



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF PRIVATE ORGANIZATIONS SOCIAL  
SECURITY SCHEME IN RELATION TO EMPLOYEE  
PERFORMANCE:**

**The Case of Family Guidance Association of Ethiopia (FGAE)  
and Program for Appropriate Technologies in Health (PATH)**

**BY  
ADDISU GETACHEW KEBEDE**

**JUNE 2014  
ADDIS ABABA, ETHIOPIA**

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## Contents

Acknowledgement .....	vi
List of Abbreviations and Acronyms used.....	vii
List of Tables .....	viii
Abstract.....	ix
CHAPTER I.....	1
INTRODUCTION .....	1
1.1    Back ground .....	1
1.2    Statement of the problem .....	5
1.3    Research Questions .....	6
1.4    Objectives of the Study .....	7
1.4.1    General Objectives.....	7
1.4.2    Specific Objectives .....	7
1.5    Significance of the study .....	7
1.6    Delimitation/Scope of the study.....	8
1.7    Limitation of the Study .....	8
1.8    Organization of the Research Report .....	8
1.9    Definition of Terms.....	9
CHAPTER II.....	10
RELATED LITRATURE REVIEW.....	10
2.1    Basic Overview of Social Security.....	10
2.2    Need for Social Security .....	11
2.3    Components of Social security.....	11
2.4    Pension as one part of the social security programs.....	12
2.4.1    Pension Benefits.....	13
2.5    Employee Benefits and its relation with Performance .....	14
2.5.1    Types of Benefits .....	15
2.5.2    Benefits and Employee performance .....	17
2.5.3    Employee Motivation and performance.....	18
2.5.4    Theories of Motivation.....	19
2.5.5    Types of Motivation.....	20
CHAPTER III .....	22
RESERCH DESIGN AND METHODOLOGY .....	22
3.1    The Research Design.....	22
3.2    Source of Data.....	24
3.3    Sample size and Sampling techniques .....	25

3.4	Data Collection.....	25
3.5	Data Analysis .....	25
CHAPTER IV .....		27
DATA PRESENTATION ANALYSIS AND INTERPRETATION .....		27
4.1	General Profile of Respondents.....	27
4.2	Data Analysis and Interpretation.....	30
4.2.1	Employee’s scheme coverage .....	30
4.2.2	Employee’s preference on Social security Scheme.....	31
4.2.3	Security feeling among employees .....	34
4.2.4	Social Security as a Benefit .....	36
4.2.5	Attractiveness of Social Security Program .....	38
4.2.6	Linkage between employee Benefits, Motivation and Performance.....	38
4.2.7	Motivational effect of the new Social Security Program .....	39
4.2.8	Employees attitude for the new Social security program as compared to Provident Fund program.....	41
4.2.9	General Opinion of the Management and employees on the new Social Security Program	42
4.2.10	General Observations of the Management and Employees in the implementation process	43
CHAPTER V .....		45
SUMMARY, CONCLUSIONS AND RECOMENDATIONS .....		45
5.1	Summary of Findings .....	45
5.2	CONCLUSIONS .....	47
5.3	RECOMENDATIONS.....	48
References.....		50
APPENDIX.....		53

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## **List of Abbreviations and Acronyms used**

FGAE: Family Guidance Association of Ethiopia

HR: Human Resource

MHealth: Mobile Health

PATH: Program for Appropriate Technologies in Health

PF: Provident fund

SSS: Social Security Scheme

## List of Tables

Table 1: Questionnaire distribution and Collection rate Summary.....	28
Table 2: Distribution of Respondents by Age Category and Gender.....	29
Table 3: List of respondents by service Year .....	29
Table 4: List of Employees by Educational level and their position .....	30
Table 5: Social Security Scheme under which the Employees are covered by Sex.....	31
Table 6: Respondents SSS Coverage and their Preference .....	32
Table 7: Linkage between employees social security scheme Coverage and their Sense of Security .....	35
Table 8: Linkage between employee's preference and their level of security .....	36
Table 9: Employees consideration of the new social security as a Benefit.....	38
Table 10: Attractiveness of the new social security program as compared to Provident fund Program.....	39
Table11: Responses in relation to Benefit, Motivation and performance Linkage.....	40
Table12: Mechanisms to use the new SSS as a means to motivate employees .....	41

## Abstract

This study is designed to look at the effect of the private organization social security program on employee performance in selected private and non-governmental organizations. In June 2011, the Ethiopian government issued Proclamation No. 715/2011 to give social security coverage for employees of private and non-governmental organizations. Before the enactment of this proclamation, the social security program only covered public and governmental organizations. But there were organizations that were providing the provident fund benefit schemes. This study focused on selected organizations that were providing the provident fund benefit before this proclamation. But after June 2011, these two organizations have two types of employees, those covered by the provident fund and those hired after June 2011 and covered by the new social security system.

This study used questionnaires and also interview questions to gather information in relation to the new social security system and employee performance. It also looked at the impression of the employees and management of the two organizations. Based on the data collected and analysis done using the SPSS 20 software, the study resulted on the finding that most of the employees were not in a position to consider the private organization social security program as a benefit, and the effect of the program on employees motivation and performance is not as such high. In addition the majority of employees preferred the provident fund benefit. It is thus recommended to work on raising the awareness of employees in an organized manner between the government and also employers.

# CHAPTER I

## INTRODUCTION

This chapter focuses on the introduction of the overall study. It consists of the background of the study, problem statement, objectives, and research questions, significance, scope and limitation of the study which are all discussed in detail below.

### 1.1 Background

The historical development of the social security program in Ethiopia goes back to the reign of Menelik II during which the son of a retired soldier was replaced in the foot of the retired soldier so that the son of such person would be able to take care of his retired father. (Abebe Mesfin, 2003) Ethiopia's religious and traditional support systems including family relationships are strong. It is the cultural obligation to look after the aged, sick and disabled people. For many years, pension was the core social security program given to public servants in Ethiopia.

The private pension system was not operating in Ethiopia until June 24, 2011 when the new social security program for private and nongovernmental organization was started". (Emerita Asaminew, 2010). Though the social security program is through gradual stages of development, government and organizations need to think and implement it to protect the public and employees from economic distress. In a country where there are significant groups of aged and incapacitated people to continue active life, the burden on the productive population to support them is high which in effect result in the decline of the income of the productive population for further investment and sustenance. As a result, the scheme needs to incorporate all employees working in government and nongovernmental organizations.

“Starting from the Emperor Haile Selassie reign the first legally established pension system was established in December 1933. Thenafter following the establishment of the Ministry of Pension in 1958 there was different proclamations released that shows the efforts made to administer and undertake the social security program. Some of these were Public Servants Pension Proclamation No. 46/1961, 209/1963, 199/1963, and amended by Proclamation Number 5/1974, 6/1974, 190/1999 and Employees of

Government–Owned undertakings Pension Proclamation No 49/1975”. (Abebe Mesfin, 2003).

Though there were some organizations that have their own benefit packages like the provident fund, the majority of the private employees were not getting any coverage. Proclamation No.715/2011 was enacted to extend the pension benefit to the permanent employees of the private and non-governmental organizations starting from June 2011. This proclamation provided four major categories of the pension benefits like the Retirement pension, Invalidity pension, Incapacity pension and Reimbursement of Pension contribution.

The Private Organization Pension Proclamation No 715/2011 was proclaimed as part of the country social policy to expand the social security system for each citizen. It is helpful in strengthening and creating sustainable system by contributing to social justice, industrial peace, poverty reduction and development. It is applicable for all employees of private organizations who are Ethiopian nationals’ except domestic workers and employees of governmental international organizations and foreign diplomatic missions. This proclamation does not violate the provision of Proclamation No 270/2002 that provides pension coverage for foreign nationals of Ethiopian origin and international agreements to which a country is a part. In addition, for employees covered by the pension program or the provident fund program before the coming of this proclamation in to effect, it is up to the employee to decide either to continue to benefit from the pension scheme or provident fund program or agreed to be covered by the private organization pension program. Those employees of religious and political organizations and persons engaged in the informal sectors, the proclamation gives the right to be covered by the social security scheme based on their request.

#### **Types of Pension Benefits based on the private organization employees’ pension Proclamation No. 715/2011**

Pursuant to Articles 10 and 11 Proclamation No. 715/2011, every organization is expected to deduct contributions from its employee’s monthly salary and pay the amount together with its contribution to the pension fund. The contribution payable to the fund is calculated based on the employee’s salary and it is 11% by the employer and 7% from the employee. Based on the private organization employees’ pension proclamation there are four types of benefits:-

**Retirement pension:** an employee who has completed at least 10 years and retires up on attaining retirement age shall receive retirement for life or an employee who has served 20 years and resigned voluntarily shall also receive the retirement pension up on attaining

retirement age or an employee who has served 25 years and resigned by voluntary resignation or any other reasons not mentioned in this proclamation shall receive retirement pension for life beginning with five years before attaining the retirement age. **Retirement Gratuity** is payable to employees who has not completed 10 years of service and attained their retirement age.

**Invalidity Pension:** This Invalidity pension for life benefit is provided for employees of private organizations who completed 10 years of service and separated from service due to health problems that hinders them from any remunerated work. **Invalidity Gratuity** is payable to employees who has not completed 10 years of service and separated from service due to health problems.

**Reimbursement of pension contribution:** As per Proclamation no 715/2011 part six article 26 any employee of private organization who separates from service due to resignation after completing 10 years but prior to completing 20 years of service or for any other reasons other than those specified by this proclamation prior to 20 years of service shall be paid an amount equal to the total pension contribution made by him excluding the employer contribution.

**Employment Injury Pension:** This proclamation defines employment injury as occupational accident or occupational disease. **Occupational accident** means accident that happened in connection with the performance of the employee like any injury while carrying out orders given by a competent authority outside of his regular work or working place and working hours, injury occurred while protecting the organization from damage and so on. **Occupational disease** means any pathological condition of an employee of private organization which arises as a consequence of being exposed to the agent that cause the disease for a certain period prior to the date in which the disease became evident due to the kind of work he performs or because of the surrounding in which he works; provided, however, that it does not include endemic or epidemic diseases which are prevalent and contracted in the area where the work is done.

