

Employee perception on Compensation Management and Benefit Policy at commercial bank of Ethiopia (A case study on commercial banks in Dessie Town, Ethiopia)

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Abstract: The aim of the study is to examine employees' perception on compensation management and benefit policy at selected Commercial Banks in Dessie town, Wollo region, Ethiopia. To meet the objectives researcher adopted descriptive research design by using quantitative and qualitative data interpretation. From the total 12 licensed commercial banks currently operating in Dessie town the sample areas of the study has selected from two branches of public commercial banks and the two braches private commercial banks by using purposive sampling techniques. The primary data was collected through questionnaire from a sample of 100 clerical employees of the banks and interviews from human resource department. The data has been analyzed by using descriptive statistics frequency, tables and charts. From the research it is observed that employees perception towards current compensation and benefits are unfair, not distributed between supervisor and clerical employees. Employees are not participating in compensation and benefits decision and also the compensation system not communicated to employees.

Keywords: *Employees' perception, compensation management, benefits policy, commercial bank, Selected Banks, purposive sampling.*

INTRODUCTION

Compensation is the remuneration received by an employee in return to his/her contribution to the organization. It is considered to be the most important task in any human resource management process. It occurs periodically, demand accuracy and must not be delayed. It is also concerned with the formulation and implementation of strategies and policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organization. It requires integrating human resource information with business process and strategies to achieve the organizational goals and objectives. Fair and reasonable compensation will always help the organization to retain the employees to get desired goals and objectives. This practice helps in maintaining good industrial relations by providing monetary and non-monetary benefits to all the employees. A fair compensation system always helps the organization in enhancing the satisfaction, productivity, performance, attendance and retention of employees.

Objectives of the study

- To examine the perception of employees on current compensation system and benefit policy.
- To identify the most favored type of benefit policy available with the organization.
- To observe the difference between qualification and experience in perceiving compensation and benefit policy.
- To describe the role of employees in compensation, benefit decisions and degree of communications about and benefit practices.

Significance of the Study

Every organization should build an effective compensation management system in order to sustain in the competitive world. It may be financial and non-financial compensation. It is useful to attract, retain and motivate individuals towards higher performance. In order to get work done by the employees and workers organizations need to pay the required amount of wages and salaries in the form of compensation. This system is important for every country and industry and Ethiopian banking industry is not an exception. The current research initiated to examine the perception of employees on current compensation management system and benefit policy in commercial banks at Dessie town, Ethiopia.

Scope of the Study

The scope of the study is to examine the employees' perception on compensation management systems and benefit policy in the selected commercial banks in Dessie town. They are Commercial Bank of Ethiopia, Construction and Business bank, Dashen Bank, and Wugagen bank. As compensation system and benefits are implemented on permanent employees the study is delimited to the data obtained from clerical staff of selected branches of public and private commercial banks.

Literature review

Human resources are the most vital resources for every organization. Pay has a significant impact on employee

behavior, performance and effectiveness in organizations. (Edwards and Gilman, 1999 as cited by Fitsum Ghebrejorgis and Karsten, 2006). According to Bowman (2006), compensation management can be defined as all the employers' available tools that may be used to attract, retain, motivates and satisfy employees. This encompasses every single investment that an organization makes in its people and everything its employees value in the employment relationship. It is also useful in recruitment, job performance and job satisfaction. The notion of compensation management just says that there is more' to rewarding the people than throwing money at them. Understanding the construct of compensation systems, its impact upon the organization's structure, strategies, and employees has been an important area. Popoola and Ayeni (2007) to use compensation as a motivator effectively, personnel managers must consider four major components of a pay structures in an organization these are: (a) Job rate, which is the importance the organization attaches to each job; (b) Payment, which encourages employees by rewarding them according to their performance; (c) Personal or special allowances and (d) Fringe benefits such as holidays with pay, pensions, and so on. Akintoye (2000) the success in attaining goals in human resource planning related to attracting and recruiting human capital is directly linked to compensation offered. Also, the ability to motivate workers and retain desired employees is largely influenced by compensation offered Dulebohn and Werling (2007). Mulis and Watson in Armstrong (2008) put it "the monetary value in the compensation package is still matter but they are not only the factor". They also stress that compensation policies are based on "building a much deeper understanding of the employee agenda across all elements of reward". In the words of Brown as quoted by Armstrong (2008) compensation and reward process are flow of events that determine the level, differentials of financial rewards, fringe benefits and non-financial rewards received by each member of the organization. In recent years, the inclusion of non-financial measures has gained more popularity in compensation management systems. Some scholars demonstrate positive effects of incorporating non- financial measures into the compensation management system. Empirically (world at work, 2008). Thus Dalton McFarland asserted that "among the various devices for eliciting the loyalty, corporation and effort of individuals are the various forms of economics reward both financial and non-financial". Compensation includes direct cash payments, indirect payments in the form of employee benefits & incentives to motivate employees to strive for higher level of productivity are critical component of employment relationship. Compensation is affected by many factors like labor market factors, collective bargaining, government legislation & top management philosophy regarding pay benefits (world at work, 2008) The compensation management process was summed up by work force (2008)

