle,2011).

1. **Recognizes and improves employee performance, ambition, and hard work:** One of the most important benefits of employee promotion is that it helps organizations to recognize and acknowledge the performance and hard work of employee and thus makes them feel valued. When an employee's efforts are valued, he/she tends to work harder

and tries to improve his/her performance further which in turn works for the business. A promotion also improves the ambition of employee and boosts their passion for reaching their goals as well as the objectives of the organization (Norman A.P 2003).

2. **Boosts motivation and increases loyalty of employee:** An employee who gets promoted tends to feel more inspired and motivated to continue doing the good work, and this is yet another reason why promotions are so important. This increase in motivation which leads to better productivity and performance that in turn works in the favor of the organization. Moreover, a promotion also improves and increases loyalty among the employee since they tend to feel a sense of belonging in the workplace and start thinking in its favor (Frank William Jefkins, 1985).
3. **Encourages retention:** When the right talent is identified by the management and timely promotion is practiced, the deserving and skilled employee may not be forced to leave the workplace. This improves the retention of the skilled and talented employee and thus benefits the workplace even further. By retaining top level workers and employee, organization prevents the need for hiring new talent and then grooming them all over again, thus saving time and money (Arthur berger,2013).
4. **Develops competitive spirit at the workplace:** When the better team person gets promoted, the other team members may be charged and motivated to perform better than them, and this helps to develop a healthy competitive spirit at the workplace. This kind of a spirit is good for an organization since it promises good performances all around and hence an overall improved productivity (Fair child Rona Ostro,2009).
5. **Grooms leaders for the future:** Once the management decides to promote employee for their hard work, they are basically recognizing talent and finding future leaders. This identification of future leaders enables them to groom employee for the future and makes them explore their skills and talent further. Grooming leaders for the future is beneficial for the organization and helps to improve the overall productivity (Filip Kotler, 1967).
6. **Reduces employee resistance and discontent:** If employees go on working hard without any appreciation, praise or appraisal, a sense of discontent and resistance may crop up,

and this may not be good for the organization. This can even make their performance go down, hence proving negative for the company. But internal promotion can help to reduce employee resistance and discontent. (work.chron.2016)

### **2.5.2 Promotion Practices**

According to Armstrong (2009) the aims of the promotion procedures of a company should be, first, to enable management to obtain the best talent available within the company to fill more senior posts and, second, to provide employee with the opportunity to advance their careers within the company, in accordance with the opportunities available (taking into account equal opportunity policies) and their own abilities.

### **2.5.3 Perception of Promotion Practice**

Perception of promotion practice refers to employees' feelings towards the fairness and unbiased of the practice. The issue of promotion is very sensitive in any organization and, as such, it is expected that it should be treated with the high standard of professionalism by those who have the responsibility to either confer or not-to-confer promotion unto a candidate. Promotion or advancement would have taken place if an employee advances or progresses to a higher position in an organization (Garbers, 2001).

However, in most cases, employees are regularly evaluated through internal processes by their superiors or assessors before any advancement or progression could transpire. With regard to applicants applying externally, the promotion exercise may not be too problematic. However, with regard to internal promotion, this may be problematic for various reasons. An internal applicant for promotion is already an employee of the company and must have been involved in various issues that would probably impact on whether he should be promoted or not. Being an insider, the applicant is already contaminated in one way or another.

In any organization where there are frequent promotional moves and where promotion arrangements cause problems, it is advisable to have a promotion policy and procedure which is known to both management and employee and this procedure should take full account of equal opportunity policies (it is often incorporated unequal opportunity policy statements). The basic points that should be included in such a procedure to have a better perception of employees are:

1. It should be considered the sense that policy should be applied uniformly to all employee irrespective of the background of the persons,
2. It should be fair and impartial. In other words, it should not give room for nepotism, favoritism etc.,
3. Systematic line of promotion channel should be incorporated
4. It should provide equal opportunities for promotion in all categories of jobs, departments, and regions of an organization
5. It should ensure open policy in the sense that every eligible employee should be considered for promotion rather than a closed system which consider only a class of employee
6. It should contain clear cut norms and criteria for judging merit, length or service, potentiality etc.
7. Appropriate authority should be entrusted with the task of making final decision
8. It should contain promotional counseling, encouragement, guidance and follow-up regarding promotional opportunity, job requirement and acquiring the required skills, knowledge etc. it should also contain reinforcing the future chances in the mind of rejected candidates and a provision for challenging the management's decision and action by employee or union within the limits of promotion policy.
9. Promotion vacancies should be notified by the HR department to all.
10. Vacancies should be advertised internally.
11. Departmental managers should not be allowed to refuse promotions within a reasonable time unless the individual has been in the department for less than, say, one year, or the department has recently suffered heavy losses through promotions or transfers.

12. Promotion opportunities should be open to all, irrespective of race, creed, sex or marital status. An affective or emotional component (the feeling that accompanies the cognition). Adolphs and Damasio (2001) argue that cognitions are easier to separate from affect in theory than in practice, but isolating the two components conceptually does not deny their close connections (Judge et al., 2009). However, Judge and Klinger (2008: 396) state that “Cognition and affect concepts can help us better understand the nature of job satisfaction, but they are not substitutes for job satisfaction any more than the accumulated body parts of a cadaver substitute for a living human”.

## **2.6 Factors Affecting Compensation System**

Compensation can strongly be affected by several internal and external factors. According to Durai, (2010) from the perspective of the employer, the factors that determine how much compensation is to be paid out to the employee are:

### **External Factors**

**Macroeconomic situation:** The overall macroeconomic situation where in the state of the economy of the country in which the firm is situated plays a major role in determining the compensation to be paid. This is a direct result of the linkage between firm performance and the performance of the economy.

