A Case Study on Compensation System Practices in the Perspective of Telecom Industries of Bangladesh

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Abstract: Telecommunication sector in Bangladesh has always been leading the way to initiate new products and services in the local marketplace. The total strength of this sector depends on their employees stood at approximately 20,000 at the end of the year. The telecom industry consider that a hefty, skillful and enthusiastic employee is the key factor to success. The continual expansion of their people is an essential factor in driving their growth ambitions. They place a strong importance on how they are investing on their people and in people development, building a strong performance culture and driving the right levels of motivation across the organization. “People” are the central focus, which is why they maintain a very strong Human Resource Managing Culture throughout their organizations. As they give more focus on their employees and for that they want to do best for them through motivation so that they will be able to perform in an efficient and effective way. Though there were some dark sides regarding the full utilization of the process in the perspective of Bangladesh; still the telecom industry in Bangladesh getting benefitted from it. A good compensation system is very much effective for an organization; whatever the industry. It creates an opportunity for the telecom industry in Bangladesh’s employees as well for high involvement with the organization. Through a strong and standardized compensation system, employee can compare themselves with others. No compensation system can succeed without a clear, concise, and comprehensive communication plan. Every employee should make clear themselves about the whole process to proceed for further and make them competent in such a competitive market place. In this case study, a brief description of compensate issues has been highlighted and finally build up a comparison between two leading telecom companies in Bangladesh and make some effective recommendations.

Keywords: Compensation, Compensation System, Grameenphone, Robi, Telecom.

I. Introduction

In today’s intensely competitive and global marketplace, competitive advantage lies not just in differentiating a product or service or in becoming the low cost leader but in also being able to tap the company’s special skills or core competencies. Thereby skilled and efficient employees of a company are now considered as one of the core competencies of the company. Especially for telecommunication industry; skilled efficient and motivated employees are must sit requires specialized, technical and, scientific knowledge and expertise, satisfactory compensation and benefit packages and there is zero tolerance in terms of developing quality products & services. To attain such objectives HR plays a vital role and one of the most used tools by HR in order to ensure motivation for each and every employee is a Satisfactory “Compensation Package”.

There is greater recognition that distinctive competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes and systems. Meanwhile, motivated, self-motivated employees are also considered as an asset for any organization. To attain such recognitions HR plays a key role and one of the important aspects of HR process affiliated with the above objective is compensation system process. In this study an attempt has been made to understand the compensation system process of telecommunication industries in Bangladesh. The effect of this study reveals the compensation system process and eventually concludes with some implications for telecommunication companies of Bangladesh to make the present compensation system process more effective and objective oriented.

II. Industry Overview

Telecom industry is one of the fastest growing industries in the world. People are nowadays considering having frequent communication among them. So in course of time and with the growth rate of population and also appeal for high standard living, telecom industry is growing in a high pace. This fastest growing industry has already
attracted many marketing geniuses, researchers, research companies to explore the opportunities. Researchers are trying to investigate different markets and potentials of those markets. Marketing geniuses are making theoretical forecast or theoretical model for suitable market investigation. Multinational giants are always in a desire to be extended globally. Observation says telecom multinationals are trying to diversify into the markets with high growth rate. A lot of studies have provided the pathway or the map of reaching into a foreign potential market. Bangladesh telecom industry is such a market which has already attracted lot of researchers to explore the opportunities.

Grameenphone Ltd is the market organizer in the mobile telecommunication business of Bangladesh. GP is a shared project between Bangladesh and Norway, Where Telenor has the share of (55.8%), the largest telecommunications service provider in Norway with mobile phone operations in 12 other countries, and Grameen Telecom Corporation (34.2%), a non-profit organization of Bangladesh. The other 10% shares belong to General retail and institutional investors. Grameenphone is now not only a telecom company rather it is a little bit more to its each subscriber and stakeholders as well.

Along with GP, Robi Axiata Ltd. Also has a robust position in telecommunication industry in Bangladesh. Axiata (Bangladesh) limited is a dynamic and leading countrywide GSM communication solution provider. It is a joint venture company between Axiata Group Berhed, Malaysia and NTT DOCOMMO INC, Japan ,Axiata Bangladesh limited, formerly known as Telekom Malaysia International (Bangladesh), commenced its operation in 1997 under the brand name Aktel among the pioneer GSM mobile telecommunications service providers in Bangladesh. Later, on 28th March, 2010 the company started its new journey with the brand name Robi. Robi is truly a people-oriented brand of Bangladesh. Robi, the people’s champion, is there for the people of Bangladesh, where they want and the way they want. Having the local tradition as its core, Robi marches ahead with innovation and creativity.