as follows: Creating a fun, challenging empowering work environment in which individual are able to use their abilities to do meaningful jobs for which they are shown appreciation is likely to be a more certain way to enhance motivation and performance even though creating such an environment may be more difficult and take more time than merely turning the reward lever. According to Brown in Armstrong (2008), Compensation strategy defines what the organization intends to do in the longer term to develop and implement reward policies and process that will further the achievement of its business goals. It establishes priorities for developing reward plan that can be aligned to' business and human resources strategies. According to Brown in Armstrong (2008), compensation strategy is ultimately a way of thinking that you can apply to any reward Issue arising in your organization, to see how you can create value from it. To him, it is necessary to recognize that effective compensation strategies have three components: The compensation management is concerned with the financial aspects of needs, motivation and rewards. Managers, therefore, analyze and interpret the needs of their employees so that reward can be individually designed to satisfy these needs. For it has been rightly said that people do what they do to satisfy some need. Before they do anything, they look for a reward or pay-off. The reward may be money or promotion, but more likely it will be some pay-off-a smile, acceptance by a peer, receipt of information, a kind word of recognition etc.(world at work, 2008). Thus, Rao and Rao in workforce management (2008), asserted that the main objective of job evaluation are: To gather data and information relating to job description, job specification and employee specifications of various jobs in an organization, to compare the duties, responsibilities and demands of a job with that of other job, to determine the hierarchy and place of various jobs in an organization and to ensure fair and equitable wages on the basis of relative worth or value of jobs. According to Armstrong (2008), an organizational compensation management system includes anything an employee's value and desire that an employer is able and willing to offer in exchange for employee's contribution. More specifically such compensation includes financial and non-financial rewards. Compensation management is an integral part of human resource management that helps in motivating the employees and improving organizational effectiveness (Naukrihub 2009, 37). They are responsible for each decision taken, work done and for every results. The proficiency of employees plays a vital role in the context of diverse challenges faced by the modern organizations. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. Bhattacharya (2009) says that balancing the cost of compensation and retaining employees has now become the most important priority for today's organization (pp.2). The most previous studies focus on the relationship between compensation and

human resources outcomes like satisfaction, productivity, performance, attendance, and retention. According to Naukrihub (2009) compensation provided to an employees can be direct in the form for monetary benefits and or indirect in the form of non-monetary benefits known as perks, time off etc. compensation does not include only salary but it is the sum total of all rewards and allowances provided to the employees in return for their' services. If the compensation is effectively managed, it contributes to high organizational productivity. Bob (2011) described in his study that compensation processes are based on compensation philosophies and strategies. These contain arrangement in the shape of policies, strategies, guiding principles, structures and procedures. These are devised and managed to provide appropriate types, levels of pay, benefits and other forms of compensation. Faheem Ghazanfar (2011) Relationship between Satisfaction with Compensation and Work Motivation: There is no firm basis for the assumption that paying people more will encourage them to do better work or even, in the long run, more work. Bob (2011) Compensation processes are based on Compensation Philosophies and strategies and contain arrangement in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation. Adekoya Ismaeel Adeniyi (2013) "Compensation management and Employees' Performance in Public Sector" (Case Study of Nigeria Port Authority) Finally the analysis of data collected from respondents shows that compensation management system has impacts on employees performance and also there are other factors apart from monetary factor that influence the performance of employees either positively or negatively.