**Demand and supply of labor:** it is one of the important factors affecting wages. If the demand of labor is more, they will be paid high wages otherwise vice versa. If the supply of employees is more, they will be paid less and vice versa. As it is stated by Judge & Bretz (1992) the labor market conditions or supply and demand forces operate at the national, regional and local levels, and determine organizational wage structure and level. If the demand for certain skills is high and supply is low, the result is a rise in the price to be paid to these skills.

The other alternative is to pay higher wages if the labor supply is scarce; and lower wages when it is excessive. Similarly, if there is a great demand for labor expertise, wages rise; but if the demand for manpower skill is minimal, the wages will be relatively low. Phi supply and demand compensation criterion is very closely related to the prevailing pay, comparable wage and ongoing wage concepts since; in essence, all of these remuneration standards are determined by immediate market forces and factor.

**Cost of Living:** Another important factor affecting the wage is the cost-of-living adjustments of wages. This tends to vary money wage depending upon the variations in the cost-of-living index following rise or fall in the general price level and consumer price index. It is an essential ingredient of long-term labor contract unless provision is made to reopen the wage clause periodically.

**Labor union:** labor union also helps in paying better wages to the workers. Higher wages have to be paid by the firm to its workers under the pressure of the trade unions.

**Government Regulations:** In order to protect the working class from wage exploitation by strong employers, the government enacts various laws and judicial decisions. Such laws and regulations affect compensation management. Because, they emphasize on minimum wage rate, overtime rate, working hours, equal pay for equal work, payment of bonus, etc. So, an organization has to design its pay system as per the government rules and regulations.

**Inflation:** Compensation is concerned with an overall return that an employee obtains from the organization for rendering contributions towards organization objectives. Therefore, the payment should be adequate to maintain the cost of living of the employees. Hence, the employer should manage compensation by viewing the cost of living of each individual and should adjust with the increase in the cost of living.

## **Internal Factors**

**Ability to pay:** it depends upon the employer's ability to pay wages to the workers. This depends upon the profitability of the firm. If the firm is marginal and can't afford to pay higher than the competitors, then the employees will go to other firms; while if the company is successful then they can easily pay their employees as they wish.

**Organizational Provisions:** Organizational provision states that the level of compensation largely depends upon organizational operating policies and procedures. It is because the policies serve as a guideline for formulating and implementing compensation plans and programs. Moreover, organizational regulations, plans, objectives, etc. also affect the level of pay.

**Organizational Positions:** The position of the organization is determined by its productivity, for example, if the productivity of the worker is high, it assesses itself as a higher position. As a result, the compensation system is determined at a higher level. In contrast, lower productivity tends to result low wages/salary rates.

In addition, the position of the company in the business cycle often determines how much the company is willing to offer to the employee. At a start-up company would pay more because of the need to get the best possible talent into the company. Further, many startups give their employees Employee Stock Option Plans wherein the employees can redeem their stocks after the lock-in period.

**Productivity of Workers:** Another factor of compensation management is the productivity of workers. This is the new concept of linking pay with employee performance. Highly productive workers are got high compensation as compared to less productive workers.

**Job Analysis and Evaluation Report:** Job analysis is a method through which necessary information about the contents and the contexts of the job is made available to determine the value of each job. The job evaluation is a process of determining the value/worth of a job so that a payment system can be specified. Job analysis and job evaluation determine the relative worth a job which ultimately assist for compensation management. Hence, it is regarded as an important factor of compensation management.



**Top Management Philosophy:** Wage rates to be paid to the employees are also affected by the top management's philosophy, values and attitudes. As wage and salary payments constitute a major portion of costs and /or apportionment of profits to the employees, top management may like to keep it to the minimum. On the other hand, top management may like to pay higher pay to attract top talent.

**Urgency of the firm:** Urgency in filling up the position plays an important role in determining how much the employer is willing to pay the employee. In many cases, if the time to get employee on board is less, staffing managers along with the line manager in charge of hiring the employee might decide to pay more, as they want the employee to come on board as quickly as possible.

## **2.7 Empirical Literature review**

In spite of the above theoretical recognition promotion and compensation practices challenges, there are different studies which describes about promotion and compensation practices. In this section, an attempt is made to assess the empirical studies conducted by different authors.

Eman Fuad in his assessment of compensation and Benefit package practice in Ethiopian Road Authority ( July 2010), he found that there is no employees discussion in preparing compensation plan in organization not only this even the employees don't know from where they can get information regarding the compensation plan of the organization. Employees are unsatisfied with the current monetary incentive's bonus and so on.

In general, his finding shows that satisfaction level of employees with the existing remuneration system of the organization is limited in case of salary. This means employees may not stay in the organization for long period of time and this may not lead to increase turnover and absenteeism of the organization. He also recommends that the company attention should be given for improvement in area of existing remunerating system to increase the level of satisfaction of employees; the organization could be able to allocate appropriate remuneration system for satisfaction of employees and also he recommend the organization

should administer the salary scale fairly based on the responsibility they have qualified and relevant year of experience to retain and motivate employees for higher performance.

Another thesis conducted by Bililign Lemma (2012) assessment on employees benefit package and turnover intention in the case of Dashen Bank his finding demonstrated that the promotion and benefit package of the company is not enough to cover the basic need of its employee and their families. Moreover, his study also established that the benefit package of the company is lower than similar and different company to cover the needs of its employees. Finally, he concluded that for all Dashen Bank and other similar industry in general to use a flexible benefit package on their policy and program and redeployees" turnover intension. Binyam (2015) St. Mary University, assessment of compensation Management practices the case of Ethio telecom. His findings revealed that many aspects of the compensation management practices of the telecom are exercised poorly. Due to this reason he found that the existing practice of the telecom fails to satisfy the needs of the employees and it makes the employees less motivated and dissatisfied in the telecom to work for long period service time. Eventually, he recommended that telecom should focus on provision of appropriate compensation for its employees, review its pay systems, redesign the compensation strategy, establish and introduce communication channel and to make need assessment of the compensation policies.

