

# Understanding the compensation system at Zarai

## Tarqiati Bank Limited Pakistan (ZTBL)

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### Abstract

**Purpose:** The core aim of this research is to explore those ways through which employees at Zarai Tarqiati Bank Limited Pakistan (ZTBL) are being paid financially or non-financially for the work they perform or are asked to perform in tough routine.

**Methodology:** For the sake of achieving results survey methodology is carried out and a questionnaire as an instrument has been used. However, in order to have clear picture as what employees deliberate so as far compensation practices are concerned; percentage analysis technique has been used to have the clear understanding as what the respondents say about a particular phenomenon.

**Findings:** The results suggest that pay incentives in different forms are very meager in amount and so is the case with benefits given to the employees. Mixed results have been extracted as those who points out that employee earnings largely depends on organizational performance and those who don't think so. Seniority has been observed as powerful criteria upon which employees get handsome compensation package & this is what employees aspire for as well. However, most of the employees highlighted that they need to be paid for the better performance they show up against their work assigned. Results also show that most of the employees think that ZTBL pay practices are well designed to have top performer at work along with the phenomenon that pay practices are smart enough to bring effectiveness even for the bank itself while at the same time most of them think this is not happening at all.

**Recommendations:** It is suggested to the bank policy makers that individual performance has to be taken into consideration and be rewarded accordingly. For better results for the bank;

seniority should not be focused altogether but pay for performance is duly prescribed. The bank has to reshape its existing benefits package along with those non-financial aspects to be used as part of total compensation package. Pay practices need to be tailored in line of employees needs and lastly the alignment has to be there between organizational philosophy/objective & compensation strategy out there in ZTBL, Pakistan.

**Keywords:** Compensation, employee behavior & motivation, bank effectiveness

## 1. Introduction

Presently, most of the banks aspire to have well-equipped employees who have got with them the potential to bring better financial/non-financial results for them so that the organizational objective can be met. Putting the same into practices, banks put forth their level best efforts to design those policies & practices that are awfully admired by the employees working at their place of work. Amongst those policies, the relatively most important ones are compensation policies and practices that usually but largely affect the behavior and motivation of the employees.

In order to investigate as what practices are being followed by different banks here in Pakistan, in this research work, Zarai Tarqati Bank Limited Pakistan (ZTBL) Pakistan has been taken under the consideration to check its standard of compensation, its compensation strategy and the practices & policies that are involved into that strategy against the best compensation policies & practices standards. ZTBL formerly known as Agricultural Development Bank of Pakistan had been incorporated as Public limited company which is registered under the company's ordinance, 1984. It has its own independent board of the directors who are having the aim towards good governance, delivering best quality with autonomy. Its total assets amount to be Rupees 123 billion. The aim of the corporation is the provision of affordable loans, financial/non-financial services particularly to the rural farmers' community of Pakistan. For this thing to exercise, a network of 373 branches is working with nationwide strength of employees almost 5789 in number. The total share of ZTBL so as far national agricultural credit is concerned amounts to be 40% (as on 30-6-2013).

The bank is trying to be on the way towards its **restructuring plan that** covers the following at the moment: (1). Creating and facilitating an environment that fuels up governance & accountability, (2). Modernizing almost all operations with the help of technology, communication and networking tool, (3). Streamlining products and the process of delivery system so as to cut off transaction cost, simplifying the operations with increased outreach nationwide, (4). Providing products and services that are economically viable, (5). Improving the standards and skills of human resource besides strengthening training capacity for the employees, (6). Introducing software and hardware platform in order to support Management Information System (MIS) comprising forensic accounting & risk management related functions. These reforms will become beneficial for the bank in terms of having its outreach towards figure of 600000 clients countrywide.

Due to the magnificent role bank plays in uplifting the standards of economy and being an integral part in the development of the country particularly in the field of agriculture, it becomes equally important to investigate as how these things are being worked out practically and implemented. For this reason, it is extremely important to know as how employees are taken care of through compensation at the bank. The very reason to highlight compensation practices of the bank in this research is that if the employees think they are paid well; resultantly they would feel quite happy and satisfied with the work they do.