In general, there are two types of pension benefit payment mechanisms based on this proclamation with the exception of reimbursement contribution type. These are pension and gratuity. The main difference between the gratuity and pension payment lies on the method of payment. Gratuity is paid as onetime payment as a lump sum amount while pension is paid on a monthly basis for a life time period. This proclamation laid down different factors that help to determine the type of benefits that should be paid to the employees.

The success of companies is highly dependent on the day to day activities accomplished by their employees. Employee's readiness to contribute is determined by different factors that are considered as motivational mechanisms by employees. In addition to the statutory benefit packages that organization provides to employees, companies design different types of benefit packages to motivate and increase the performance of their employees. Employee benefits are basically provided to increase economic security of employees in a way that improves their motivation. In addition to this, the benefits offered, rewards and recognitions are important tools to attract more competent employees and motivate the existing employees.

Having employees with the right skills, competency and ability to deliver results, helps organizations to achieve their strategic objectives and priorities. As a result, raising employee performance through providing the expected benefit package requires serious attention from the management of the organization because of its high level impact on the overall organizational goal achievement and its effect on the utilization of the organization scarce resources.

It is not possible to provide the same type of benefit that satisfies the need of each employee. As a result, the management of the organization is expected to design the best mechanism that motivates employees to perform well and work towards the achievement of the overall organizational goals. In addition, organizations are expected to create a mechanism that increases the awareness of their employees on how much the company is contributing to their wellbeing.

The management of the organization is expected to work towards factors that increase the motivation of employees and performance. Mainly assessing those factors that motivate employees and increase their performance and understanding its relationship is helpful. One of those factors can be the social security program.

“Government or organizations put in place the social security program for the psychological, physiological and economic need of workers after their separation from employment due to retirement and also unexpected occurrences. These pension and other forms of retirement benefits make easy the departure of older employees from employment and also helps the employers in avoiding problems related to keeping employees while their productivity is reduced to lower level. It also gives a

guarantee for employee dependents in case of unexpected injury, illness, death or other damages.”(Memekiya, 2013).

From the employers point of view this can be considered as an important means of attracting, retaining, motivating and also raising the level of job satisfaction and also performance of their employees. As Abebe (2003) notes, “Though the social security program started in 1963 for the first time in Ethiopia, it was covering only the civil service, military and police who were employed by public organizations” (Abebe, 2003). On June 24, 2011 the government of Ethiopia has enacted Proclamation No 715/2011 that requires private organizations to give social security coverage for their employees. [Private Organizations Employees’ Social Security Agency \(POESA\)](#) has also been established under Proclamation No. 202/2011 enacted on March 25<sup>th</sup>, 2011. The Agency is authorized to administer the pension fund of employees in private organizations.

Researchers indicate that in order to make employees satisfied and committed to their jobs in organizations, there is a need for strong and effective motivation at the various levels of the organization. Motivation is a basic psychological process. Along with perception, personality, attitude and learning, motivation is a very important element of behavior and it interacts with and acts in conjunction with other cognitive process.

Assessing the social security scheme and the benefit packages that Family Guidance Association of Ethiopia (FGAE Head Office) and Program for Appropriate Technologies in Health (PATH) provide in relation to employee motivation, performance with in those selected organizations and its implication on the performance of the organization is the focus of this study. Understanding the new social security scheme and employee performance helps the management of the organization in designing the proper mechanisms that increase the performance of the staffs.

## **1.2 Statement of the problem**

Social security program for private and non-governmental organizations in Ethiopia is started in June 2011 based on Proclamation no 715/2011 and it is applicable to all private and non-governmental organizations operating in Ethiopia. Though the social security scheme is young for the private and nongovernmental sectors of Ethiopia, its benefit is not limited to retirement program, but it has benefit that will reach the families and peoples with disabilities. (Abebe Mesfin, 2003). Thus, for some employees being an employee covered by

the social security scheme is an advantage. On the other hand, for employees hired or organizations established after June 2011 it is fully applicable but as per Article 3, section 2 of the Proclamation for those organizations that have employees hired before the implementation of the proclamation, it is up to the employee to decide whether to continue the benefit from the provident fund program or agree to be covered by the new social security system which resulted in two types of organizations.

Those established before the proclamation have two types of employees covered by different programs. Some employees prefer to have the provident fund benefit due to its accessibility to meet their immediate cash need for some challenging times and also want to work out their own retirement plan by investing the provident fund benefit. Thus the new social security scheme for private and non-governmental organizations has brought a mixed feeling of employees because for some it created a feeling of being secured, high commitment and motivation which increased their performance and for the other it is not motivating and may not have any positive impact on their performance.

Assessing and understanding the relationship between employee performance and social security program will help the organization to look at other mechanisms that will help them in motivating and increasing the employee's performance. This study assessed the new social security scheme for private and non-governmental organizations in relation to employee performance by mainly focusing on the impression of PATH and FGAE head office employees and management.

### **1.3 Research Questions**

Based on the general and specific objectives of the study, the researcher tried to answer the following questions:-

- a) What is the opinion of the management regarding the effect of the new social security scheme in motivating their employees and raising the performance of employees?
- b) What is the attitude of the staffs towards the social security scheme in general?
- c) What is the feeling of employees hired before and after the implementation of the system and their performance?
- d) What are the mechanisms used by the two organizations to raise the awareness of their employees on the advantages of the social security program?

## **1.4 Objectives of the Study**

This study has the following general and specific Objectives.

### **1.4.1 General Objectives**

The general objective of this study is to assess the effect of the new social security program for private and non-governmental organizations on the performance of employees working in FGAE Head quarter and PATH office where there was a provident fund benefit before the start of the new social security program.

### **1.4.2 Specific Objectives**

- a) To assess the management opinion regarding the effect of the new social security scheme in motivating their employees and raising their performance;
- b) To assess the attitude of employees toward the social security scheme in general;
- c) To investigate the effect of the new social security scheme implementation on the motivation and performance of employees hired before and after the start of the new program;
- d) To identify the mechanisms used by both organizations to raise the awareness of employees on social security and discuss why employees consider the social security program as a benefit or not;

## **1.5 Significance of the study**

Though the Ethiopian government had a pension policy for public servants and government owned organizations, there are no as such a lot of studies conducted to assess the effect of the new social security and its relation with employee performance of private and non-governmental organizations. As a result, this assessment was focused on identifying what relations exist between the social security scheme and employee benefit packages towards increasing performance in FGAE HEAD office and PATH Ethiopia office.

Assessing the social security program on the employee performance and identifying the motivational effect it has on employees help the organization to design ways in which they can think to fill the gap if there is any. And also it helps to understand the relationship between employee performance and social security program compared to those employees under the provident fund program. The other important thing that this study addressed is that

it helped the organization to work towards motivating those employees covered by the provident fund program who may not be ready to change their organization thinking that they may lose the provident fund benefit program and join the social security but they may not be satisfied by their jobs which have an adverse impact on the overall organizational performance. In addition, this study will help the Private organization Employees Social Security Agency to get some information in relation to the employee perception and level of awareness of the program so that the agency can create different mechanisms to promote the program.

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

The scope of this study is basically limited to addressing the research questions and the objective of the study. It is focused on the assessment of the private and non-governmental organizations social security program in relation to the performance of PATH and FGAE head office employees where there was a provident fund program before the start of the new scheme.

### **1.7 Limitation of the Study**

Due to the fact that private and non-governmental organization social security scheme is new to employees of the selected organization; lack of understanding about the social security package was a major challenge. In addition to this, the study is limited to employees of the FGAE head quarter and PATH only.

### **1.8 Organization of the Research Report**

This study has five chapters and the first chapter is an introductory chapter and contains the background of the study, statement of the problems, objectives of the study, significance of the study, delimitation/scope of the study, limitation of the study, organization of the research report and, definition of terms.

The second chapter focuses on the review of literatures in relation to the social security, employee performance, employee benefits and employee motivation. It also describes and consults previous study results, concepts and definitions of different authors.

The third chapter is devoted to discussing on the design of the study and methodologies that was used for the study. Here the source of data and their selection, tools used for data collection and the selection of the organization were discussed. The fourth chapter is about

data presentation and interpretation. It organizes and analyzes the primary data. The fifth chapter is the final chapter that was used to summarize the findings of the study, conclusions presented and recommendations also be provided based on the findings summarized.

## 1.9 Definition of Terms

In this section, key terms of the study are defined. Mainly words like social security, Provident fund, performance, pension and private organizations were defined based on the study objectives.

- i. **Employees Benefit:** are “a non-wage compensations given to employees in addition to their normal wage or salaries to increase the economic security of staff members and their dependents. It is the indirect financial and non-financial payments employee receives for continuing their employment with the company”.(Dessler,2005)
- ii. **Social Security:** is a “program where employers and employees contribute to a fund that provides three types of benefits: survivors or death benefits disability pay and retirement pension. It is a comprehensive program of benefit providing workers and their dependents with retirement Income, disability income, and other payments”.(Dessler,2005)
- iii. **Private organization:** “means an organization established to engage in commerce, industry ,agriculture, construction, social service or in any other lawful activity and which has salaried employees and includes charities and associations”;(Proclamation No 715/2011)
- iv. **Motivation:** is “the set of attitudes and values that predisposes a person to act in a specific, goal directed manner. It is an invisible inner state that energizes human goal directed behavior”. (John M.Ivancevich,2004)

## CHAPTER II

### RELATED LITRATURE REVIEW

This chapter discusses the basic concepts of social security based on the works of different authors and the historical development of the social security scheme mainly in relation to the Ethiopian context. Moreover, it discusses the social security program in relation to employee benefit, motivation and performance.

#### 2.1 Basic Overview of Social Security

According to the International labor law facts on social security,

“Social security is defined as the protection that the society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in case of old age, unemployment, sickness, invalidity, work injury, maternity or loss of breadwinner”. (ILO, 2014)

The start of social security program goes to early 20<sup>th</sup> century in Europe and Latin America. After the end of the 2<sup>nd</sup> world war many countries give due attention to the social security program. As part of their reconstruction effort, countries tried to broaden social security for their own citizens. (Population Reference Bureau, 2009)

Memekia (2013) notes that an economic security include income security and is basically “an important dimension of over all human security”. According to Memekia, “The income security is about living in a situation where the basic needs such as food, housing, health care and education can be secured in an interrupted way which makes the social security program important for all”. (Memekiya, 2013).