Gashaw (2014) St. Mary University School of Graduate, compensation management practice of ORYX International PLc., the researcher noted the importance of compensation management and he emphasized that compensation enables us to differentiate between our remuneration strategies and those of our competitors while still allowing flexibility, control and cost effectiveness. It provides a tool set for strategic remuneration planning that reflects our organization culture and payment strategies.

In his findings and conclusion, the ground work for the compensation will be developed when the organization has a systematically developed compensation system and considers it to be a steering instrument in order to efficiency, effectiveness and to reach company goals. In an organization environment where there is no carefully developed compensation system, it may be difficult to establish the ground work of compensation system. Thus, he argues that all

companies widely use organizational reward, but team reward, and individual rewards are rarely used in all companies when performance is achieved result.

Simachew Amare (2014) Mekelle University College of Business and Economics Department of Management, Human Resource Development Practices and Challenges in Public Sector: Evidence from Selected Regional Public Sector Bureaus in Tigray Regional State, Ethiopia. The researcher found out that as the results proved the sector bureaus were not in a good track in practicing training and development, career development, organizational development and performance appraisal. The finding also indicated that the sector bureaus were not in a position to doing personal analysis and confronted with the variety of challenges in the

Practice of HRD. Generally, based on the findings the sector bureaus did not have good HRD system. To minimize problems in the practice of HRD first and foremost, in the sector bureaus, HR should get due attention since it is an engine for other resources. In Meeting HR need, the HRD practices should also focus on career development and post training evaluation should be exercised in order to increase the effectiveness of the program. Moreover, to overcome the challenges of HRD practice there is a need for skilled human and financial resources, to differentiate high and low performers by using performance criteria and providing the necessary technical and interpersonal support to make HRD process more sustainable.

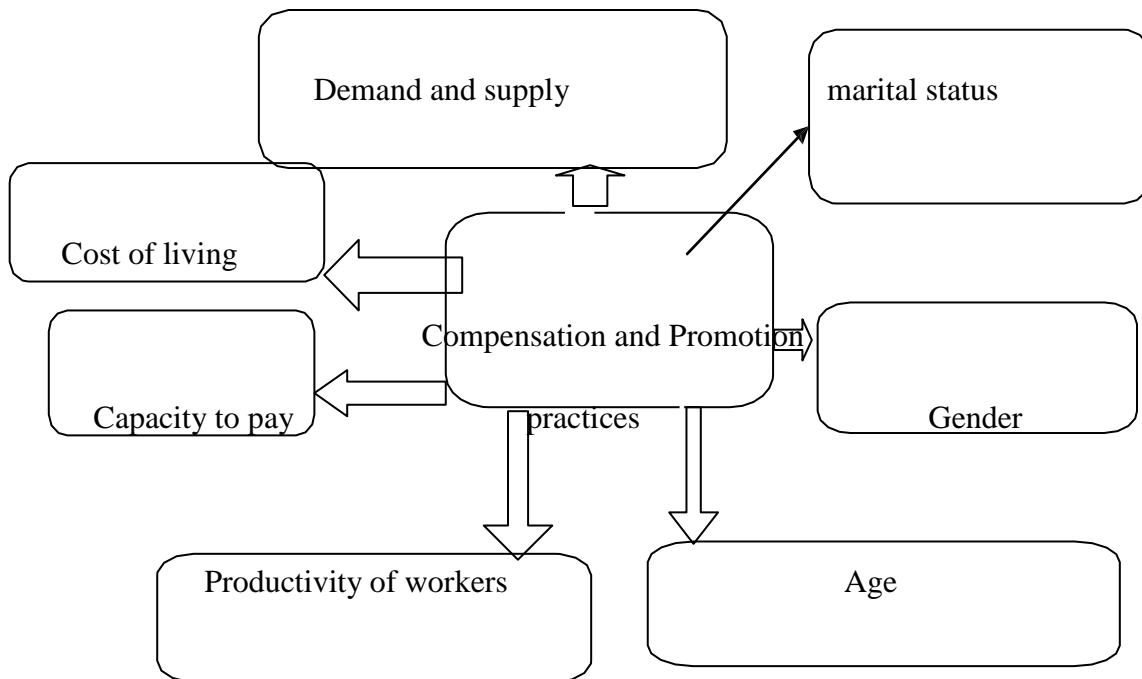
As it is stated by Dr. Ponduri SB and Dr. Aravind Soudikar International Journal of Trend in Research and Development, Vol. 3(2), ISSN: 2394-9333: [www.ijtrd.com](http://www.ijtrd.com)), which is a case study of commercial banks in Dessie Town, employees perception towards current compensation and benefits are unfair, not distributed between supervisor and clerical employees. Employees are not participating in compensation and benefits decision and also the compensation system not communicated to employees.

A research conducted by Ahmed Kelil (2010), AAU in partial fulfillment of MBA, Employees Perception Towards promotion the case of some selected Government Higher Education Institutions in Addis Ababa: the researcher found that many employees believe that the current promotion is not adequate and let them to cope with ongoing cost of life. The respondents claimed that the promotion should be reviewed and designed taking into account factors in the external environment including the market condition, nature of the jobs, other organizations, government regulations and the internal environments for the values of the job grades through job analysis. The current promotion and benefit packages are not periodically updated and evaluated for effectiveness. Furthermore, the existing benefits are not well communicated to employees.