Research Gap

Ethiopian banking industry is suffering with high labour turnover and has high flow of employees from one bank to another bank to facilitate their life style by comparing their bank pay scale and benefit package with other banks. Employees are also finding the most preferred or perceived compensation and benefit management system this may affect the productivity of the organization. From the earlier researches it is observed that compensation management is mainly to improve the behavior, productivity, performance and effectiveness. It is also useful to retain, motivate, satisfy and improves the attendance of the employees. It focuses mainly on the core function of human resource management such as recruitment, performance, satisfaction and relationship. Some opinioned that it is not throwing money on the employees. It should be focused on the employee agenda like what for the employee is working and their desires. Some focused on differential rewards, fringe benefits and non-financial rewards. Some observed in balancing the cost of compensation. But no research has focused on the internal desires and wants of the employees

and how these will be fulfilled. So, the researcher initiated to evaluate the employees' perception towards the current compensation management practices and benefit policy in some selected commercial banks in Dessie town.

Methods and Methodology

The study used both qualitative and quantitative research approach to obtain the desired objectives. It includes both primary and secondary data. Primary sources are used to get first-hand information collected from the employees of public and private commercial banks working at Dessie town. The secondary sources are also used to strengthen the primary sources includes books, journals, articles, websites and other published information from the banks. From the total 12 licensed commercial banks in Dessie town a sample of 100 respondents is selected by using purposive sampling techniques. These banks include commercial bank of Ethiopia, Construction and business bank, Dashen bank and Wegagen bank. Before analyzing the collected data they were checked for accuracy, utility and completeness, compatibility with the purpose of the study. To reduce the chance of confusion and ensuring the validity and correctness, some pilot tests were taken by distributing the questionnaires in order to reduce the irrelevant and redundant questions before going for final data collection.

Data analysis and interpretation

Data analysis and interpretation is necessary in order to understand the perception of employees towards the present compensation and benefit policy of the selected banks. Before going for final analysis of the data the researcher has done reliability and validity test to check the accuracy of the data. According to Sekaran (2001), a response rate of thirty percent is acceptable for most studies. The response rate for this study was 100% which is fully sufficient.

Table -1 Reliability test or validity test

Cronbach's Alpha	Cronbach's Alpha based on standardized items	No of items
0.883	0.883	35

Table -2 questionnaire response rate by organization

Organization	Respondents	Percentage
CBB	15	15.0
CBE	50	50.0
DB	20	20.0
WB	15	15.0
Total	100	100.0

Demographic profile of respondents

The respondent's demographic profile includes gender, education, age, work experience, category of the job. From the total respondents 71% have BA/BSc degree, 17% respondents diploma holders, 6% of the respondents were

masters and rest 6% were technical school graduate. In the job category 81% of those respondents are from officers and the rest are supervisors. Majority of the sample 69% were male and female were 31%. 49% of the respondents are aged between 25-34years, 21% were under 25 years and 20% was between the age of 35 to 44 and the rest 7% and 3% of the respondents were 45-54 years and above 55 years respectively. Work experience is another important factor decides the loyalty of the employees towards the organization. From the data collected 62% serve less than 4 years, 27% serve between 5-9 years, 8% serve between 10-19 years and the rest 3% serve for 20-30 years. Coming to the compensation of the employees 54% of the sample were between 4001-5000, 24% was between 3001-4000,

16 % ranging from 1201-3000 and the rest 6% were between 501-1200.

Employee's perception of the effectiveness of compensation and benefits

Employees perception towards compensation and benefits adequacy, compensation equitability, fairness, compliance with government regulations, motivation and incentives, attraction and retention, keeping balance between cost of employer and employees contribution, securing from unemployment and provision of opportunity to attain self-interest.