As it is Quoted by Memekia in his paper on “study of the effects of private Organizations’ Employees ‘Social Security scheme on employee motivation” from Junichi Sakamoto (2008), the social security scheme has the role of preventing people from experiencing economic problem by providing old age pension benefits, disability pension benefits and survivors

pension benefits. Thus, the responsibility to keep away people from unexpected occurrence that may result in social crisis increases the need for social securities.

## **2.2 Need for Social Security**

Human security in general is about the economic security in which there is enough income to cover the basic needs such as food, shelter, health care and education in an interrupted way until the end of life. To fulfill these needs, it is necessary to have an interrupted and adequate source of income but for low wage workers sometimes even for middle class workers it would be unlikely to generate enough funds in an individual account to maintain a decent standard of living in retirement. As a result social security is the single biggest source of income. In addition, it helps in reducing poverty by providing benefits for dependents in case of any serious injury or death. It protects people against a variety of risks to ensure them a basic floor of income in old age and to enable many people who had struggled all their lives to look forward to a decent standard of comfort and dignity when they retire. (ILO, 2001)

As per the International Labor Organization, social security in general is a human right and all people regardless of where they are living should be guaranteed at least the floor of social protection. Social security is a social and economic necessity to combat poverty and social exclusion and promote development, equality and equal opportunity. In addition to this social security is a social necessity. Having an effective national social security system are powerful tools to provide income security, prevent and reduce poverty, and in equality, and include social inclusion and dignity. Social security, well designed and linked to other policies, enhances productivity, employability and supports economic development. Adequate social security encourages human capital investment for both employers and workers, enables workers to adapt to change and facilitates equitable and inclusive structural change associated with globalization. As an effective automatic stabilizer in times of crisis, social security contributes to mitigating the economic and social impact of economic downturns, to enhancing resilience, and achieving faster recovery towards inclusive growth. (ILO, 2012)

## **2.3 Components of Social security**

Though there are various types of social security components applied in different countries, the International Labor organization Convention, No 102 of 1952 has set up minimum standards of social security. The convention identified:

“**Medical Care** which provides preventive or curative medical service coverage, **Sickness Benefit** to provide coverage of medical expenses for a worker and it includes incapacity for work resulting from morbid condition not related to work and involving suspension of earnings, as defined by national laws or regulations, **Unemployment Benefit** for inability to obtain suitable employment while the person is capable of working, **Old –age Benefit** which is applicable for survivors beyond a prescribed age and the prescribed age shall not be more than 65 years. This benefit is a regular payment in return for his/her service rendered up to the time of retirement, **Employment Injury Benefit** which is given to a worker who has suffered from work related injuries, **Family Benefit** which is given to families by the government or the employer primarily to promote the welfare of the family, **Maternity Benefit** provided for a pregnant women in post and pre natal period, **Invalidity Benefit** which is provided for a person who is not able to engage in any gainful activity and the inability is likely to be permanent or persists after the exhaustion of sickness benefit and finally the **Survivors Benefit** which is provided to the families of the deceased.” (ILO, 2014)

## 2.4 Pension as one part of the social security programs

Pension in general is a regular payment made for a person during retirement period from a fund which the person and the employer have contributed during their working time or before retirement. It is human behavior to make sure that we have the financial security and economic freedom during old age or retirement. That is why pension plan which differs from country to country depending on their economic development, mainly aims at giving a reasonable amount of financial security to the retired employees of their citizens.

When we look at the historical background of pension there are reasons that forces employers to provide the pension benefit. Some of this can be a moral obligation to provide a reasonable standard of post retirement living for employees, especially those who served long and also providing pension for dependents of the dead employees. The second reason behind this is having a good pension scheme is one means of demonstrating that the employer has a long term interest on the employees. The other reason can be having good pension scheme can help the organization to attract and retain highly qualified staffs since this system can be one means of showing how the employers think and appreciate the contribution of their employees to their overall success. (Michael Armstrong & Helen Mulris, 2004)

According to Armstrong and Mulris, there are two main approaches that have been adopted for pension provision mainly in UK. These are Defined benefit (final salary) scheme and Defined Contribution (Money Purchase) scheme.

***“Defined benefit (final salary) scheme:*** The employer’s pension promise to the employee is expressed by means of a formula specified in the scheme rules. The pension is typically proportional to service and (some definition of) salary. Traditionally, the salary used has been that paid over the last year (or sometimes three years) before retirement, which is why they are often known as ‘final salary’ schemes. For example the employer pays the retired worker an annuity from retirement to death, the amount which is equal to the employee’s final earnings multiplied by years of service”. (Michael Armstrong & Helen Mulris, 2004)

***“Defined contribution (money purchase) schemes:*** Here the employer’s pension promise to the employee is expressed as a contribution formula, typically expressed as a percentage of salary. The contributions are invested and the money used at retirement to purchase a regular income, usually via an annuity contract from an insurance company. The employer’s contribution as a percentage of salary may be fixed, age related or linked to what the employee pays”. (Michael Armstrong & Helen Mulris, 2004)

“In both types of scheme, employer and employee typically contribute to a fund. In a defined contribution scheme, members have individual shares of the fund, which represent their personal entitlements and which will directly determine the pensions they receive. In a defined benefit scheme, all employee and employer contributions are paid into a combined fund and there is no direct link between fund size and the pensions paid.” (Michael Armstrong & Helen Mulris, 2004)

#### **2.4.1 Pension Benefits**

As an employee, one of the major concerns about the time of retirement is the financial security and the economic freedom at the end of the day. Pension benefit enables individuals to live decent life and satisfy and secure their need during the retirement age. Abebe Mesfin states that having a pension benefit helps employees to reduce their uncertainty about their

retirement time minimize their worries about their health and also increases the amount of their social participation. (Abebe Mesfin, 2003).

Though the pension plan is different from country to country depending on their economic development status, the increased level of unemployment and the attitude towards the old age have led a number of countries to prepare different laws. At present, most countries have some form of the social security program to protect their old age population, but it may not cover all the sectors and there are different schemes provided like the payment related to pension which is paid on a monthly basis and a lump sum payment in the form of the provident fund.

## 2.5 Employee Benefits and its relation with Performance

As per the study conducted by Boston Consulting Group in 125 US companies, one of the four major reasons that prevent employees from high performance is motivational hurdles that may discourage employees not to contribute to the maximum they can. The researchers recommended working on the major influencers, the champions of change to overcome the motivational hurdles. Due to the increasing global competition and also changing global market, organizations are forced not to rely on their past performance and they are always expected to design different benefit packages that motivate their employees and raise performance. Mainly identifying those factors that are considered as motivational barriers is a must in order to stay competitive in the global market. (Stredwick, 2005)

Employee benefit can be classified in two major groups like **direct benefit** which includes the base pay, recognition pay, pay for performance, competency based pay and so on and the **Indirect benefits** are benefits like carrier development, personal growth, job satisfaction, personal satisfaction and security. Benefit is not about payment only but there are other factors that need to be considered in order to motivate employees and raise their performance. (Stredwick, 2005)

Organizations are expected to ensure that employees are well motivated and committed so as to maximize their performance. They should have effective human resource management system that is well formulated and implemented to ensure that they hire and maintain employees which contribute to the successful accomplishment of organizational objectives. Social security by itself is not a problem but lack of implementing the policy uniformly in all

sectors and to all employees at the same time may have an effect on the overall human resource management of organizations. Among other things designing the appropriate benefit Package that motivates employees to perform well is the main problem of international nongovernmental organizations. When nongovernmental organizations like PATH and local non-governmental organizations like FGAE are unable to motivate their employees they face a problem of not attaining targeted goals. As a consequence their relationship with donors, regulatory bodies and beneficiaries becomes questioned. Therefore understanding the relationship between social security scheme as a benefit and employee performance and using it for motivating and raising performance of employees is expected from the organization management (Yared Abebe, July 2007).

### **2.5.1 Types of Benefits**

Benefit is part of a total compensation. Direct payment and benefit combination shows the total compensation package of organizations. Compensation include all forms of benefits provided by the employer as a result of hiring the employee and organizations use the benefit Packages they provide to their employees as an important tool to attract and retain their most valuable and worthy staffs. Benefit can be financial and non-financial and this day's employees may not need only the financial benefits but also the non-financial rewards and benefits. This non-financial benefit includes retirement benefits, educational and medical related benefits and has an important impact on employee motivation and performance. From the employer point of view the benefit package they provide to their employees is a major cost of doing business and also it is a huge investment that must generate adequate returns, employees' satisfaction, motivation and performance that must result in improved productivity. As a result it needs to be controlled.

In order to provide employees with some form of post-employment financial security and avoid worries that may result in adverse effect on employee's motivation and productivity, employer's current attention to employee's social security program is a must.

Retirement from employment does not mean that the individual ceases to work. They may continue working to supplement their retirement income because it is highly unlikely that individuals are able to enjoy a financial security from only one source during retirement. The income during retirement is derived from social security, pension and individual savings. The social security system provides a foundation for retirement. It is a defined benefit plan with

redistributive provisions for poorer workers. Family concerns prior to and during retirement are also important matters. (Ivancevich, 2004)

Adequate retirement income is not usually the concern of just one person; in many cases, there is a spouse and perhaps dependent children involved. Benefits to take care of the survivor in their retirement are also an issue (Nielson and Beehr, 1994).

An employee retires from employment when he /she reach a certain age and ages at which employees retire varies from country to country. In each country at the time of retirement employees are eligible for some kinds of retirement benefits depending on the countries laws, rules and type of organizations. The retirement benefits usually are the following:-

- **Provident fund:** Throughout the period of his/her employment the employee contributes a certain percentage of his/her salary which is deposited in a bank or relevant government fund with matching amount from the employer. And at the retirement age the employee have access to this fund.
- **Gratuity:** In some countries or organizations when an employee retires he/she is given gratuity.It is calculated based on the number of years served and the last month pay and the total amount is given to the retired employee.
- **Pension:** In most countries the retiring employees are eligible for pension which is paid monthly for his life time.

For employees serving for their whole life telling them their contract is terminated due to the age limit is not easy. Organizations need to plan on how to prepare their employees for retirement and also having a mechanism that helps their employees to reduce the worries in relation to their retirement time. (Man Mohan Joshi, 2013)

Organizations which are providing pension as a reward for their employees are generally seen as being the symbol of a good employer. These organizations are expected to communicate with their employees the true value of benefits they are providing. Despite the fact that the type and variety of benefit that organizations are providing is increasing from time to time, the big question is on how employees are valuing the benefits provided to them by the employers. (Derek Torrington, Laura Hall, Stephen Taylor, 2008)

### **2.5.1.1 Financial Benefits**

There are different types of financial benefits given to employees and it can be classified in two major groups. The first one is the **direct financial benefit** consisting of pay received in the form of wage, salary, bonuses and commissions provided at regular and consistent interval.