It is explored as what are the key elements involved in the compensation strategy of the bank for instance, the pay incentives, benefits, pay for performance and/or seniority, etc. and how much these are significant in achieving the organizational objective and philosophy through its workforce. This research work can prove to be quite handful for the key policy makers of the bank if they better see this work from employee and organizational perspectives. Those organizations do outperform which consider their employees as an asset not merely a burden. If the employees, particularly in the lower and middle cadre of the bank who carry out the rigorous field work and administration work simultaneously, become pretty much contented on compensation practices and policies of the bank, this may even turns out to be a competitive advantage for the corporation in terms of organizational effectiveness and the financial results in every spectrum and therefore, the bank can be standing out in the middle of top leading banks either private or the public ones. Similarly, if the employees feel motivation at work they would become very helpful to the clients they handle in every manner and in addition to that, the organization competitive outlook can be figure out as the most powerful tool in attracting top talent around them and even this could enhance the market value in the industry.

Having stated that we may now proceed further and therefore let the reader know as what authors and researchers had said about the concept of compensation at different points of time and what are the various techniques/ways so far have been used in compensating employees in multifarious organizations and to know as what research work has already been carried out in this regard.

## **2. Literature review**

In today's world of competition and fast pace of change human resources are the major sources for an organization to come by a sustainable competitive advantage which if built accurately on standard, give opportunity to the organization to convert it into number of resources like money, material, methods and machinery (Tiwari, 2012). Being a most useful tool of human resource management, compensation stands out as a sole reason for which an employee works for an organization (Absar, Nimalathasan, & Jilani, 2010).

Compensation comprises all rewards either monetary or non-monetary that are provided to an employee against his level of performance on the job and the personal additions he has added to his job, well the rewards can be either direct or indirect in nature (Geringer & Frayne, 1990 as cited in Lowe, Milliman, Cieri, & Dowling, 2002). These may also take form of rewards

on the basis of performance or rewards on the basis of membership (Khan, Aslam, & Lodhi, 2011). Compensation may be based on tangible, financial benefits as well as other benefits like cash remuneration or be a part of total returns in the form of relational outcomes which entails, for instance, recognition for an employee, job security, more challenging work or advance learning prospects. While suffice to say that cash remuneration consists of gross/base salary, incentive concerning short and long span of time period besides some other benefits like work and life balance allowances, protection allowances that relates to income of a individual (Milkovich, Newman, & Gerhart, Compensation, 2013).

Compensation nowadays is therefore widely used as an instrument for selection of employees, how to retain them for a long period of time besides to motivate them which is undoubtedly becomes beneficial for the organization in terms of gaining competitive advantage which is sometimes become very much hard to copy by other organizations (Milkovich & Newman, 2005). Looking back, one can figure it out that sparing organizational resources for human resources advancement activities, for example, employee trainings, development of the human resources, etc. seemed as expense but now at present organizations and stakeholders consider it as a pivotal investment (Jamil & Raja, 2011). Organizations have to strive for designing unmatched and aligned compensation policies which keep consistency between them besides these need to be pretty much on the same way of organizational strategy whatsoever it is, along with what are its business strategies at times (Chenevert & Tremblay, 2011). Similarly, (Singh, 2004 as Cited in Marwat, Qureshi, & Ramay) whose work that much based on cultural perspective, was of the view that compensation itself considered to be a behavior that truly aligns employees and their related systems with the business level strategy of the organization. If organization fails to design a good compensation system, more chance is there that this could put the organization into perplexing devastating circumstances (Blazovich, 2013). However, in the pursuance of gaining a competitive uplift, which rests upon the roots of human resources, among competing firms; organizations tend to change compensation strategies while going through different experiments having not known the consequences attached to those strategies (Westerman, Beekun, Daly, & Vanka, 2009). For keeping employees motivated enough sequent allowances on pay, remuneration along with the other fringe imbursements are to be announced by the organization not just periodically but also on exclusive occasions (Danish & Usman, 2010).

In order to put the employees as well as stakeholders interest aligned compensation committees make an all out effort so that this turns out to be effective and efficient and which brings value for the firm as a return (Sun & Cahaan, 2012). For instance, an employee working in a bank of Pakistan came up with the view that she was not being offered the salary which was being given to a male employee even she was having the same qualification and experience however, having not known the rules and regulation of the bank, she decided not go to courts as it would cost her much (Ali, 2013). Employee always perceives and has a strong belief that fairness seems to be practiced in obvious manner and it does matter quite much however, if this doesn't happen no one can anticipate commitment from the side of employee as well as the citizenship in the context of organizational behavior (Jamil & Raja, 2011). It has been categorically proposed that keeping in view the rising wave of inflation in

Pakistan, the increments be made in employees salaries and their incentives have to be adjusted accordingly particularly in banking industry (Bowra, Sharif, Saeed, & Niazi, 2012).