Table - 3 Demographic profiles of respondents

Variable	Category	Respondents Clerical employees(N=100)	
		Frequency	Percent (%)
Gender	Male	69	69
	Female	31	31
Education	Technical school graduate	6	6
	College Diploma	17	17
	BA/Bsc Degree	71	71
	Master's Degree	6	6
Age (N=100)	Under 25	21	21
	25-34	49	49
	35-44	20	20
	45-54	7	7
	55 and above	3	3
Work experience	0-4	62	62
	5-9	27	27
	10-19	8	8
	20-30	3	3
Salary	501-1200	6	6
	1201-3000	16	16
	3001-4000	24	24
	4001-5000	54	54
	Above 5000	6	6
Job Category	Supervisor	19	19
	Officer	81	81
	Total	100	100

(Source: Own survey 2015)

Table - 4 Perception towards the effectiveness of compensation and benefits

Item of perception (n=100)	Likert's rating score				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Respondents	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)
Compensation and benefits adequacy	25(25.0)	48(48%)	12(12%)	15(15%)	0(0.0%)
Compensation equitability	19(19%)	51(51%)	12(12%)	15(15%)	3(3%)
Compensation fairness	21(21%)	35(35%)	20(20%)	20(20%)	4(4%)
Compliance-Government	23(23%)	49(49%)	22(22%)	4(4%)	2(2%)

regulations					
Incentives for better performance	24(24%)	34(34%)	20(20%)	20(20%)	2(2%)
Attract and retain competent employees	21(21%)	31(31%)	17(17%)	29(29%)	2(2%)
Balance between organization cost and employees contribution.	14(14%)	33(33%)	23(23%)	24(24%)	6(6%)
Secure employees from being exposed to unemployment	36(36%)	40(40%)	13(13%)	8(8%)	3(3%)
Provide opportunity to attain self-interest	16(16%)	35(35%)	9(9%)	24(24%)	16(16%)

(Source: Own survey 2015)

From the above **table – 4**, 73% of the respondents strongly agree and agree, 15% disagree and 12% have no opinion on the current compensation and benefit package are adequate. The current compensation is equitability 70% strongly agree and agree 12% of them have no opinion and 18% of the respondents disagree or strongly disagree for the current compensation equitability. Fairness of the compensation 56% strongly agree and agree 20% are disagreeing, no opinion and 4% are strongly disagreeing. Towards government regulation and compliance 72% agree and strongly agree, 22% have no opinion and remaining 6% disagree and strongly disagree. Compensation and benefit package in both types of banks motivates and provide incentives for better performance. 58% of them agree and strongly agree, 20% no opinion, and 22% disagree and strongly disagree. Attracting and retaining the employees is important for every organization, 31% of respondents disagree and strongly disagree, 17% of respondents decline from expressing their opinion and 52% of them agree and strongly agree. Compensation system keeps balance between government cost and employee contribution, 47% agree and strongly agree, 30% disagree and strongly disagree and remaining 23% have no opinion.

51% of the respondents were agreed and strongly agreed, 30% disagree and strongly disagree, and rest 9 % have no opinion towards the compensation available is capable of securing employees from being exposed to unemployment’. Compensation and benefit package offered by the organization provide an opportunity to attain self-interest like constructing a house, buying car, paying children school fee and others. The number of respondents either disagree and strongly disagree were 40%, 51% agree and strongly agree, 9% have no opinion. It is concluded that from the above analysis benefit packages are not adequate, not fair and equitable, not gaining self interest and not able to meet their basic costs of life.

Employee’s perception on compensation, benefit decision and administration process

The items included in this category includes periodic updating and communicating, employees participation, existence of written compensation and benefit policy, periodic evaluation of effectiveness, link to organizational strategic plan, knowledge of source of information, and flexible benefit options.

Table-5 Perception towards compensation and benefit decision and administration

Item of perception (n=100)	Likert’s rating score				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Respondents	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)
Periodically updated and communicated	12(12%)	37(37%)	29(29%)	16(16%)	6(6%)
Employees participation in compensation decision process	8(8%)	15(15%)	34(34%)	23(23%)	20(20%)
The organization has written compensation and benefit policy	33(33%)	42(42%)	18(18%)	7(7%)	0(0%)
Periodic evaluation of effectiveness	14(14%)	34(34%)	29(29%)	17(17%)	6(6%)
Link to organization’s strategic plan	11(11%)	48(48%)	33(33%)	6(6%)	2(2%)
Knowledge of where to go for information related to benefits	20(20%)	50(50%)	19(19%)	9(9%)	2(2%)
Understanding of how retirement benefits calculated	18(18%)	33(33%)	18(18%)	23(23%)	8(8%)
Provision of flexible benefit options	19(19%)	38(38%)	17(17%)	23(23%)	3(3%)

(Source: Own survey 2015)