The researcher has got the research gap from the literature review in that most of the researches made before in Ethiopia under this study were under explored way or has a population gaps on getting relevant information more example Dagne Memberu 2018 St. Mary's university, Takele bersia Jimma University 2015 and others .oncerning this point the current researcher has taken a full population as a sample size in order to get relevant and accurate information as a company to provide an effective remedial for the problem that has been occurred. This helped the current researcher to get further finding not little finding. Thus, this study is aimed at assessing employee promotion and compensation activities that enhance motivation of MOHA company based on the current practice.

## 2.7 Conceptual Frame work of the Research

The following conceptual framework for the study was used. Promotion (Promotion practice perception, promotion and expectation of promotion), compensation practice is the



*Figure 1: Determinants of promotion and compensation*

Source: Related Review of Literature

## CHAPTER THREE

### 3. RESEARCH METHODOLOGY

This chapter describes the methodology by which the research was conducted. The research approach and design, sources of data, sample size and sampling techniques, methods of data collection and analysis are discussed here under.

#### 3.1 Research Approach and Design

This study used descriptive research design to examine the study; This research design is classified as descriptive research attempts to describe systematically a situation, problems, phenomenon, service or program, or provides information about, say, the living condition of a community, or describes attitudes towards an issue Ranjit Kumar (2005).

Accordingly, the research employed mixed research method. The reason why the researcher employed a mixed research method is to generate a comprehensive information. For instance, the qualitative data related to employee's satisfaction with the current compensation, the perception of employees with the internal and external competitiveness, to assess the effect of demand and supply on compensation. Besides, the qualitative part is used to generate data how compensation affects a person economically, socially, and psychologically, because a person's earnings serve as an indicator of power and prestige. As it is stated by Burns and Grove (2003), qualitative approach as "a systematic subjective approach used to describe life experiences, uniqueness of individual and situations to give them meaning".

On the other hand, quantitative approach is used to generate data on the idea of the majority which might be difficult to generate using qualitative approach. Then, this might help to generalize the findings.

## **3.2 Sources of Data**

To have tick and reliable data, both primary and secondary data were used in this study. The detail of these sources was presented as follows.

### **3.2.1 Primary Data**

Firs hand information or the data from directly involved personnel raised the tangibility of the research undertaken. Thus, primary data was conducted from research informants through questionnaire and interview. These sources are all employees in MoHA SD Gotera plant. Moreover, department heads and other managers also considered as primary data sources which will be contacted through interview.

### **3.2.2 Secondary Data**

Additional data was obtained by examining various documents, annual reports, research reports, books and journal articles. In order to understand the study area, subject matter and background of the research, secondary data was collected. This type of data helps the researcher to understanding the topic and to make triangulation with primary data.

## **3.3 Target Population**

Target population comprised of 198 employees. All workers participated in the process of data collection. In a deliberate attempt to encompass and represent all age groups, gender and hierarchical levels, the researcher used all employees as data providers. Elements of overall compensation, non-financial compensation, direct financial compensation, indirect financial compensation and promotional practices were the main focus of this study in MoHA Gotera plant.

## **3.4 Sampling Method.**

Dowson (2002) asserts that a sample is a percentage or segment of the population. A (full sample) meaning all the workers at MoHA Gotera plant was incorporated in the sample. The researcher picked a full sample population after assessing conditions on the ground. This was done basing on



Gall and Gall (1996) assertion that in cases where other techniques like random sampling may be inadequate to articulate the major elements; judgmental sampling may be the best method to use.

### **3.5 Data Collection Instruments**

Both quantitative and qualitative data were collected using different data collecting instruments. Among these, questionnaire, interview, and documentary analysis were employed to collect primary and secondary data.

#### **3.5.1 Questionnaire**

For this study, questionnaire is the important data collecting tool. It aimed at getting sufficient primary data. Both open-ended and close-ended item was prepared employees. The questionnaire is selected not only because it is the most common data gathering tool, but also it helps to collect a great deal of information within the time limit and help to reach large group of research subjects. Likert scale types of questions and other form was included in the questionnaire.

#### **3.5.2 Interview**

The other instrument was used for the collection of primary data for the study is an interview. Hence, semi structured interview was used in the process of data collection. It is helpful to supplement the information gathered, through other instruments, as well as for the clarification of some unforeseen information. Consequently, a face-to-face communication was held with department heads and some other employees who are selected purposively because of their experience in the area.

#### **3.5.3 Document**

In addition to the above instruments of data collection, document analysis was used to gather secondary data. Therefore, reliable information was gathered from documents, like annual reports, research reports, books and journal articles.

### 3.7 Pilot Testing

Test of validity and reliability are discussed as follows.

#### Reliability and Validity

Reliability refers to consistency of the measuring instruments. So, pretest was very necessary to examine the reliability. The pretest run with the group of respondents used to find problems in the design of a questionnaire (Zikmund, 2010).

In order to test the questionnaire used for this study, it was first handed out to 15 respondents to evaluate the consistency of promotion and compensation practice to all the items delineated in a measuring instrument. Cronbach's alpha, was calculated for 15 respondents using SPSS software and the result is depicted on the following table and the data collection tool is reliable. Due to the result of the pilot test sample, Cronbach Alpha values for 15 items were greater than 70%, which proved that the high reliability of the questionnaire.

**Table 3.2: Pilot Sample Reliability Test Result**

	Description	No. of tested	Tested resp. in %
Cases	Valid	15	100.0
	Excluded	0	0.0
	Total	15	100.0
Cronbach's alpha		0.778	

Source: Survey Questionnaires, 2021

Validity is the extent to which the construct measures what it says it is measuring. It would not be a valid test, if it didn't measure what you thought it didn't even though it was a high reliable test.