The organizations find it very expensive to hire a new employee so as to replace the seat left by other employee and stats reveal that the cost is round about 100 to 125 per cent on average as compare to per annum salary of the person who had left the job. On the contrary, there also exist employees who anticipate that the company would pay them much better in future course of time and that's how they do more work they have not performed before, resulting in productivity for that organization (Leidner & Smith, 2013).

(Malik, 2005) found that the increments in pay scale don't happen to be due to one' individual performance and particularly foreign banks seem reluctant in giving away incentives even if he has done more than enough and also notified that the gross salary is set on market basis while comparing it to the total salary of an individual. One considerable factor amongst many others is the education level of an individual that set the pay criteria upon which people are offered relatively higher salaries (Schuldes, 2006). Even a study shows that the relation between extrinsic benefits and intrinsic inspiration is not clear till now due to the fact that employees sometime get motivate through both of them while at times it happen too that neither of those proves to be favorable for organization to make him feel satisfied (Ledford, Gerhart, & Fang, 2013).

Compensation entails all types of packages which is a direct result of having been the employee of that organization (Dessler, 2008). It is found that employees at present don't just go for the salaries rather they aspire to have fringe benefits that comprises usually non-monitory rewards like, for instance, after retirement packages, medical and educational prospects, etc. and thus in case if organization tend to make a considerably well-off compensation system that stem from its policies, the employees would definitely put forth their best in terms of efficiency as well as effectiveness and this might happen in the way if the policy regarding compensation has not been devised against the practices involved in human resource management (Khan, Aslam, & Lodhi, 2011).

However, number of times it happens as different authors describe that the core issue stuck in the middle while dealing with compensation as to set how much portion be included in the package through salary and what percentage would be adequate to have commission in compensating the employee (Kuster & Canales, 2011). Different organizations tend to use different ways to assess an employee; rates on pay are sometimes set on the basis of evaluation of the job concerned, the other process is used to be in practice to increase the salaries and sometimes the process of appraising an employee decides incentives on pay (Cloutier & Vilhuber, 2008). Similarly, if an employee receives comparatively high pay from the organization which is even much higher than his above rank employees; this gesture signifies that the organization does give immense value to that employee among the most (Huang, Lin, & Chuang, 2006).

Many a times, just compensation does not turn out to be one factor for an employee that he will get motivated by it and organization thinks that money is only one solution to all the problems faced by the employee, while this situation prolongs for a short period of time and

the organization continues to throw lot of money at employee in a false attempt to make him feel motivated while neglecting other hygienic elements that could possibly work (Flynn, 2011).

In the current arena of fast changes happening around organizations, banks are being faced with lot of risks like, for instance, risks related to markets, financial risks and many more which may endanger its success and thus its survival becomes at stake. Therefore, the banks need to be vigilant enough while encountering different types of risk through installing effective and reliable way of managing risks (Al-Tamimi & Al-Mazrooei, 2007). One of the techniques that can be used to manage risk effectively suggests an alignment between compensation, which should be based on performance of employees, and incentives (Oldfield & Santomero, 1997 as cited in Al-Tamimi & Al-Mazrooei, 2007). Many academicians claimed in the sense that top level executives have been paid extraordinary remuneration packages as they boldly took risk when the whole industry of banking was going through the turmoil of deregulation (Victoravich, Xu, & Gan, 2013) and the most important ingredient in that package was none other than stock options for the top level manager which enticed them to take even more risk (Chen et al. 2006 as cited in Victoravich, Xu, & Gan, 2013).