Table - 5 shows that 49% agree and strongly agree 29 % has no opinion and 22 % disagree and strongly disagree with the statement that the compensation and benefits available in their organization is periodically updated and communicated to employees. Employee participation in compensation decision process 43% disagree and strongly disagree 23% strongly agree and agree and rest 34% have no opinion. It is due to lack of time to participate in the compensation and benefits decision processes. Organization has a written compensation and benefit policy 75% of the employees agree and strongly agree 18% have no opinion and 7% disagree and strongly disagree. Effectiveness of compensation and benefit policy package is periodically evaluated 48% have strongly agree and agree 29% have neither nor 17% have disagree and 6% have strongly disagree. Employees do not believe that they linked to organization’s strategic plan 59% agree and strongly agree 33% has no opinion and 8 % disagree and strongly disagree. Moreover, 70% agree 11 % disagree and strongly disagree 19 % have no opinion that employees

know where to go for information related to benefits. Understanding towards how the retirement benefit policies are being calculated 51% agrees and strongly agree, 18% has no opinion and only 31% disagree and strongly disagree. Flexible benefit policy is always good for the organization to motivate the competent employees. 57% are agreed and strongly agreed 17% have no response 26% have disagreed and strongly disagreed.

Employee’s perception towards overall compensation and benefit policies

Eight items included in this part namely, performance based payment, appropriate payment for experience and qualification, adequate payment for responsibility discharged, effect on employee’s productivity, comparison with other sector, potential for supporting and facilitating organizational goals, gap between what is and what employees think should be, and the need for revision and rationalization.

Table -6 Employees’ perception towards overall compensation and benefit policies

Item of perception	Likert’s rating score				
	Strongly Agree	Agree	No opinion	Disagree	Strongly Disagree
Opinion					
Respondents	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)
Payments based on performance	12(12%)	30(30%)	20(20%)	30(30%)	8(8%)
Appropriate payments for experience and qualification	19(19%)	33(33%)	27(27%)	19(19%)	2(2%)
Adequate payments for responsibility discharged	20(20%)	37(37)	20(20%)	18(18%)	5(5%)
Payments have positive effect on employees productivity	25(25%)	40(40%)	16(16%)	13(13%)	6(6%)
The benefits are as good as other sector	19(19%)	38(38%)	17(17%)	23(23%)	3(3%)
Support and facilitate achievement of organizational goals	28(28%)	50(50%)	14(14%)	6(6%)	2(2%)
Comparable to what employees think should be	11(11%)	56(56%)	15(15%)	14(14%)	4(4%)
Current compensation system fulfills the psychological and self-actualization needs of employees.	6(6%)	34(34%)	26(26%)	21(21%)	13(13%)
Current compensation management system allows employees to take up higher responsibilities.	24(24%)	32(32%)	19(19%)	20(20%)	5(5%)

(Source: Own survey 2015)

The above **table - 6** indicates that the majority of the respondents (38%) disagree/strongly disagree and (20%) of the respondents has no opinion and the rest 42% agree/strongly agree with the statement that ‘I am being paid based on my performance’ and only few of the respondents agree with the statement. Moreover, about 52% of the respondents agree/strongly agree with the statement that says ‘Appropriate payments for experience and qualification employees have and about 21% of the respondents disagree with the statement, and the rest 27 % have no opinion. Similarly, the half of respondents agree/strongly agree (57%) with statement ‘there are adequate payments for responsibility discharged’, 20% show no opinion and the rest 23% disagree/strongly disagree. Therefore, there is a need to design compensation and benefits taking in to account the performance, experience, and qualification of employees. In the open ended question asked to suggest the solution to the problem available in their organization they state that there were differential pay systems for managerial position clerical employees and clerical officer those who are experienced, attractive position and house allowance. Furthermore, about 65% of the respondents agree/strongly agree, 16% have no opinion, and the remaining 18% disagrees with the statement ‘the current compensation and benefit package has positive effect on employee’s productivity’. This implies that how much 65% of the respondents believe as it has affect the but the rest of the respondents disagree with compensation and benefit being offered to the employees have positive effect and force employees to look for additional employment outside their organization which