The second type is **Indirect financial benefit** consists of all financial rewards that are not included in direct compensation and can be understood to form part of the social contract between the employer and employee such as benefits, leaves, retirement plans, education, and employee services. In general some of the financial benefits like health and welfare benefits are high priority for many workers. This includes medical and dental insurance, pension plans, and disability programs.

### **2.5.1.2 Non-Financial Benefits**

Non-financial benefits are types of rewards that are not part of an employee pay. Incentives of these types are particularly effective for workers who are comfortable with their salaries or have been in position for longer time. Though these benefits have their own costs to the companies, they can inspire and engage employees in ways that money is incapable of doing mainly when companies continue cutting to employee's compensation, non-financial incentives for employees are more crucial than ever. To be motivated and increase performance workers must feel welcomed, valued and appreciated. The provision of non-financial benefits by companies helps the companies to respond to employees need.

## **2.5.2 Benefits and Employee performance**

As per the critical text on Reward management which is edited by Geoff White and Janet Drucker (2003), pension is a substantial factor of reward with an unrealized contribution to performance and also indicated that management doesn't necessarily recognize this potential let alone ensure its realization. As a result, for company pension scheme to be a performance related benefit it requires new attitudes from the management so that a performance based strategy could use pension provision as a lever that could offset cost.

Again benefit can be seen in terms of the employee behaviors they influence and the human resource management objectives and organizational objectives to be achieved. This can be in terms of their influence on HRM and outcomes, or their influence on performance, or both.

The performance dimension can be achieved directly or be derived from good will, security and motivation. Some benefits may impact directly on performance; others may have less direct or long term impacts, here the author suggested that goodwill benefit might be viewed as motivator and as such can be a basis for enabling employee's co-operation in new approach to performance improvement. Security may not be significant in terms of performance but it can act as a hygiene factor in that its presence doesn't enhance performance but its absence can cause a fall of motivation and performance.

The majority of benefits have implication for employee motivation and performance mainly social security (pension) contributes to employee attraction, retention and motivation. But benefit contribution should be evaluated in terms of whether it relates to individual need because if it is not valued by employees, it may not contribute to the company performance. (Geoff White and Janet Drucker, editors, Reward Management, 2003:169)

In order to maximize the effect of benefits on employee performance, benefits needs to be managed in a better way. Armstrong and Murliss (2004) suggested that flexible delivery systems might provide a way to 'key in 'benefits to performance model of reward management.

### **2.5.3 Employee Motivation and performance**

Motivation is an interactive psychological process where a person puts his best effort to use his energy for achievement of his objective or an organization objective. The process of motivation always operates within the frame work of individual's perception of the situation and not by external conditions only. As it is cited from Victor Vroom by Shashi Kapur in his book "A comprehensive Hand book for Personnel Managers", Motivation is a process of initiating and directing behavior and it can be termed as the managerial function of helping the employees raise their motives and also performance. As a result managers are expected to play a key role in raising the motivation and performance of employees mainly when there are new requirements by the government like the social security program for private and non-governmental organizations, managers needs to think critically on how to maximize their benefit out of the given statutory requirement through using it as a tool to motive their employees and raise their performance.

The objectives of organizations can be achieved through the effort of peoples. In order to help people to contribute the maximum they can they need to be motivated. But what motivate one

person may not motivate the other as a result any manager should understand and as far as feasible get to know something about his /her employees. Any manager must endeavor to get the best from each individual member of his team or work group, and that might require motivating different members in different ways, while still motivating the group as a whole.

It is clear from many research projects that employees are motivated in different ways and that encouraging employees to work effectively is contingent upon the nature of the organization. Knowledge workers may respond better to challenges for their small teams, together with freedom of action to influence the result. For manufacturing employees, motivation may arise from greater involvement in their workplace and shorter span challenges. Communication and effective feedback is crucial to the process in all cases, as is injecting a degree of stimulation, enjoyment and excitement into the way that employees are challenged.

#### **2.5.4 Theories of Motivation**

Motivation is the force that initiates, guides and maintains goal-oriented behaviors. It is what causes us to take action; in motivating others it is good to understand what motivates them and this requires understanding what is important to the people you want to motivate and then use different techniques to have a system that helps in motivating others. Researchers have developed a number of different theories to explain motivation. Though there are different theories on motivation, for this study purpose we will focus on two of the theories which are closer to employees need.

##### **2.5.4.1 Maslow Hierarchy of needs**

Abraham Maslow proposed that there is a hierarchy or scales of human needs which must be satisfied. Some of these needs are more powerful than others and he argues that until these most powerful needs are satisfied, other needs have little effect on individual behavior. When one need is fulfilled a person seeks to fulfil the next one, and so on. One must satisfy lower level basic needs before progressing on to meet higher level growth needs. Once these lowest needs have been reasonably satisfied, then the person passes to the next level need.

As per the Maslow's need pyramid the lowest level are the most basic needs while the most complicated needs are located at the top of the pyramid. For this study the safety need is the focus since it also includes social security.

**Safety needs**-after fulfilling the basic and physical needs the individual start thinking about how they can stay safe. Safety needs are the second level of human need and meeting them helps to establish a sense of predictability, order and wellbeing. These are the things people want in order to create a certain level of predictability and order in the world. It doesn't really mean physical safety, but can also mean general health and wellbeing, safety from financial ruin, injustice or having to deal with stress of the unfamiliar. Safety needs include job security, financial savings, Insurance policies and reasonable accommodation for the disabled.

#### **2.5.4.2 Herzberg's two Factor Theory**

“Herzberg's (1968) well-known two-factor theory distinguished between hygiene factors and satisfiers. Hygiene factors (or dissatisfaction avoidance factors) include pay, company policy, method of supervision and administration, all of which he called extrinsic factors. They rarely in themselves motivate employees to work harder or better but can cause the employee to work less hard if they are not satisfied. *Satisfiers*, on the other hand, which include achievement, recognition and the nature of the work itself, are the major motivating force. (Stredwick, 2005)

Based on Maslow's explanation, the social security scheme is related to the basic need category specifically the safety need because social security is basically about the future wellbeing of the person and deals with the future health and financial insecurity of employees during retirement. And also the need to avoid stress in relation to the unfamiliar in general is dealt with the safety need which is the same as why we need social security.

#### **2.5.5 Types of Motivation**

“There are two types of motivation, Intrinsic and Extrinsic motivation. It's important to understand that we are not all the same; thus effectively motivating employees requires that gaining an understanding of the different types of motivation. Such an understanding will enable the management to better categorize their team members and apply the appropriate type of motivation. Each team members are different and motivated by different things. Some

people respond best to intrinsic which means "from within" and will meet any obligation of an area of their passion. Quite the reverse, others will respond better to extrinsic motivation which, in their world, provides that difficult tasks can be dealt with provided there is a reward upon completion of that task". (Leadership-central.com, 2013)

### **Extrinsic Motivation**

It refers to behavior that is driven by external rewards which is outside of the individual such as money, fame, grades, and praise. It also refers to our tendency to perform activities for known external rewards, whether they are tangible like money or psychological like praise in nature. Motivation can come from the external like the motivation to win medals, receive financial rewards, and attract attention of others. And this is known as external or extrinsic motivation. (psychology.about.com, 2014)

### **Intrinsic Motivation**

Intrinsic motivation means the individual's motivational stimuli are coming from within. It refers to the behavior that is driven by internal rewards. The individual has the desire to perform a specific task, because its results are in accordance with his belief system or fulfills a desire and therefore importance is attached to it. Our deep-rooted desires have the highest motivational power. (Leadership-central.com, 2013)

To conclude, employees are hired to get compensation for their service and then meet their needs in their life. Organizations provide attractive compensation to their employees to have a material impact on their behavior. Employees can be compensated in either financial or non-financial benefits. These benefits are designed to satisfy the employee's spiritual, material and welfare need.

When people feel that their organization is considerably worried about their future and also they feel that they are secured, they can concentrate on their duties, motivated to accomplish their responsibilities and also feel that all their worries about their future financial and economic stability is solved due to the presence of social security program. This is because mentally free employees and those who think that their future and the future of their dependents is free of financial instability can put all their capabilities to undertake the assignment given to them.

## CHAPTER III

### RESEARCH DESIGN AND METHODOLOGY

The focus of this chapter is on the research design and methodology used, basically it focuses on the tools used, the source of data for the study, the study population and the analysis method applied in the study are discussed below in detail.

#### 3.1 The Research Design

This study used a descriptive statistics method mainly the survey method through which individuals answered questionnaires so that the researcher can assess the new social security scheme, employee benefit and the relation it has with the performance of each organization employees. A descriptive statistics method was used to describe and interpret the new social security scheme, in relation to employee benefit based on the data collected from employees, management and human resource personnel of both organizations. The assessment is conducted at PATH and FGAE Head offices. These organizations are selected due to their convenience for the researcher in relation to data availability and familiarity of the organizations to the researcher.

The selection of the two organizations is based on the previous knowledge of the researcher which was used as a means to get the required data. Based on Proclamation No 715/2011 Section 3, Sub section 1, both organizations are expected to implement the new social security program starting from its effective date. Accordingly both organizations started implementing on those employees joined after June 2011.

Before the start of implementation of the new social security program, both organizations were providing the provident fund benefit for their employees. But at the time of the private organizations employee social security program implementation, employees of both organization need to decide to join or not to join the new program based on Section 3, Subsection 2 of Proclamation No 715/2011 which says “*employees, who have pension scheme or provident fund before the coming into force of this Proclamation, may either decide to continue to benefit from the pension scheme or the Provident fund or agree to be covered by this Proclamation*”. As a result, employees of both organizations had a meeting with their management team and they decided not to join the social security program which

resulted in having two types of employees which motivate the researcher to select them for this study.

PATH is an international nonprofit organization. It drives transformative innovation to develop and deliver proven solutions that save lives and improve the health of mothers, newborns, and children. PATH advances health equity through its unique approach that blends the entrepreneurial spirit of a business enterprise, the scientific expertise of a research institution, and the passion and on-the-ground experience of an international NGO. PATH works side by side with Ministry of Health officials, nongovernmental organizations, multilateral agencies, and other development sectors, mobilizing partners, resources, and communities to reach the most vulnerable.