Then, test being conducted should produce data that it intends to measure, i.e., the results must satisfy and be in accordance with the objectives of the test.

### **3.8 Ethical Consideration**

Ethics is the crucial and very important issue in conducting the research. According to Creswell (2009), research is collecting data from people, about people. Therefore, the researcher had briefed to the respondents about the study objectives and they were also fully aware of every data obtained from them have been kept confidential and are used only for this research purpose. Anonymity of research subjects has been diligently maintained in the course of the research process. Unnecessary change and adjustments have not been practiced by the researcher. Therefore, all sources were duly acknowledged.

### **3.9 Techniques of Data Analysis**

Data gathered from employees through questionnaire were checked, refined, organized, tabulated and put in frequency, statements and percentage in using SPSS software.

In the same way in the analysis strategy, qualitative data are segmented, categorized, summarized, and reconstructed in a way that captures important concepts.

Subsequently the qualitative data obtained through in-depth interviews has been discussed/treated in combination with the data secured through questionnaire and also with the information obtained from different sources. This approach helped the researcher to present major findings and saw whether the findings are properly addressed the research questions. Furthermore, cross-checking of qualitative data with quantitative data helps to minimize biasness.

On the other hand, this approach is believed to be easier for readers to locate the data generated by the two approaches. Cross-checking of qualitative data with quantitative data is done, just to on the other hand, this approach is believed to be easier for readers to locate the data generated

by the two approaches. Cross-checking of qualitative data with quantitative data is done, just to minimize biasness.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

As indicated in the preceding chapters, this research study attempted to examine the practices of promotion and compensation practices in Moha Soft Drink S.C Gotera branch. Under this chapter data gathered through survey is analyzed and interpreted.

#### 4.1 Background Characteristics of Respondents

In general, 198 questionnaires were distributed to the research participants. Out of these questionnaires 184 (90.9%) filled out and returned. all the plant workers were participated as data providers. All the groups of participants of the plant were asked to indicate their personal information in the questionnaire. Their responses were summarized as follows.

**Table 1. Respondents Characteristics**

S. N	Variables	Type	Frequency	Percent
1	Gender	Male	107	58
		Female	77	42
<b>Total</b>			184	100
2	Age group	20-25	<b>18</b>	10
		26-30	<b>58</b>	32
		31-35	<b>36</b>	20
		36-40	<b>52</b>	28
		Above 41	<b>18</b>	10
<b>Total</b>			<b>184</b>	<b>100</b>
3	Qualifications	Diploma	<b>95</b>	52
		B. A	<b>73</b>	40
		MA	<b>4</b>	2
		12+2	<b>3</b>	2
		10 <sup>th</sup> complete	<b>4</b>	2
		Other	<b>5</b>	3

	<b>Toata</b>		<b>184</b>	100
4	Work Experience	0-3	<b>26</b>	14
		4-7	<b>59</b>	32
		8-11	<b>40</b>	22
		12-16	<b>33</b>	18
		17 and above	<b>26</b>	14
<b>Total</b>			<b>184</b>	100

Source: Own Survey 2021

Referring the above table (Table1) from a total of 184 respondents, 107(58%) were male while 77(42%) were female. we can also see that out of the total respondents that 88 respondents (48%) were in the age group of 30-40 years. 76 (42%) were between the age group of 20-30 years. The rest 18 (10%) were above the age of 41 years. As a result, it is possible to say that more than half of respondent are between the age group of 20-40 years. With respect to the respondent's highest level of qualification, 95(52%) respondents were College Diploma holders, 73(40%) respondents have BA Degree and only 4(2%) respondents have MA degree. Therefore, in Moha Soft Drink S.C Gotera branch the majority of the respondents are educated to a level of Diploma. The above table also depicts work experience that respondents have in the plant. From the total respondents, 59 (32%) have been working in the factory between four to seven years, 73 (40%) have between eight to sixteen years' experience, about 26 (14%) have more than seventeen years' experience, Thus, majority of respondents have eight to sixteen years' length of service.

#### **4.2 Practices of Promotion and compensation**

On the first part of the questionnaire respondents made to reply on the presence of effective job promotion and compensation in Moha Soft Drink S.C Gotera branch. Hence, their responses were presented in the following table.

**Table. 2. Practices of Promotion and Compensation**

S.N	Item	Alternatives	N	%
1	Is there effective promotion and compensation practice in your company (MoHA Plant)?	Yes	125	68
		No	59	32
<b>Total</b>			<b>184</b>	<b>100</b>

Table 2 above, deals with the presence of job promotion and compensation practice in Moha Soft Drink S.C Gotera branch. Thus, majority 125 (68%) of respondents replied that there is job promotion and compensation practices. In contrast 59 (32%) of respondents disconfirm the presence of job promotion and compensation practice in the plant. Those who replied saying “no” reason out that the practice is not participatory and has no clear direction.

#### 4.3 Level of Compensation, promotion and understanding of these issues

The levels of compensation, promotion and understandings practice in the plant have been assessed by questionnaires presented for respondents. The detail is presented as follows.

**Table 3. Level of Compensation, promotion and Understandings of respondents**

S.N	Items	Alternatives	N	%
1	How do you rate the level of job compensation practice in MoHA SD?	High	61	33
		Medium	68	37
		Low	55	30
<b>Total</b>			184	184
2	How do you rate the level of job promotional practice in MoHA SD?	High	52	28
		Medium	103	56
		Low	29	16
<b>Total</b>			184	184
3	To what level you understand the practice of promotion and compensation in your company?	High	22	12
		Medium	132	72
		Low	30	16
<b>Total</b>			<b>184</b>	<b>184</b>

Source: Own Survey in 2021

As it is indicated in the table above on ques. number 1, respondents presented to rate the level of job compensation practices in MoHA SD. Thus while 68 (37%) of them replied that the compensation practice at medium level, 61 (33%) of the rate it at high level. significant number 55 (30%) of respondents rate the practice of compensation at low level.