they claim to have a negative effect on quality of education, particularly clerical staff . On the other hand, the majority of respondents (57%) agree with the idea that the compensation and benefits available in their organization is as good as other sector and 26% of the total respondents disagree /strongly disagree only 16% of the respondents have no opinion. In relation with statement ‘the current compensation and benefits are comparable with what you think should be’ 66% of the respondents agree/strongly agree, 18% agree and 18% have no opinion. This implies there is a gap between some employee’s expectation and the actual compensation and benefits. Moreover, the majority of respondents agree/strongly agree (40%), 26% have no opinion, and 24% disagree with statement ‘Current compensation system fulfills the psychological and self-actualization needs of employees; there is a need to satisfy employees why greater than half of the respondents half no opinion and disagree. As the respondents level their perception on the above listed the majority of the respondents have the perception as they do not agree and no opinion this shows that employees’ perceive that the current payment is doing not consider the qualification and experience of employees, and also they declare as there is pay difference between clerical employees those who are doing on managerial position (supervisor) and clerical officers.

Employee’s perception towards pay mix and pension plan

This category contains items related with pay mix and pension planning issues and respondent’s perception.

Table- 7 Perception towards pay mix and pension plan

Item of perception	Likert’s rating score				
	Strongly Agree	Agree	No opinion	Disagree	Strongly Disagree
Respondents	Number (%)	Number (%)	Number (%)	Number (%)	Number (%)
Giving more cash and letting pension planning for the employees	8(8%)	43(43%)	38(38%)	9(9%)	2(2%)
Option to choose cash component against non- monetary benefits	8(8%)	48(48%)	34(34%)	8(8%)	2(2%)
cash component in the pay packet should be much more than the non-monetary benefits	22(22%)	37(37%)	35(35%)	6(6%)	-
There is a pressing need to review and rationalize the pay structure to improve employee efficiency	24(24%)	35(35%)	33(33%)	8(8%)	-

(Source: Own survey 2015)

Table-7 shows the items regarding the perception of employees towards the pay mix and pension plan. (51%) of the respondents agree/strongly agree with the statement ‘giving more cash and letting pension planning to

employees’, 38 % have no opinion, and 11% disagree/strongly disagree with statement. Moreover, 56% of the respondents agree/strongly agree with the statement ‘Organization should give the option to choose cash

component against non-monitory benefits’, but, 10% either disagree or strongly disagree where as 34% show no opinion. This analysis shows almost half of the respondents were did not accept it. Similarly, 46.9% disagree/strongly disagree with the statement ‘pay should focus more on cash and let retirement planning for employees’, 31.3% have no opinion. However, majority of respondents (59%) agree or strongly agree with the statement ‘pay packet should focus on cash than non-monitory benefits, 35% have no opinion, and only 6% disagree. Finally, respondents argue strongly towards the statement ‘There is a pressing need to review and rationalize the pay structure to improve employee efficiency, however the majority of respondents agree/strongly agree (59%), 33% have no opinion, and 8% disagree with statement ‘there is a need to review and rationalize the pay structure and benefit packages, Why because the above description indicates that generally employees argue against letting pension planning for employees. But, need pay packet is more of cash and flexible benefit package.

Employee’s rating of salaries and benefits

Table- 8 Perception towards pay mix and pension plan

Question	Response	Frequency	percentage
Do you have a clear understanding of how compensation and benefits instruments are determined	Yes	65	(65%)
	No	35	35%
	Total	100	100%

(Source: Own survey 2015)

From table 8 it can be observed that the greater than half of respondents (65%) understand how compensation and benefit instruments are determined whereas the remaining (35%) do not understand so, the management body should give awareness how compensation and benefits determined.

Table - 9 Employees response on current benefit packages

Question	Likert scale				
	Most favorable	Favorable	No opinion	Unfavorable	Least unfavorable
Rate your current base pay/Salary/wage	10(10%)	48(48%)	23(23%)	(16%)	(3%)
Opinion on current benefit package	(11%)	(48%)	(20%)	(19%)	(2%)

(Source: Own survey 2015)

It can be observed from the above table almost half of respondents only rate the current salary and benefits either most favorable/favorable 58% of the respondents rate the current salary as either most favorable/favorable, 23% have no opinion, or only 19% rate it as unfavorable. Similarly, (59%) rate the benefit package as most favorable/favorable, 20% show no opinion, and the remaining 11% rate it favorable. As it stated above somewhat the respondents value their opinion as the same

Perception towards the favorableness of benefits

For the question asked to specify the best and least favored among the benefits listed in instrument and others that can be added by the respondents.