Both, Grameenphone Ltd and Robi – playing a vital role to grow telecommunication industry of Bangladesh meanwhile the total industry of telecommunication make a great contribution in our economy by helping to increase the GDP.

III. Compensation System Practices in Telecom Industry in Bangladesh

One microeconomic factor has been and will continue to be of critical importance within a global economy. That factor is labour costs. Labour cost issues affect the efficiency and even the survival of public and private sector organizations. Long before the advent of a global economy concept, governments in some manner developed various approaches and efforts to redistribute income to the poorer members of their society.

It has been recognized that if some kind of subsistence level of income or necessary goods and services is not provided to the poor, a belligerent society develops with constant warfare between the “haves” and the “have nots”. One major method of providing for the poor promoted some kind of welfare payments in the form of money, food, housing, health care services, and even clothing. Another method was for government agencies – Civil Service- to provide jobs and job related pay checks.

Compensation Management provides a step-by-step approach for designing a remuneration system that recognizes:

- Job requirements;
- Employee-related knowledge and skills; and
- Performance-related incentives that link individual, team, work unit, and organization performance.

Total remuneration also includes a host of benefits that protect and expand the lifestyle and health of workers and their families.

A. Compensation Systems of Grameenphone

The compensation structure of Grameenphone is designed in such a manner that attracts, retains and motivates qualified and skilled employees at all levels. The Compensation Principles of the company is to provide a level of compensation that will attract, retain and reward competent employees at all levels considering Internal and external Equity. Meanwhile to

- Reflect the relative weight of jobs;
- Be competitive and internally consistent and fair;
- Recognize individual performance and contribution;
- To have a fair and transparent system
- Uphold the excellent understanding and relationship with the employees.

In order to attract and retain employees, the following factors are considered to reward and set a competitive compensation structure:

- Company financial performance and internal salary analysis
- Market dynamics

The Company offers a Compensation package that includes salary, a wide range of cash and non-cash benefits and services:
• Monthly guaranteed cash and admissible variable components
• Yearly cash and non-cash benefits (dependent on eligibility) and long term/ deferred benefits

In view of Company’s strategic objectives and unique characteristics and environment prevailing in the Telecommunication industry, Grameenphone considers cash and non-cash benefits, internal and external equity, competitiveness, consistency, performance based pay etc. to determine an attractive compensation system. At a glance the overall compensation and benefits packages of Grameenphone are stated below:

Figure 1: Total Compensation Package of Grameenphone

B. Compensation Systems of Robi Axiata
The compensation structure of Robi is designed in such a manner that appeals, holds and encourages qualified and skilled employees at all levels.

Figure 2: Total Compensation Package of Robi Axiata

IV. Evaluation of the Compensation Packages of Grameenphone Ltd. and Robi Axiata
The main strength of Grameenphone Ltd. and Robi Axiata’s HR division is the authority to work. Both company has authority to maintain their employee properly through company rules and regulation and at the same time they motivate their employees with several compensate and non-compensate components, meanwhile, employees are also satisfies with their remuneration and other benefits. As a result, productivity increases day by day and meanwhile, telecom companies perform very well in the perspective of Bangladesh along with Grameenphone, Robi and others telecom companies.

Compensation Strategy recognize and group compensation components so that they influence employee motivation in a positive manner and lead to improved organizational performance and profitability. From the study, it has been seen that Grameenphone and Robi follows more or less “The Eight Dimension of Compensation”.