PATH started working in Ethiopia since 2007 in the area of malaria and now increased its portfolio to Tuberculosis, Vaccines and immunization, Maternal and child health, mHealth and HIV/AIDS. **The main funders are** Bill & Melinda Gates Foundation, USAID and some private funders. To undertake all these activities PATH have a highly qualified employees seconded to partner organization, government offices and site in PATH offices. Currently PATH has 27 employees.

FGAE is an indigenous, not for profit, volunteer based organization with over 45 years of experience in providing dedicated, quality and a broad range of sexual and reproductive health services in Ethiopia, complementing the government efforts. The sole objective was to promote public awareness and understanding towards responsible sexual life, reproductive process, family planning and the effect of population growth on socio-economic development through diverse educational program, considering the high occurrence of maternal morbidity and mortality.

Since 1970s, FGAE started to expand and open up regional offices and now it is operating in eight regions and two city administrations. It has more than 8 models higher and 12 medium reproductive health clinics and more an 27 multiple purpose youth reproductive health centers. To undertake the planned activities of the organization there are more than 500 employees working at different levels of the organization and also FGAE has more than 75,000 volunteers and 740 peer educators.

## 3.2 Source of Data

Based on the objectives of the study and research questions to be answered the study is undertaken mainly based on the data that are collected from both primary and secondary sources.

The primary data was collected through a self-administered questionnaire that was distributed to 68 employees of both organizations which is 100% of PATH Ethiopia office employees and 100% of FGAE head Office staffs and the questionnaire was prepared in English language. Since the main objective of this study is to assess the relationship between the new social security scheme and employee performance of the two organizations, the questionnaire was developed with two parts. The first Part contained general information's like sex, length of service with in the organizations and also the managerial level which helps the researcher in understanding the general background of the respondents.

The second part mainly focused on the objectives of the study. This section contained questions that helped the researcher to analyze the relationship between social security scheme and employee benefits and performance, the effect of the social security scheme on the existing staffs under the provident fund program, the effect of the social security scheme on employees under the social security program and the attitude of the existing staffs towards the social security scheme.

The questionnaire has both closed and open ended type questions. And it is arranged using the five point Likert type scale of measurement and it includes five items namely: strongly agree, agree, neutral, disagree and strongly disagree. In addition to this, based on a structured interview questions prepared for discussion with the human resource and administration focal persons of the two organizations, the researcher tried to get information on the overall understanding of the management on the private organizations social security program and the impact it has on the organizations employee motivation and performance. Relevant laws are also referred to.

Secondary data that are relevant for the objectives of the study were also referred which include research papers and different websites. Mainly the researches conducted on the social security programs of private organizations were the main sources of the literature.

### **3.3 Sample size and Sampling techniques**

The data collection was done at PATH Ethiopia and FGAE head office. The study includes staffs from the project implementation, project administration and support staffs of both offices. The data was collected from all employees of PATH Ethiopia Office and all employees of FGAE head office staffs. FGAE head office is selected due to the fact that it is located in Addis Ababa. The convenience for the research and data collection was considered as a factor for the selection. FGAE has regional offices in almost all parts of the country and also has a lot of facilities that helps the organization to provide the family planning services. Since the total number of staffs at its head office were manageable and the sample taken was equal to the total population from the two offices.

This study has used a convenience sampling method which helped the researcher in getting data on time. Totally 68 questionnaires were distributed to 68 employees of both organizations to know the views of employees on the new private organizations social security scheme and its effect on their performance.

### **3.4 Data Collection**

Data was collected from 56 employees from a total of 68 employees for whom the questionnaire was distributed. In order to check the questionnaire viability a pilot test was done by selecting five employees from PATH following the convenient sampling method.

The data from the interview discussion with the human resource focal personnel of both organizations was collected by taking notes of the discussion following the interview questions.

### **3.5 Data Analysis**

In order to reach at meaning full findings the data collected from the respondents through questionnaires and interview are analyzed and interpreted. Proper data cleaning, editing and coding was done in order to post it in the software. The researchers used SPSS Version 20 tool to code and interpret the responses collected from the questionnaire. In analyzing the data descriptive statistics techniques were used and the tables and percentages helped the researcher to analyze and interpret the data in detail.

To analyze the new social security scheme on employee performance under the provident fund program and the new scheme, the data collected through the interviews were used. The data from the respondents obtained during the interview were also used during the analysis. And finally conclusions and recommendations have been drawn based on the data analysis and interpretation.

## CHAPTER IV

### DATA PRESENTATION ANALYSIS AND INTERPRETATION

In this chapter the data collected from both organizations are presented, summarized and also interpreted using SPSS version 20 and different tables. This chapter has two parts. The first part focuses on the general profile of respondents and the second part focuses on data analysis and interpretation of the study.

#### 4.1 General Profile of Respondents

Here the general profile of respondents like gender, age category, educational status, service years and their position were discussed and their relation with the subject under study were explained. The data collection in relation to the general respondent profile was through questionnaire distributed to the respondents. Table 1 below summarizes the number of questionnaire distributed and collected from employees of PATH and FGAE head office.

**Table 1: Questionnaire distribution and Collection rate summery**

<b>Name of Organization</b>	<b>Distributed Questionnaire</b>	<b>Collected Questionnaire</b>	<b>Percentage of Collection</b>
<b>PATH</b>	<b>27</b>	<b>24</b>	<b>89%</b>
<b>FGAE HEAD OFFICE</b>	<b>41</b>	<b>32</b>	<b>78%</b>
<b>Total</b>	<b>68</b>	<b>56</b>	<b>82%</b>

Source: (Questionnaire, 2014)

As per table 1 above the researcher distributed 68 questionnaires for employees of PATH and FGAE HEAD OFFICE and 56 questionnaires were collected from employees of both organizations which makes the response rate 82%. The remaining 18% was not collected due to different reasons.

**Table 2: Distribution of Respondents by Age Category and Gender**

		Respondents by Gender		Total
		Female	Male	
<b>Respondents age group</b>	<b>18 to 29</b>	<b>3</b>	<b>2</b>	<b>5</b>
	<b>30 to 39</b>	<b>14</b>	<b>10</b>	<b>24</b>
	<b>40 to 49</b>	<b>3</b>	<b>19</b>	<b>22</b>
	<b>50 and above</b>	<b>1</b>	<b>4</b>	<b>5</b>
<b>Total</b>		<b>21</b>	<b>35</b>	<b>56</b>

Source: (Questionnaire, 2014)

Table 2 above shows the distribution of respondents by gender and also age group. Out of the total 56 respondents 21 were females and the remaining 35 were males. This distribution between male and female is help full to see the attitude and awareness differences between the two groups and it is also use full to see how the social security system affect the motivation of male and females.

When we look at the age category of respondents, the majority of respondent's age group is from 30 to 49 years but there are also age groups that range from 18 to 29 and also those respondents above 50 years were included. From a total of 56 respondents 24 were in a range of 30 to 39 and 22 were in the range of 40 to 49. Since social security scheme has its own effect on each group having this diversified age group was help full to look at the impression and also the motivational effect of the social security program on each age group.

**Table 3: list of respondents by service Year**

		Frequency	Valid Percent
<b>Valid</b>	<b>Less than a year</b>	<b>8</b>	<b>14.3</b>
	<b>1-3 years</b>	<b>22</b>	<b>39.3</b>
	<b>4-6 years</b>	<b>15</b>	<b>26.8</b>
	<b>7-10 years</b>	<b>5</b>	<b>8.9</b>
	<b>more than 10 years</b>	<b>6</b>	<b>10.7</b>
	<b>Total</b>	<b>56</b>	<b>100.0</b>

Source: (Questionnaire, 2014)

Table 3 above summarizes respondent’s service year. Out of the 56 respondents 39.3%(22) were serving their organization for the period ranging from 1 to 3 years,26.8%(15) were serving their organization for 4 to 6 years and 8.9%(5) were serving for more than 10 years and also 14.3%(8) were serving for less than a year.

As we can see from table 3 above the majority of the respondents were serving their organization for 1 to 3 years and 4 to 6 years but the other groups also have a representation of the respondents. Mainly in relation to the nature of employees that the two organizations have looking at the service year helps to see the impression of those who served in the organization at differed levels, mainly the impression of those who joined the organization before and after the start of the new social security program.

**Table 4: List of Employees by Educational level and their position**

<b>Respondents Educational status and their Current position in the organization</b>								
		Employee Current position in the organization						Total
		Senior Advisor, Executives	Advisor	Officer, Accountant	Coordinator, Manager	Driver	Others	
Respondents Educational status		0	0	0	0	0	0	1
	High school and Below	0	0	1	0	1	1	3
	College Diploma	0	0	2	1	0	1	4
	First Degree	0	0	14	4	0	3	22
	Second Degree and Above	4	4	7	10	0	1	26
<b>Total</b>		<b>4</b>	<b>4</b>	<b>24</b>	<b>15</b>	<b>1</b>	<b>6</b>	<b>56</b>

Source: (Questionnaire, 2014)

When we look at the educational status and the position of respondents in the organization, the majority of the respondents were from the officer and manager level but there are also respondents from the top level managers to the lower level drivers. This is also help full to look at the impression and attitude of the respondents compared to their position and also their educational level. When we look at the educational level of respondents most of them have first degree and second degree.

## 4.2 Data Analysis and Interpretation

### 4.2.1 Employee's scheme coverage

Employee's scheme coverage refers to the program in which the employees are enrolled during the study time. The study organizations were giving both the social security and provident fund benefit for their employees. Table 5 below summarizes the social security coverage of employees.

**Table 5: Social Security Scheme under which the Employees are covered by Sex**

		sex Respondents by Sex		Total
		1 Female	2 Male	
Program under which the respondents are covered	Pension	13	17	30
	Provident Fund	8	18	26
Total		21	35	56

Source: (Questionnaire, 2014)

Based on Table 5 above out of the 56 respondents from PATH and FGAE Head office 30 respondents( 13 female and 17 male)were covered by the new private organization social security scheme and the remaining 26(8 female and 18 male) respondents were covered by the existing provident fund program. Though as per proclamation no 715/2011, article 3(a), employees that were covered by the provident fund program were given the right to decide whether to join the new social security program or not, for this study it was help full to have both types that helps to get the impression and motivational effect of the SSS on both types of respondents.