Table - 10 Indicates Perception towards the best favorableness of benefits

Benefits instrument	Best favored	Best favored
Insurance (Health, life, disability)	(76%)	76
Paid leave (Training, sick leave, vacation)	(11%)	11
Legal Advice	-	-
Elderly and child care	-	-
Social security and saving plan	(9%)	9
Others*	(4%)	100

(Source: Own survey 2015)

As we can observe from the figure the best favored benefit type (76%) was insurance (health, life, disability) followed by paid leave (training, sick leave, vacation) (11%), and social security and saving plan were level their opinion as 9% of the respondents then the rest 4% of the respondents value their benefit instruments as others and also some respondents list other benefit instruments as house allowance, mortgage loan, automobile loan and representative and fuel allowance. The response to this question provide important clue for benefit decision makers regarding which benefit instrument if included in the package can satisfy the interest of the majority of employees.

Table - 11 Indicates Perception towards the least favorableness of benefits

Benefits instrument	Least favored	Best favored
Insurance (Health, life, disability)	(1%)	1
Paid leave (Training, sick leave, vacation)	(2%)	1
Legal Advice	(39%)	39
Elderly and child care	(39%)	39
Social security and saving plan	(5%)	5
Others*	(4%)	100

(Source: Own survey 2015)

And also Employees were asked to specify the benefit they have received so far among those specified in the questionnaire including insurance policies(health, training, sick days, vacation, holidays etc.), legal advice, child and elderly care, social security and saving plan. The response of the respondents from both public and private commercial banks indicates that tangible number of respondents favored so far some of benefit instruments as the table indicates same 39% of the respondents value their response as they least favored the legal advice and elderly child care in addition to this there are also number of respondents those who list their idea on the option others as their organization not keep their family care example child care, family and also other coverage of fees. i.e.: tuition fee for children of staff, medical payment for family of staff and sick leave for family treatments were the types of benefits what the respondents declare on open ended question.

CONCLUSION

Based on the major findings, the following conclusions were drawn. Many employees believe that the current compensation and benefit is not fair and banks need to cope-up with ongoing cost of life. Compensation and benefit packages are not periodically updated and evaluated for effectiveness. Furthermore, the existing benefits are not well communicated to employees. The respondents claim that the compensation and benefit package should be reviewed. When employees are participating on compensation process banks need to take factors like market condition, nature of the jobs, competitors, government regulations and also the internal factors like values of the job grades through job analysis. Some employees feel that organizations considering seniority than performance. This may affect the perception of employees towards compensation management system and benefit policy. Majority of the employees are officers. They explained that there is great imbalance of salary payment and benefits between supervisor and clerical officer, this may affect the majority of employees' perception on compensation management system and benefit policy.

Recommendation

- Employees should participate actively in designing and redesigning of compensation and benefit policy decision process, so that the sense of responsibility entrusted into employees will enhance.
- It is not a onetime issue. It should be evaluated periodically by considering the current GDP, Economic conditions, population size and others.
- If the banks want to sustain in the modern competition by attract, motivate and retain competent employees the current compensation and benefit package of commercial banks should be restructure and improved again.
- The focus of restructuring compensation and benefit policy should include the base pay between officers and supervisors or managerial staff.
- The new benefit package should include incentives like insurance coverage particularly health insurance for both the employee and their family.
- It is proved and suggested that employee participation in decision making process gives good results. Modern organizations makes the employees as a part of their decision making process to attain the goals and objectives.
- Employees need more information about pay and benefit practices, it is essential to educate and communicate employee about compensation and benefits time to time.
- Furthermore, it was observed that only limited number of respondents understood the existence of policy, rules and regulation, so the organization needs to periodically communicate the policies, rules and regulations pertaining to compensation and benefit packages.
- About the pension benefits employees need to sensitized and educated with regard to purpose and use of pension benefits. There should be a possibility of borrowing from their pension benefits in case of serious problems to ease their financial burden. With this the employee get dual benefit, may not deplete their pension. At the same time relieve their financial burden.
- Promotion and selection of employees, the organization should give high value for outstanding performance rather keeping the seniority with low education back ground. This will enhance the loyalty of the employees, increase the performance and reduces the turnover.

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