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<th>Basic Compensation Components</th>
<th>Variable Components</th>
<th>Non-Compensation /Other Benefits</th>
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<td>• Basic Salary</td>
<td>• Overtime allowance</td>
<td>• Health Plan</td>
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<td>• House Rent</td>
<td>a) Shift</td>
<td>a) Insurance</td>
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<td>• Medical allowance</td>
<td>b) On-call</td>
<td>b) Disability</td>
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<td>• LFA</td>
<td>• Children education</td>
<td>• Employee transportation</td>
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<td>• Bonus</td>
<td>allowance</td>
<td>• Used laptop/desktop offer</td>
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<td>a) Festival</td>
<td>• PF &amp; Gratuity</td>
<td>• Mobile phone allowance</td>
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<td>b) Performance</td>
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<td>(Hands-free and Talk time)</td>
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<td>• Long service awards</td>
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<td>• Basic Salary</td>
<td>• Overtime allowance</td>
<td>• Soft furnishing</td>
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<td>• House Rent</td>
<td>• Performance Bonus</td>
<td>• Child Birth Gift</td>
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<td>• Medical allowance</td>
<td>• Company</td>
<td>• Marriage gift</td>
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<td>• LFA</td>
<td>performance Bonus</td>
<td>• Wedding Loan</td>
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<td>• Bonus (Festival)</td>
<td>• PF &amp; Gratuity</td>
<td>• Holyday Allowance</td>
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<td>• Meal Allowance</td>
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<td>• Long Service Awards</td>
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Grameenphone and Robi also follows some non-compensational process also to motivate their employees:

**Comparison of the packages of Grameenphone Ltd. and Robi**

**A. Basic Compensation Components**
The criteria shows that, while the matter is basic compensation factors, Grameenphone and Robi—both follows the same format to compensate their salaries. Study shows that both company give their employees the basic salary along with medical and house rent allowance. Meanwhile, both company issue LFA and Bonus for their employee’s yearly basis. So the Pay for Work and Performance are almost same for both the company.

**B. Variable Components**
Grameenphone provides several variable packages to their employees common with Robi – overtime, PF and Gratuity etc. But Grameenphone provides children education allowance which Robi still not introduced for their employee’s children. So spouse family income continuation is followed properly in this case by Grameenphone. Grameenphone also enable employees for pay for time not worked or paid vacation.

**C. Other benefits of Compensation System**
In the case of non-compensation and other benefits, Grameenphone and Robi also provides their employees some common benefits like Health plan, group life insurance, long service awards, motorbike for territory officers etc. But regarding the other benefits, Robi is one step advance from Grameenphone Ltd. Robi arrange for their employee’s child birth gift during the birth of any employee’s child, soft furnishing allowance, marriage gift, wedding loan to help their employees financially during their marriage time, holiday allowance, meal allowance, accommodation allowance, daily allowance for overseas travels etc. All Robi offices contains fire extinguishers and first aid box and Robi is in the brink of establishing a comprehensive safety and security policy for safeguard of their employees and properties as well. These benefits packages makes Robi Compensation Package most competitive from others telecom companies in Bangladesh.
In the perspective of Non Compensation System in Grameenphone Ltd. and Robi, Grameenphone is superior to Promote Constructive Social Relationships with Coworkers and the people of Bangladesh as well. Grameenphone defines Corporate Responsibility as an admiring combination of ethical and responsible corporate behavior as well as creating value for the society and community at large by addressing the development needs of the countries. Whereas Robi follows to Enhance Physiological Health, Intellectual Growth, and Emotional Maturity by safe equipment, risk free work environment, avoidance of heat, cold and humidity, elimination of content with radiation, carcinogens, other disease related materials; emotional strains etc. All Robi offices contains fire extinguishers and first aid box and Robi is in the brink of establishing a comprehensive safety and security policy for safeguard of their employees and properties as well.

V. Conclusion and Recommendation

Pay and benefits are extremely important to both new applicants and existing employees. The compensation received from work is a major reason that most people seek employment. Compensation not only provides a means of sustenance and allows people to satisfy their materialistic and recreational needs, it also serves their ego or self-esteem needs. Consequently, if a firm's compensation system is viewed as inadequate, top applicants may reject that company's employment offers, and current employees may choose to leave the organization considering so many factors which needs to be cared off.

The goal of the telecommunication and the pharmaceuticals industries of Bangladesh is to be indisputable leader in the field of world class telecommunication and pharmaceuticals companies, as these two industries already leading the position in GDP contribution of Bangladesh. To achieve this goal, these industries have to develop a global set up for each operating country office with local competencies. Keeping this target in mind, they realize the indispensable need of identification of potential employees and placing the right people to the right position and motivate them accordingly through a competitive compensation package offered to them. They recognize that only those people can achieve their goals whose potentiality is well identified by the company. A standard compensation package process is thus playing an important role for this telecom industry in Bangladesh. In a conclusion note this is just to mention that the organizations can conduct an “Employee Satisfaction Survey” every year to understand their perception and expectation in the light of Total Compensation System Process.

VI. References