Concerning the level of job promotion practices majority 103 (56%) of them rated at medium level. 52 (28%) of respondent's rate at high level while 29 (16%) them rate at low level.

Regarding the level of their understanding on the practices of promotion and compensation in their company, majority 132 (72) them testify that their understanding at medium level. Only 22 (12%) of them rated at high level, while 30 (16%) respondents' rates at low level.

In general, as one can understand from the information presented the practices of compensation and job promotion is not at the level of bringing employee satisfaction in their daily career.

#### **4.4 Understandings of Respondents towards the Practices of compensation and promotion in Moha Soft Drink S.C Gotera branch**

This part describes the finding of the respondent's understandings towards the current promotion and compensation practice of the plan. Descriptive statistics is done in the form of mean and standard deviation for nine dimensions and it is presented in the following table.

**Table 4. Mean and standard deviation on measurement of compensation and promotion practices of respondents**

<b>No.</b>	<b>Variables</b>	<b>Mean</b>	<b>S.D</b>
1	There is Provision of training and development	2.13	0.94
2	Availability of career Development opportunities	2.25	0.95
3	Practice of performance management	2.31	0.86
4	Provision of compensation and benefit	2.51	0.88
5	Availability of financial reward system	2.49	0.95
6	Practice of recognition and appreciation	2.03	0.94
7	Condition of work life balance	2.44	0.95



8	My salary is equivalent to the work I do	2.52	0.89
9	My salary is above the average employee in similar company	2.43	0.93
	Over all mean and Std. deviation for perception of respondents towards the compensation practice of the Plant	2.35	0.92

*Source: Own Survey of 2021*

As one can see from the above table the mean amount shows 2.35 for the promotion and compensation practice of the factory as being fair and impartial. This implies that majority of respondents have reservation on the promotion and compensation practice of Moha Soft Drink S.C Gotera branch.

The mean of respondents showed 2.13 when employees were asked about the provision of training and development by the plant. This revealed the respondents are not clear with the MoHA training and development practice that enables them for promotional purposes.

With regard to the respondent's agreement with bases that in MoHA Availability of career Development opportunities promotion selection, the mean showed a point of 2.25. This implies that majority of the respondents doesn't agree with the plant provision of career development.

Regarding the practice of performance management, the respondents' response mean score showed 2.31. This confirms that there is no such well-organized practice of performance management practices in the company.

In similar way, when respondents asked about the presence of compensation and benefit, they were rated at 2.51. Hence, the provision of compensation and benefit in MoHA Gotera branch is not at the expected level. As it was seen from open ended question response, compensation and benefit provision is not regular and based on the performance of employees.

Regarding the availability of recognition and appreciation practices the respondents mean score is 2.03. This confirms that the practices of recognition and appreciation in MoHA Gotera branch are at low level.

The respondents mean showed 2.44 point for the condition of work life balance. This implies majority of the respondent believe that the condition of work life balance is on the position of supporting the production of the company as well as the socio-economic life of the employee.

With regard to the equivalence of the work they do and the salary they earned the mean score result is 2.52. This shows the employees in the MoHA Gotera branch did not believe the salary they earned is not balance with each other.

Concerning the good or more payment of salary for employee in MoHA and other similar company, the respondents' response mean score is 2.43. This indicates that employee believe that the payment made by MoHA is not better than similar company.

**Table 5. Respondents' Deep measurements on promotion and compensation practices in the company.**

S. N	Variables	Mean	SD
1	Opportunity to use my skills and abilities is a source of compensation	2.84	0.96
2	Job specific training is a source of my promotion	2.81	0.97
3	Career development opportunities is a source of promotion in the company	2.92	0.70
4	Performance management is the source of promotion	2.88	0.81
5	Promotion and compensation practice of the plant has no impact on my decision to stay or leave the plant.	3.47	0.69
6	The current promotion practice of the plant secures my career development needs.	2.48	0.64
7	I have been promoted timely during my stay in the plant	2.43	0.58
8	I am satisfied with the overall compensation practice of the plant.	2.36	0.97
9	Compensation by plant to employees is better not only to me but also for others.	2.07	0.88
10	I believe that compensation by the plant shows a regular development to the plant.	2.17	0.48
11	All employees are fully promoted by the plant on career development	2.29	0.78

	Over all mean and Std. deviation of Promotion and Compensation Practices in the Plant	<b>2.67</b>	<b>0.77</b>
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*Source: Field survey 2021*

The above table deals with the relationship of promotion and compensation practice and job satisfaction of employees. Thus, respondents presented eleven serious questions to show their opinion on effects of promotion and compensation practices on employee job satisfaction.

The overall mean score of respondents on the assessment of compensation and promotion practice is 2.67. This informs us that respondents have reservation on the practices of promotion and compensation that enables to drive promotion and compensation in the company.

On the first-place respondents asked as they have opportunities to use their skills and abilities that helps them as source of compensation. The mean score results of the respondents are 2.84 that implies they have no opportunities to use their skills and abilities in their daily duty in the company.

Regarding the measurement of job specific training and employee promotion the mean score of respondents is 2.81. This means the provision of job specific training by the company is below the expected level.

When asked to rate career development opportunity in MoHA is a source for job promotion, the mean score result of respondent is 2.92. This shows that the provision of career opportunity in the company is at medium level.

Respondents asked to rate performance management practice in the plant are the source of their promotion. Thus, the mean score result is 2.88. This is also showed that performance management is rendered at medium level.