It is observed in USA that the incentives for employees are offered on the basis of either discretion of employers or they are meant to be more structured which is usually becoming more effective as compare to former. However, majority of organizations are using discretionary approach for giving away incentives to their employees and its repercussions shape different scenario as it demotivates the employees altogether and likewise, interestingly, it is found that better performing employees working in USA get demotivated if other employees of same cadre are offered the same level of incentives which they get. (Knesl, DiFonzo, & Warner, 2013). To make a matchless management of compensation program can't be made due to efforts of human resource department or even finance department alone; it basis on broader spectrum as the involvement from the most top level in hierarchy like Chief Executive Officer, the top heads of compensation made committee is required for making the whole process to be streamlined and if it is not so that is said to be not compensation system which is claimed to be fully integrated (Millard, 2013). A well designed compensation pay package for the top executives can work through the process to meet the ultimate goal of a firm that is best governance of the corporation itself (Faulkender, Kadyrzhanova, Prabhala, & Senbet, 2010).

There is also seen a segregation between high performing companies and low performing ones, as in the former the firms productivity is destined to be gained by stretching the set targets which basis upon promotion as well as compensation which is advisable after having made constant and consistently checks over output results (Bloom, Sadun, & Reenen, 2012). Therefore, organizations that positively enforce strong compensation package may enjoy enormous achievements for instance, it enhances individual turnover in terms of relative performance, transfer of specific learning with the dimension of decentralization and lastly provides them with a chance to overcome the gesture of standing against the change (Wruck, 2000).

### **3. Research objective**

The aim of this present research is to analyze the ways in which the employees are compensated at Zarai Tarqiati Bank Limited Pakistan (ZTBL) and to suggest the bank, as far as compensation is concerned, number of approaches that would make a way through towards better compensation management so that managerial staff get motivated and feel elevated while working with the bank, in the current arena of stiff competition prevailing in banking industry of Pakistan.

### **4. Research methodology**

In order to come to achieve the research objective we need to make a well defined research methodology without which we may not become able to extract meaningful data that would help us in multifarious ways.

This research is a sort of exploratory research because we need to have a clear understanding of the problem(s) being faced by the employees at ZTBL in terms of compensation and its various aspects. That is why when the problem is identified in a definite manner we may become able to give subtle recommendations which can become very handful for the employers so that they may compete on equal level basis or even far better as compare to their existing competitors in the banking industry of Pakistan. However, this is a quantitative research to pursue and the population under study is employees working in various branches of ZTBL and therefore a convenience sampling technique, a non-probability sampling technique, is used for carrying on the research and to get the data collected through those employees who are considered to be the most pivotal source of information to us. Convenient sampling technique is better to be used to touch all those employees working in ZTBL who can be accessed through convenience and in an easy manner. In this regard, a sample size would be not more or less than 55 employees of different cadres; working in different branches of ZTBL at the moment.

Furthermore, so as far research tool is concerned the research is made possible through the survey methodology and in this methodology a questionnaire is being used as an instrument for obtaining useful information from the employees. However, it is to be made clear to know that the scales as well as the questionnaire has been opted from a research work previously carried out by Malik, Q. A. (2005) in which various policies related to compensation are highlighted, that are in use of foreign banks of Pakistan. The reason for selecting the said questionnaire seems to be quite beneficial for us in completing this research as the variable/factors are similar to our work. To ensure clarity, Likert Scale has been opted for use so that we may come to get clear idea about what actually the employees think of their pay package and the criteria upon which they are paid through and it would be viewed at the end as what factors are significant for effectiveness of the bank. Moreover, so as far data analysis technique is concerned, percentage analysis would be used at the time after when questionnaires would get filled out by respondents.

### **5. Findings & analysis**

After taking the literature review published before we became capable enough to identify the

core objective of this research as highlighted before. For achieving this end, a research methodology has been made in order to go towards having results that may become quite handful in deciding as **“what are the factors and their intensity that have influence over employees satisfaction and effectiveness of the bank in term of pay structure/design and as how employees are compensated out there.”**

Survey methodology that we used entails questionnaire forms which have been opted from (Malik’s work in 2005, related to compensation policies in a foreign bank of Pakistan). 55 employees working in different branches in Southern Punjab, Pakistan have been taken as a sample that was particularly based on non-probability sampling technique known as convenience sampling. Suffice to say that the percentage analysis is used here to know as what percent of employees says about a phenomenon. The findings or results we have been able to have are highlighted as under:-

39% employees say in answer to the first question regarding the pay incentives that the pay incentives are small in number and 23% says that these are quite moderate however 62% wants these pay incentive to be increased along with those 23% employees who say it should be increased slightly more than moderate level.