Based on the discussion with the human resource person of PATH Ethiopia, there are 23 employees covered by the new social security scheme and also 4 employees covered by the provident fund program out of the total 27 staffs. And based on the human resource policy of the organization those employees covered by the provident fund program have the right to withdraw 80% of their provident fund any time they want.

#### 4.2.2 Employee's preference on Social security Scheme

In this section the study discussed the social security preference of employees. They were requested to indicate whether they prefer the social security or the provident fund program so that the researcher gets ideas in relation to the match between their preference and the social security scheme in which they are. Table 6 below summarizes the respondent's scheme preference.

**Table 6: Respondents SSS Coverage and their Preference**

		Respondents Scheme preference		Total
		Pension	Provident fund	
Program under which the respondents are covered	Pension	7	23	30
	Provident fund	1	25	26
<b>Total</b>		<b>8</b>	<b>48</b>	<b>56</b>

Source: (Questionnaire, 2014)

Table 6 above summarizes the preference of respondents and 14.3 %( 8) respondents preferred the new SSS for private organizations and the remaining 85.7 %( 48) respondents preferred the provident fund program. When we look at their coverage 30 respondents out of 56 were covered by the new social security Program. Though 53.6% of the respondents were covered by the new social security program only 14.3 %( 8) respondents preferred to be under the new social security program. This indicates that though the government created the legal back ground and forced organizations to implement the new social security program, it is not well understood and taken by employees. Respondents have different reason for selecting between the two social security schemes which is discussed below.

#### *4.2.2.1 Respondents reason for preference of Pension or Provident Fund program*

This option was given to employees hired before the start of the private organizations social security program and those who have been covered by the provident fund based on Proclamation No. 715/2011, Article 3 Sub-Article 2(a). Considering their own capacity, payment terms of the programs, their own future retirement plan and so on, employees have their own preference of the social security program. There are different reasons given by the respondents in relation to why they preferred the new social security program. Some of the main reasons were:

- Respondents preferred the pension scheme because of the long-term benefit of the program; they believe that they can fulfill their need during the retirement age since the pension program gives a monthly payment up to the end of life.
- Since the social security fund is managed by the government it is believed by the respondents as a reliable and uninterrupted source of income as compared to the one time lump sum payment of the provident fund.
- Some respondents mainly those who served the government office before they joined the non-governmental organizations believe that the social security program gives them the opportunity to build on their previous contribution to the pension fund.

On the other hand the majority of the respondents preferred the provident fund benefit and the major reasons given by them were:-

- The main advantage of the provident fund program is its accessibility whenever the need arises. As a result it is easy and also reliable source of income that can be withdrawn easily and used for your immediate cash requirements.
- Some respondents strongly believe that the contractual relationship they have with the employer is mostly project-based and they are not confident enough on what will happen after the end date of the project as a result they want to have their own reliable business. Mainly, when it comes to retirement they want to plan their own source of income by taking their provident fund lump sum amount so that they can have enough financial sources at the time of transition from job to job.

- The other main point raised as a reason for preference of the provident fund program is the current inflation rate and also the time value of money, respondents preferred the provident fund which gives them the flexibility to use it now.
- Easy and immediate accessibility of the fund whenever they need it for their short term emergency needs and if accumulated for a long period of time, the provident fund program will give someone the option of using the fund for long term investment which will have valuable return in the future; availability of compounded interest on the money accumulated as a PF and the fear factor that they may not properly get back the money that is being put in the social security system because of poor implementation and internal control practices in the country's financial system. And after all they believed more in the present than tomorrow or yesterday and PF makes their today's life very easy.
- To withdraw the accumulated money, PF is easy and simple process whereas in social security program it is a long process, the other main advantage of provident fund is that they can use it at any time but for respondents to use the social security program you are expected to fulfill the requirements.
- Some respondents preferred the provident fund program due to their familiarity with the program and they do not have any idea of what benefits are provided by the new social security program and also they strongly believe that the system is not in place yet.
- Some of the respondents do not want to stay long as an employee as a result they want to have their money and start working their own work

When we summarize the above points, the respondents were choosing between the provident fund and the social security program based on their previous experience with the pension scheme of the public sectors, their own retirement plan and also their expectation. The majority preferred the provident fund program due to its easy accessibility and also use for immediate need. In addition to this they considered the time value of money and also the compound interest that they can get from the accumulated provident fund. On the other hand they clearly raised the gap that is observed in the implementation of the new social security program mainly in relation to awareness creation. Due to lack of knowledge on the benefit package they preferred the PF program.

### 4.2.3 Security feeling among employees

In this section the researcher looked at the relationship of the respondents' social security preference, coverage and security feelings. In order to get information on how employees feel secured the researcher raised a question to see if employees feel secured under the provident fund or the new social security program.

**Table 7: Linkage between employees social security scheme Coverage and their Sense of Security**

		Respondents level of Security under each program		Total	Percent
		Pension	Provident fund		
Program under which the respondents are covered	Pension	9	20	29	53
	Provident fund	2	24	26	47
Total		11	44	55	100
<b>Percent</b>		<b>20</b>	<b>80</b>	<b>100</b>	

Source: (Questionnaire, 2014)

Table 7 above shows that 20 % ( 11) respondents feel secured under the new social security program and the remaining 80 % ( 44) under the provident fund program. When we look at the linkage between security and coverage out of 29(53%) respondents covered by pension program only 9 feels secured under the new social security program. And also out of the 26(47%) respondents covered by the provident fund program 24 of them feel secured under the provident fund program and only 2 of the respondents covered by the provident fund program preferred the new social security program.

From this table we can see that the majority of the respondents feel secured under the provident fund program instead of the social security scheme even though they are covered by the new social security program. This indicates that though the government designed the social security system and is enforcing its implementation, it is still not well taken by employees mainly those who were benefiting previously from the provident fund program and forced to join the social security system due to various reasons.

**Table 8: Linkage between employee’s preference and their level of security**

		Respondents level of Security under each program		Total	Percent
		Pension	Provident fund		
Preference Respondents	Pension	8	0	8	15
Scheme preference	Provident fund	3	44	47	85
Total		11	44	55	
<b>Percent</b>		<b>20</b>	<b>80</b>		

Source: (Questionnaire, 2014)

Table 8 above shows that those employees who preferred the new social security scheme all in all feel secured under the same program. But out of the 47 respondents who preferred the provident fund 44 respondents feel secured under the same program but 3 respondents even though they preferred the provident fund program they feel secured under the new private organization social security program.

Even though the response from respondents about their feeling of security under each program varies from employee to employee the following are some of the reasons for choosing the new social security program as secured.

- The pension program was managed by the agency established by the government which makes it more reliable than the provident fund program which is managed by different organizations under different policies and procedures.
- Some respondents don’t have the confidence on how to use the lump sum amount given to them, mainly they fear not to utilize it before the age of retirement. As a result they feel secured under the social security scheme which they can’t access it easily before their retirement age.
- The other main point raised by the respondents were the sustainability and also the coverage given by the social security program makes them to feel secured since it pays to the end of life.

On the other hand the majority of the respondents were in a position to select the provident fund benefit because they feel secured under this program for the following reasons:

- What worries most of the respondents is what will happen at the end of their project or their contract instead of their retirement age as a result they feel

more secured under the provident fund program since they can get a lump sum amount at the end of their contract.

- In today's environment where the life expense is high, the social security program is not preferable in order to avoid the economic problem of families at the time of retirement. As a result the provident fund makes the respondents more secured since it is up to the respondent to manage it.
- During time of unemployment it is the provident fund that helps the employee to cover his/her need and their families need as a result they feel secured by the PF program.
- Respondents fear that they may not get the money because of high bureaucratic process at the end or you may not illegible to utilize your own money because of loss of a single document or paper due to long period of time, the lost document may be because of your organization not yourself. In the case of PF you can use your money immediately after separation from the organization.
- PF is under your authority, when you leave the organization you will take it but you do not know what will happen in the policy of the government as a result respondents feel secured under the provident fund program
- Some respondents feel that they may not be beneficial from the social security program since their age is more than 50 years as a result they prefer to get the provident fund and then plan to use it for their time after 60 years

#### **4.2.4 Social Security as a Benefit**

In relation to the question raised on the new social security scheme for private and non-governmental organizations as a benefit and its relationship with motivation and performance, some respondents believe that though it has motivational effect for those employees closer to retirement, for the others it lacks a system that is used to raise the awareness of respondents on the benefits of the new social security scheme.

**Table 9: Employees consideration of the new social security as a Benefit**

		<b>Frequency</b>	<b>Valid Percent</b>
Valid	1 Strongly agree	4	7.1
	2 Agree	12	21.4
	3 Neutral	7	12.5
	4 Disagree	17	30.4
	5 Strongly Disagree	16	28.6
	Total	56	100.0

Source: (Questionnaire, 2014)

Based on the data presented in table 10 above, 30.4% of respondents disagree with the concept that the new social security scheme for private and non-governmental organizations can be considered as a benefit provided by the organization to motivate and raise the performance of employees. 28.6% of the respondents strongly disagree. On the other hand 21.4 % respondents agree and 7.1 % respondents strongly agree on considering the new social security program as a benefit. This indicates that having the social security program in place by itself is not considered as a benefit and its motivational effect is also none.

As per the discussion with the human resource person of PATH, it is not possible to consider the social security program as a benefit due to the fact that it is statutory and the initiation is not based on the will of the organization. For all employees hired after June 2011 it is applicable and the observation of the HR person from the organization employees was not considering the social security program. But those employees who were working for the public sector for most of their time and joined the private or non-governmental organization may consider it as a benefit if they can build on what they contributed in their previous times

#### 4.2.5 Attractiveness of Social Security Program

**Table 10: Attractiveness of the new social security program as compared to Provident fund Program**

		Frequency	Valid Percent
Valid	1 Strongly Agree	2	3.6
	2 Agree	5	8.9
	3 Neutral	5	8.9
	4 Disagree	25	44.6
	5 Strongly Disagree	19	33.9
	Total	56	100.0

Source: (Questionnaire, 2014)

When we look at the attractiveness of the new social security program to employees as compared to the provident fund, some respondents believe that for employees who want to feel more secured about their future, and want a guarantee that their retirement period pension scheme will be more attractive than the provident fund program. In addition, the social security program is new for the private sector mainly those do not have any social security benefits previously. Some respondents believe that it is more attractive and also motivating.