Regarding the deep measurement between Promotion and compensation practice of the plant to impact employees' decision to stay or leave the plant, respondents' mean score is 3.47. This confirmed that the current promotion and compensation practices of the plant have a retention of employee in negative manner.

When respondents asked the current practices of promotion to secure their career development, the mean score of the response is 2.48. This shows that the current promotion practice in the plant is not at the position of securing employees' career development.

Come to the timely promotion in the company, the mean score result of the respondents' is 2.43. This mean that there is no agreed up on timely promotion practice in Moha Soft Drink S.C Gotera branch.

Concerning the regular development of compensation in the company, respondents' mean score is 2.17. This confirms that compensation practice in the company is not developed regularly. This directly dissatisfies the employee that made them not to work from their heart.

As it can be seen from the last question in the table presented for respondents, they made to respond the success of all employees on career development and the mean score result is 2.29. This confirms that employees of MoHA Gotera branch are not succeeded on the career development rendered by the company.

In general, though the practices of compensation and promotion of the rate is at low level Hence, to make a desired change there should be detail plan and commitment to address the issue.

#### **4.5 Challenges in delivering proper employees' Promotion and compensation in the company**

Promotion and compensation activities in a given organization could be confronted by different challenges. Identifying and taking a corrective measure can enable the organization to satisfy its employees which would increase its productivity. Thus, the researcher presented a serious of questions to respondents to rate their opinion about the challenges in MoHA Gotera Branch on its delivery of promotion and compensation practices.

**Table 6. Challenges in delivering proper employees' Promotion and compensation**

S.N	Variables	Mean	SD
1	Lack of willingness from the company leaders confront the job promotion and compensation in the plant	3.56	0.40

2	Absence of effective human resource practice challenges the implementation of comp. and promotion practice	4.01	0.63
3	The company policy and directives is the cause for ineffectiveness of the practice	3.78	0.66
4	Poor exchange of information	3.69	0.89
5	Shortages of necessary inputs	3.15	0.88
6	Lack of modern management system	3.45	0.76
7	Absence of performance appraisal	4.04	0.68
	Over all mean and Std. deviation on challenges of promotion and compensation practices	3.67	0.70

*Source: Field Survey*

Table six above deals with the challenges that confront the proper delivery of employees' promotion and compensation in MoHA Gotera branch. Thus, on the first-place respondents replied lack of willingness by company leaders is a challenge for employee promotion and compensation with mean score of 3.56.

Regarding absence of effective human resource practice in the plant, respondents indicated that it is a challenging factor with mean of 4.01. This mean Absence of effective human resource practice in the company could be a major challenge that confronts the roper practices of employees' promotion and compensation activity.

Came to the company policy and directives as a cause for ineffectiveness of employees' promotion and compensation practices, respondents mean score is 3.78. This confirms that the existing directives and policy of the Company is a challenging factor. Poor exchange of information 3.69, shortages of necessary inputs 3.15, lack of modern management system 3.45 and absence of performance appraisal in the company are rated as challenging factor in the provision of compensation and promotion practices.

#### **4.6 Summary of Open-Ended Questions**

Based on the presented openended question together with rating scale type, respondents replied on the practices of promotion and compensation. Thus, the main points of their responses are summarized as follows.

- There are plans of promotion and compensation in the plant which displayed during the mass discussion with employees.
- The job promotion and compensation practice in the company is not continues and participatory by its nature.
- Though there is provision of compensation on some work areas, the practice is not covered all work units in the company.
- Lack of continues and objective based promotion practice, partiality of its practice and unwillingness of some managers to implement effectively are some of the challenges that confront the practice of promotion and compensation
- The promotion process and practice are not clearly defined and communicated to all employees.
- There must be grievance handling system in relation to promotion and compensation in the company practices.
- The company needs to implement the employees' promotion and compensation benefits so as to satisfy them.
- There should be timely discussion with employees regarding their benefits.

## **5 SUMMARY, CONCLUSIONS AND RECOMMENDATION**

Under this chapter, the overall summary, conclusions and recommendations forwarded by the researcher are presented consecutively.

### **5.1 SUMMARY**

It is an undeniable fact that in recent times many companies have come to the understanding of the importance of the role of employee promotion and compensation practices. The general objective of the study was assessing employee's promotional and compensation practice in the case of Moha soft drink plant, Addis Ababa Nifas silk Gotera branch. Based on the analysis made the following main points were drawn:

1. The overall understandings of respondents towards the promotion and compensation practice of the MoHA Gotera branch in terms of being fair, impartial, transparency and uniformity shows that the majority of the respondents have displeasure in their perception towards the promotion practice of the company.
2. The reaction of the respondents towards the promotion opportunities in the MoHA entails that the majority of the employees feel that they are not happy with the current promotion opportunities.
3. The study also indicated for all dimensions under promotion and compensation a mean of 2.47, which shows the promotion and compensation level of respondents as being below average one.
4. Absence of effective human resource practice, ineffectiveness of the company police and directives, poor exchange of information, lack of modern management and absence of performance appraisals were the main challenges that confront the practices of promotion and compensation practices.

## **5.2 Conclusion**

In light of the findings, the following conclusions were drawn. There is no doubt that well practiced promotion and compensation have a valuable asset to the company and thereby increases the employees' performance by providing necessary information about their progression.

For any organizations to be successful, having employee's retention has a paramount importance. Because organizations will be efficient if and only if their employees are satisfied and this can happen among others through having an efficient promotion and compensation practice system that always considers and meets employee's expectations to get the best out of employees.

The finding showed that the total assessment of understanding of employees towards the promotion and compensation practice of the company as being irregular and dissatisfying. Likewise, the results revealed that employees were not satisfied with the current promotion opportunities in the company.