But when we look at Table 11, 34 % of the respondents strongly disagree, and 45 % of the respondents disagree with the view that the new social security program is more attractive than the provident fund program. On the other hand, there are few respondents 9% agree, 4% strongly agree on this idea and there are 9% who remained in the middle by being neutral. When we look at the overall impression of respondents at this point the majority believes that the provident fund is more attractive than the social security program.

#### 4.2.6 Linkage between employee Benefits, Motivation and Performance

Looking at the relationship between employee benefits, motivation and performance, respondents believe that it depends on the level of employee professionalism, for some it has definitely a positive relationship and as the benefit package increases the motivation of employees also increases which has its own impact on the employee performance. The more employees think that they have benefited the more will be their motivation and also increased performance. On the other hand some respondents believe that benefits are not necessarily related to performance but there are other factors that need to be considered.

**Table11: Responses in relation to Benefit, Motivation and performance Linkage**

		Frequency	Valid Percent
Valid	1 Strongly Agree	29	52.7
	2 Agree	16	29.1
	3 Neutral	4	7.3
	4 Disagree	3	5.5
	5 Strongly Dis agree	3	5.5
	<b>Total</b>	<b>55</b>	<b>100.0</b>

Source: (Questionnaire, 2014)

As per the information from table 12, 53% of the respondents strongly agree that there is a positive relationship between benefits, motivation and performance, 29% of the respondents agree and 7 % remains neutral. On the other hand 6% of the employees strongly disagree and the remaining 6 % of the respondents dis agree with this idea.

In summery 82% of the respondent believes that there is a positive relationship between the benefit package, motivation and performance. But as per table 10, 58% of the respondents do not consider the new social security program as a benefit which indicates that there is a gap in raising the awareness of the employees in considering the organization contribution as a benefit. The main purpose of providing benefit for employees is to raise their work related motivation which has an impact on the employee performance and also on the overall organizational performance. As a result organizations are expected to work in raising the awareness of their employees to consider the social security contribution of their organization as a benefit.

#### **4.2.7 Motivational effect of the new Social Security Program**

Since the main aim of this study was to look at the effect of the new social security scheme on employee performance which has a direct relationship with motivation, it was expected that the new scheme has a motivational impact.

When we look at the overall motivational effect of the social security program some respondents mentioned that as the social security program for private and non-governmental organization is new, it is not yet possible to see the positive or negative relationship it has and also since it is a country wide and applicable to all organization it is hard to say positive or negative effect on performance. Some respondents mentioned that though it has no

relationship on performance, it helps the employee to develop confidence and psychological work guarantee.

On the other hand, some respondents mentioned that since it is not initiated by the organization, it cannot be considered as a benefit for employees and will not have any impact on individual's performance. In order to motivate employees, the organization should work on the other benefits packages, like transport, medical, life insurance and the working environment. Here the respondents stressed that instead of focusing on the long term benefits like the social security it is good to focus on the short term benefits that can be considered as a benefit by employees. In addition to this, respondents believe that these days it is not possible to get enough money for survival as a result the new social security program is beneficial for those retired and also motivate employees before retirement by reducing the stress of thinking about their future.

Based on Maslow's need hierarchy, the social security is related to the basic need category specifically the safety need which mainly focuses on the physical and psychological safety like safety from the financial ruin and deals with stress of the unfamiliar. As a result when employees feel secured, they can be motivated to work. On the other hand if we look at Herzberg's two factor theory, social security can be considered as a hygiene factor that may not motivate employees due to its presence but due to its absence it may have a demotivation impact and also may reduce performance.

In order to look at the mechanism used by the two research organizations to use the new social security program as a motivational tool for employees, the researcher requested respondents to give their response based on their impression and the response collected is summarized below

**Table12: Mechanisms to use the new SSS as a means to motivate employees**

		Frequency	Valid Percent
Valid	1 Strongly Agree	2	3.6
	2 Agree	3	5.5
	3 Neutral	21	38.2
	4 Disagree	19	34.5
	5 Strongly Disagree	10	18.2
	<b>Total</b>	<b>55</b>	<b>100.0</b>

Source: (Questionnaire, 2014)

Table 13 above shows that the majority of the respondent 21(38%) doesn't know whether there is a mechanism or not as a result they remained neutral, 10 (18%) and 19(35%) strongly disagree and disagree on the availability of mechanisms to use the social security program to motivate employees. On the other hand 2(4%) and 3(5.5%) of the respondents strongly agree or agree on the availability of the mechanism.

From the above table in general we can say that both PATH and FGAE doesn't have a mechanism to use the new social security program as a means to motivate employees. Rather employees were recommending to the organization to focus on other mechanisms to motivate their employees and raise their performance like giving employees appropriate rewards for their work; establishing an open & good relationship with subordinates; giving recognition for employee's performance; providing appropriate facilities for work with latest technology; giving higher or bigger responsibility to employees and working on training and development activities of staffs for their career development.

#### **4.2.8 Employees attitude for the new Social security program as compared to Provident Fund program**

For the points raised in relation to the overall perception of employees based on the new social security program and if there is any mechanism used by the organization to use this type of statutory requirements as a mechanism to motivate employees the majority of the respondents were in favor of the provident fund and they don't think the social security program is easy to get it unless you reached the age of retirement and also they believed that having money while you are able to plan and work in areas that are profitable is better than having the monthly payment for the remaining time of your life after retirement.

The other main point raised was the current use of social security; mainly it is not used to solve current problems as compared to the provident fund. In addition, it is also good to consider the time value of money and also some respondents were not certain about the future and preferred to invest their money in their own ways.

On the other hand some of the respondents were raising the point that though the provident fund is helpful in accumulating money still it has a chance of not properly using it as a result those employees covered by the provident fund program are more secured than those under the provident fund program.

In general as per the respondents collecting a lump sum amount of money at once and be able to create some income generating activities to rely on during the hardship and retirement time makes it more important. This is the critical issue that makes the social security system less important as you cannot decide on your own money and cannot collect as you need it. Though they are very small there are respondents who strongly believe in the social security system and they consider it as a good opportunity for their family and themselves to cover their life expense during retirement.

Based on the discussion with the PATH HR officer the attitude of the organization management team towards the social security program is strong. Having the legal background that forces the private and non-governmental organizations is a good start. Although it is at the stage of startup, it is necessary to raise the awareness of employees about the new social security program.

#### **4.2.9 General Opinion of the Management and employees on the new Social Security Program**

Employees and Management of the two organization general opinion in relation to the new social security program was that the private organization social security scheme is more useful for those organizations that have been neither under the pension nor the provident fund program. It builds the confidence of employees, motivates them to work without worries about their future and makes them more productive since it started for the first time. One motivational aspect of the new social security program is that employees do not have to deal with different organizations varying provident fund scheme; rather an employee would get similar rate of social security saving regardless of the company he/she is working in.

Moreover, the respondents believe that social security answers only some of the future financial needs but if you take a portion of the provident fund and invest it today you can get better amount of money to cover all the needs at the retirement age. Therefore, we can say that almost all respondents chose the provident fund program instead of the new social security scheme based on their own reasons which is an indication of adequate awareness creation is not made.

Mainly those employees covered by the new social security scheme consider it as if they are forced to be under this program instead of the provident fund which has its own effect on their motivation and also performance.

#### **4.2.10 General Observations of the Management and Employees in the implementation process**

According to the general observations of the employees and management of the two organizations, the amount of social security that is monthly saved as set by the proclamation can be adversely affected as inflation increases, and there is the view that there need to be a continuous revision of the percentage saving from both sides. Moreover, the respondents believe that the commitment of the organizations to consistently deposit the social security contribution is not consistent and still there is no way for employees to verify that the money is actually deposited on their behalf. Therefore, there needs to be a system in place so that employees can check the status of their social security deposit.

Since the social security program for private and non-governmental organizations is new, it needs to be introduced to the employees of the private and non-governmental organizations so that employees know and accept the program. But in the implementation process there is no mechanism that is designed to create the awareness of the employees.

The other point respondents said is that there needs to be a system that allows the employee to access the social security program in the form of loan so that they can address their immediate need. There is also the view that the policy lacks clarity on how to get feedback on some of the requests from the employees. The implementation process needs much effort in order to address the following points:

- Since some employees were under the government social security scheme and contribute for long period of time, they expect strong effort from the government side to link the previous contribution to the new one.
- Much effort should be done to organize individuals file at the agency in a proper manner so that information related to each employees can be accessed easily.
- There should be a strong controlling and follow-up mechanism on each organization to ensure that all contribution made by employees were properly paid to the concerned governmental body.

- Individual should be aware and request their identity card through their organization once they are registered under this scheme and the agency should work to create this awareness on constant base.

With the enforcement of the new social security system, it is good to design mechanisms to increase the awareness of the vast majority of employees in the two organizations. And also ensure the companies responsible to collect and deposit the contribution are in compliance with the proclamation. The program should be sensitized to the employees than enforcing a law.

## CHAPTER V

### SUMMARY, CONCLUSIONS AND RECOMENDATIONS

This chapter summarizes the findings of the study and conclusions based on the data analysis findings and discussion. It also presents the recommendation based on the study findings and conclusion.

#### 5.1 Summary of Findings

Based on the data analysis, interpretation and discussions undertaken in the previous chapters, the following findings were derived;

- In general all respondents clearly indicated that after the start of the implementation of the new social security program there was no effort made by either the government or the organizations to raise the awareness of the employees on the benefit that will be provided by the new social security scheme which resulted in lack of awareness on the employee side.
- Though the majority of the respondents were covered by the new private and non-governmental organizations social security program, most of them preferred to be covered by the provident fund program which indicates that there is a gap in matching the preference with the actual coverage.
- Even though there are few staffs that think the social security scheme has a relationship with the employee motivation and performance, the majority of staffs were not able to see any relationship between the social security scheme and employee motivation due to the fact that it is early to evaluate the program.
- Almost all respondents were not considering the new social security program as a benefit and they were not in a position to look at the relationship it has with motivation and performance.
- Although the private and non-governmental organization social security program started its implementation since June 2011, it is observed that both organizations are practicing both the previous PF program and also the new social security program.