Furthermore, the result of this study suggests that promotion and compensation practice is very important factors that the company needs to focus on to keep employee more satisfied. Neglecting this factor could causes to build demotivated employees which are subject to lower performance, lower commitment, and lower motivation or even worse to leave the company. In conclusion, the major findings of this research show that promotion and compensation practices in the company are not well.



### 5.3 RECOMMENDATIONS

It is the concern of company leaders to create favorable condition for the good implementation of promotion and compensation in the organization. Taking the findings of this study and conclusions made into account, the following recommendations were forwarded to the concerned body and stakeholders.

- Assessments need to be done to know the employees' means of promotion and compensation practices, so as to provide the identified positive employee for the company development.
- The company should clarify why and how the employee would be promoted or compensation would be made to them including its time.
- The promotion and compensation practice of the MoHA Company should be considerate of its employee's understanding. It is important to identify their say and incorporate their suggestions in the promotion practice of the plant. It helps the company to know whether employees are comfortable with their job, and the company's practice. HR department should design a sound promotion policy and procedure which is fair, impartial, that enjoys consistency and also ensures its full implementation.
- To improve employee retention the promotion and compensation practice of the plant, Human resources department should contain promotional counseling, encouragement, grievance handling mechanism, guidance and follow-up taking in to account.

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## 7 Annex

### ST. MARY'S UNIVERSITY

#### SCHOOL OF GRADUATE STUDIES

#### MASTER OF BUSINESS ADMINISTRATION

**Questionnaire will be answered by selected sample Respondents.**

The purpose of this questionnaire is to obtain information about job promotion and compensation in Moha SD from sampled employee. The researcher requests you to cooperate in giving your response towards the stated question. Your response contributes much to the success of the research to be under taken. Hence, you are kindly requested to fill the questionnaire.

NB: No need of writing your name.

Thank you very much!

#### **Part I. Personal Information**

1. Sex: M  F
2. Age: A) 20-25 yr B) 26-30 yr C) 31-35 yr D) 36-40 yr E) 41 and above
3. Your qualification: A. Diploma B. BA/Bed/BSc  C. MA   
D. 12+2  E. 10<sup>th</sup> comple
4. Working experience in the company (circle one)  
A) 0-3 yr B) 4-7 yr C) 8-11 yr D) 12-16 yr E) 17 and  
above

## Part II. Survey Questions

### I. General Questions

1. Is there good job promotion and compensation practice in your company (MoHAPlant)  
? A) yes B) no
2. If your response on que. No 1, is “no”, what is the reason for the absence of the practice?  

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3. How do you rate the level of compensation practice in MoHA SD?  
A) Very high B) high C) medium D) low E) very low
4. How do you rate the level of job promotional practice in MoHA SD?  
A) Very high B) high C) medium D) low E) very low
5. To what level you understand the practice of promotion and compensation in your company?  
A) Very high B) high C) medium D) low E) very low

### Part III. Compensational practices

**Direction:** Below are a series of statements which represent compensational practices. Read each statement carefully and indicate the level about the current practices of the items in your Company: MoHA by putting a “√” mark in one of the alternatives where: strongly agree (=5), agree (=4), neutral (=3), disagree (=2), Strongly disagree (=1).

No.	Compensational Practice	Rate (Response)				
		1	2	3	4	5
1	There is Provision of training and development					
2	Availability of career Development opportunities					
3	Practice of performance management					
4	Provision of compensation and benefit					
5	Availability of financial reward system					
6	Practice of recognition and appreciation					
7	Condition of work life balance					
8	My salary is equivalent to the work I do					
9	The salary is above the average employee in similar company					

### Part IV. Deep measurement Promotion and Compensation Practice

**Direction:** Below are a series of statements which represent the relationship between job promotion and compensational practices. Read each statement carefully and indicate the level about the current practices of the items in your Company: MoHA by putting a “√” mark in one of the alternatives where: strongly agree (=5), agree (=4), neutral (=3), disagree (=2), Strongly disagree (=1).

	<b>Statements to reveals the measurement between Promotion &amp; comp Practice on a</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	Opportunity to use my skills and abilities is a source of my compensation					
2	Job specific training is a source of my promotion					
3	Career development opportunities is a source of promotion in the company					
4	Performance management is the source of promotion					
5	Promotion and compensation practice of the plant has no impact on my decision to stay or leave the plant.					
6	The current promotion practice of the plant secures my career development needs.					
7	I have been promoted timely during my stay in the plant					
8	I am satisfied with the overall compensation practice of the plant.					
9	Compensation by plant to employees is better not only to me but also for others.					
10	I believe that compensation by the plant shows a regular development to the plant.					
11	All employees are fully promoted by the plant on career development					



**Part V. challenges in delivering proper employees’ promotional and compensation in the company**

**Direction:** Below are a series of statements which represent the challenges that confront job promotion and compensational practices. Read each statement carefully and indicate the level about the current practices of the items in your Company: MoHA by putting a “√” mark in one of the alternatives where: strongly agree (=5), agree (=4), neutral (=3), disagree (=2), Strongly disagree (=1).

No		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Lack of willingness from the company leaders confront the job promotion and compensation in the plant					
2	Absence of effective human resource practice challenges the implementation of comp. and promotion practice					
3	The company policy and directives is the cause for ineffectiveness of the practice					
4	Poor exchange of information					
5	Shortages of necessary inputs					
6	Lack of modern management system					
7	Absence of performance appraisal					

## Open Ended Questions

1. How do you understand the job promotion and compensation practice in your company?

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2. What are the main challenges that confront the implementation of job promotion and compensation in the company?

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3. What is the possible way out you propose for the aforementioned challenges?

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4. Is there any things you add?

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