- Those respondents who are covered by the new social security program while their preference was the previous provident fund program strongly believe that the scheme is not motivating for them.
- It is observed that the controlling and follow-up mechanism of the government on the organizations to ensure that whether the collected money is properly deposited or not is not clear.
- Due to the contractual nature of agreement they have with the research organizations, employees were not in a position to be confident on what will happen after the end of their contract as a result they strongly rely on the provident fund rather than pension.
- The majority of employees think that employees under the provident fund program are more motivated than the social security covered employees. The reason behind this is provident fund is more accessible than the social security and it helps them to meet their current need and also plan for their future. As a result they prefer to be under provident fund scheme
- Lack of clarity on the implementation of the social security scheme is one of the finding from the respondents. They clearly mentioned that it is not clear on what will happen if the employee loses his job in the middle or before reaching his retirement age. But for the provident fund they can get it and use it as a bridge until they get another job.
- The majority of the respondents preferred to have their own retirement plan instead of being covered by the social security program. The main reason behind this is lack of clarity on the implementation of the social security scheme and also the time value of money.
- Few respondents feel secured under the new social security scheme, since it is more reliable than the provident fund which is managed by different organizations under different policies.
- When we look at the opinions of the management from both organizations they all are supportive to the new social security system and also they accepted the decision of the existing staffs as it is based on the right given to the existing employees by Proclamation No 715/2011.
- In both organizations there is no system that is designed to use the social security system as a means to motivate employees and raise their performance. In addition it was observed that there is no system used to raise the awareness of employees on the benefit packages of employees.

## 5.2 CONCLUSIONS

Based on the response collected from staffs through the questionnaire distributed the majority of the respondents from both organization still prefers the provident fund benefit rather than the social security scheme. Almost all respondents feel secured under the provident fund program. Mainly those who are covered by the private organization social security program while preferring the provident fund are not motivated by the program.

Based on the analysis of the responses collected, the effect of the social security scheme on employee motivation, it is concluded that most employees prefer to have the provident fund benefit instead of the social security program which is not clear in its implementation and it is observed from the responses that it is good to have your own social security plan instead of relying on social security scheme. Respondents mainly focused on the accessibility of the PF program, the time value of money and its easiness to get a lump sum amount during termination of agreement which is highly important for the employee to cover his expenses.

The management of both organizations considers the social security scheme as a statutory requirement which it must comply with. But it is believed that there is no effort made by both organizations to raise the awareness of employees under both scheme and also they believe that it is considered as a benefit but no effort was made to create this impression to employees. The main reason for the respondents to prefer the provident fund was primarily lack of awareness on the private organization social security scheme, easy accessibility of the provident fund, and short term contract of employment and so on.

It is also noted that when we look at the contribution of social security to employee motivation as compared to the provident fund the respondents preferred to have the provident fund and they clearly indicated that they are more motivated by the provident fund rather than the social security.

### 5.3 RECOMENDATIONS

In view of the findings and conclusions of the study, the following recommendations are suggested in the hope that it will help the organization.

- Proclamation 715/2011 is applicable to all Ethiopian citizens employed by the private sector. Employees think that social security scheme is available in all organizations and it is applicable to all at the same level. As a result they are not in a position to accept it as a factor that contributes to the employee motivation. It is recommended that creating the awareness on social security scheme for employees and trying to show the relation it has with the staff motivation is expected from the organization.
- Considering the fact that employees can have their provident fund any time they want based on the organization policy, they prefer to be under the provident fund program of organizations. The idea that the provident fund is more important than the social security coverage is what is in the minds of employees and most of the time having a lump sum amount of money at one time and try to allocate it or invest in for a life period income is a little bit riskier than having a fixed monthly payment of pension till end of life. As a result it is recommended that awareness enhancement about the social security scheme be made to change the attitude of employees.
- As we can see from the findings, the staff strongly believes that there is no mechanism that the organization uses to make the social security system motivational. This is an indication on the gap that the organization has on how it is planned to diversify the staff motivation mechanisms. And it is again expected to look at ways that helps to raise the awareness of staffs on the social security benefits.
- The other thing is employees think that those staffs covered by the PF are more motivated than the others. But as we can see from the profile of respondents, the majority of the staffs are under the new social security program. This means the majority of the staffs are not motivated and performing as per the expectation. As a result the management team is expected to study the root cause of this attitude difference and work hard to bring staffs to the belief that social security scheme is equally important with the provident fund and trying to magnify the usefulness of the social security scheme.

- Proclamation No 715/2011 clearly mentions what will happen at the age of retirement but the staffs still think that there is no clarity on the implementation of the social security program. This indicates that though the organization provides the benefit, there is no channel that helped employees to understand what is in the package. It is good to create a forum that helps employees to understand the benefits and stay in the organization.
- Proclamation No. 715/2011 does not have option for those short-term employees and project based employees. As a result, the agency needs to think on how to address the challenges of those employees during the periods of unemployment.
- This study has looked into the relationship that exists between the social security program, employee benefit, motivation and also effect on employee performance focusing on the two organizations. In order to get deeper insight of the research area, the researcher recommended that other researchers examine .the challenges of the private organization social security scheme implementation and also assess the similarities of and differences between the new private organizations social security Scheme and the existing public Sector social security scheme.

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Defense force Proclamation No 271/1996

Public Servant Pension (Amendment) Proclamation 633

Public servant pension, Decree No 46-1961

Public servant pension proclamation No 276 of 1963

Public Servant Pension (Amendment) Proclamation No 190/1999

Public Servant pension (Amendment) Proclamation No 424/2004

Social Security Establishment Proclamation No 38/1996

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## APPENDIX

### Appendix A: Questionnaire

**St. MARY UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**MBA PROGRAM**

Dear respondents,

My name is Addisu Getachew; I am attending my second degree in Master of Business Administration (MBA) program of St Mary University. In Partial fulfilment of the program, currently I am conducting a study on “The *effect of Social Security Scheme on Employee Performance of Private and Non-Governmental Organizations*”. The study is purely for academic purpose I hereby request you to fill this questionnaire and give me your feedback the earliest time possible. Your genuine response is highly valuable to conduct the study and drive legitimate results. *All your response will be kept confidential.*

I would like to thank you in advance for your valuable and precious time and willingness to fill the questionnaire.

**Instruction:**

- Please use tick mark (√) in the boxes provided to choose from the options provided
- There is no need to write your name.
- For questions that demand your opinion, please try to describe honestly as per the question on the space provided.
- If you need any clarification, Please contact me through my mobile 0911162198 or e-mail :addisured@yahoo.com or akyrgetachew@gmail.com

# QUESTIONNAIRE

## PART I: Respondents profile

1. **Gender:** Female\_\_\_\_\_ Male\_\_\_\_\_
2. **Age Group:** 18 to 29 [ ], 30 to 39 [ ], 40 to 49 [ ], 50 and above [ ]
3. **Educational Status:** high school complete and below [ ], college diploma [ ], first degree [ ], second degree and above [ ],  
Other (please specify) \_\_\_\_\_
4. For how many years you have been working in the organization?  
Less than a year [ ], 1-3 years [ ], 4-6 years [ ], 7-10 years [ ]  
More than 10 years [ ]
5. Your current position in the organization:\_\_\_\_\_

## PART II Queries Specific to the Project Title

6. Are you covered by: social security program [ ], provident fund program [ ]
7. Which scheme do you prefer? social security [ ], provident fund [ ]
8. What are the reason for your preference under question no 7?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
9. In which program do you feel secured?  
Social Security [ ], provident Fund [ ]
10. What are the reason for your answer under question no 9?  
\_\_\_\_\_  
\_\_\_\_\_

NO	Based on your own experiences in your organization, do you agree or disagree with the following questions? (Tick X on your choice). Also write your opinion for follow-up questions next to agree/disagree questions.	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
11	Do you agree that the new social security schemes for private and non-governmental organizations can be considered as one of the major benefits provided by the organizations to motivate employees and raise their performance?					
11.1	If the answer to question no 11 is strongly agree or agree; please explain how social security scheme affects employee motivation and performance _____ _____					
12	Do you agree that the social security program is more attractive to employees than the Provident fund program?					
12.1	If the answer to question no 12 is strongly agree or agree; please explain. _____ _____					
13	Do you agree on the fact that there is a positive relationship between employee benefit package, motivation and employee performance?					
13.1	If the answer to question no 13 is strongly disagree or disagree; please explain _____ _____					
14	If you are covered by the new social security program, did you consider it as a benefit and also did the program motivate you in relation to Performance?					
14.1	What are the reasons for you answer in question number 14? _____ _____					
15	Do you agree that your organization have a mechanism to use social security scheme as a means to motivate employees and raise their performance?					
15.1	If the answer to question no 15 is strongly disagree or disagree; what do you recommend for the organization? _____ _____					
16	Do you recommend for those under the provident fund program not to change their status from provident fund to the social security program?					
16.1	If the answer to question no 16 is strongly agree or somewhat agree; Please Explain why? _____ _____					

17	Do you think that having the opportunity to take certain amount of your provident fund balance and planning your own retirement plan is more important than the Social Security Scheme?					
17.1	If the answer to question no 17 is strongly agree or somewhat agree; please explain how it is more important. _____					
18	How do you see the importance of the private organizations employees' social security scheme for employees work related motivation and performance?					

19. Is there any positive thing that you observed from the implementation of the new social security scheme that can be considered as motivational for employees?

\_\_\_\_\_

\_\_\_\_\_

20. What is your observation in the implementation process of the new Social Security program as a challenge and also areas that needs to be improved?

\_\_\_\_\_

\_\_\_\_\_

Thank you for your Valuable Time

Addisu Getachew

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## **Appendix B: Questions for Human Resource Personnel's**

1. What is your impression of the private and non-governmental employee's social security program?
2. Do you think that the private and non-governmental organization social security program can be part of employees benefit package?
3. How many of your organization employees are covered by the new social security program and how many are covered by the provident fund program?
4. Which program is more preferred by your organization employees?
5. Do you think that they are satisfied with the program they are covered? If not what is the reason?
6. What is the attitude of the organization management for the new social security program?
7. Do you believe that this program can be used as a motivational tool to increase employee's performance? How?
8. Is there any mechanism used in your organization to increase the awareness of employees on social security?
9. In your observation, is there any good thing that you observed from the new social security program?
10. Is there any area that needs to be improved?

## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Elias Nour. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

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Signature & Date

## ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

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Signature & Date