38% respondents highlighted that benefits are quite low and 30% considered it on moderate level besides 23% said that benefits are playing significant part in total pay package. However 69% employees say out that benefits are important and should be increased to a very great extent while 8% says that benefits are significant merely to a moderate level.

39% respondents say that portion of an employee earning does depend on organizational performance or team performance while 38% gives the suggestion that employees earning be given on the basis of organizational performance however 23% employees don’t want their earning to be highly depended on organizational or group level performance but should be on a moderate level.

31% of the respondents are of the view that the pay policies acknowledge that the long term outcomes/results are more important than short term ones to a moderate level in their bank while 24% of employees considers the pay policies are designed keeping in view short term outcomes as a first priority while on the contrary 47% employees observe that these policies entails the recognition of long term outcomes to a large extent and 24% want the pay policies while keeping in focus the short term outcomes orientation.

When employees are asked whether seniority plays role in pay decision 39% were of the view that it does while 30% said it enters into pay decision to a very large extent while surprisingly 47% responded that seniority should come into play while deciding the pay policies for the employees and only 8 percent does not want seniority to play a significant role in pay decisions.

39% employees say that the pay incentives does compose a major part of employees total earning to a moderate level while 16% of employees responded that these incentives compose an immense part of employee total earning to a very large extent and therefore 62% employees want to see the increase in pay incentives as a major part of employee whole



earnings besides those 8% who wants the organization to set these incentives on just moderate level.

54% of employees are dissatisfied by the benefits they are given; 24% says that employees benefit package is nothing to do with generosity and that's how 62% employees want these benefits to be helpful for them to a huge extent.

47% of the respondents think pay system designed does not have focus of employee attention over long term objectives; 16% says that pay system has futuristic direction for the employees and that's is why 46% aspire that pay system be based in the manner to have employees keen attention over achieving goals that are pretty much long term in nature however 7% suggests that pay incentives made by the bank should have just the short term orientation.

31% respondents think pay increments/raises are seldom determined through employees performance and that 23% thinks that there seems to be a huge pay difference amongst low performing employees and the outperformers, while 62% of the employees at the bank suggest pay raises should be based on a persons' performance while merely 8% suggests it should be kept on moderate level when deciding pay raises.

30% employees are of the view that pay practices slightly helps out our bank to have top performers while 24% says that pay practices do not come into play for having top performing employees at the bank.

31% employees doesn't seem to be satisfied with their jobs because of unsatisfactory practices related to pay structure while 23% respondents says that they are satisfied so as far pay practices are concerned to them.

39% of employees think that pay practices are designed in the way that can bring much positive contribution to the effectiveness of the bank as a whole while 16% employees don't agree on this point and says that pay practices are nothing to do with the effectiveness of the bank.

**a. We may analyze the whole findings mentioned above as follows:**

- Large number of employees thinks that pay incentives like bonus or profits are at very low level and needs to be increased.
- Employees at ZTBL think that benefits are very low and that needs to be increased to a large spectrum.
- Two extremes have been seen as employees who think that what employee earns largely depends on group or organizational performance while rest suggests earnings should not be synonymous with organizational performance.
- Most of the employees say that pay policies do recognize long term outcomes are relatively more significant than short term outcomes while others want pay policies to be based on the view that short term outcome are far better than long term outcomes in view of pay policies.

- Employees tell that seniority does intervene into decisions regarding pay while surprisingly employees also want the seniority to keep playing role in pay decisions.
- Many employees stand out saying that total earning is made up of pay incentive while maximum number of employees seeks for these incentives to be increased and become significant part of what employee earns against his work.
- Large number of employees is pretty much dissatisfied with benefits package and wants that to be increased to a very advance level.
- Employees at the bank acknowledge that pay structure has been installed with keeping in mind futuristic orientation and forces employees to work for long term goals achievement. On the contrary meager number of employees feels that pay system has short term orientation.
- Most employees' doest take into consideration the pay for performance into practice at ZTBL and aspire to be paid for performance they show; while some want to keep it on moderate level.
- Mix results came for ZTBL pay practices that are designed in the manner to have top performing employees.
- Most of the employees seem self-satisfied with the pay policies and practices at the bank while many look dissatisfied over it.
- Last but certainly not the least; employees come up with the agreement that pay practices at the bank are smart enough which bring forth effectiveness for the bank while many of the employees don't hold this at all.

## 6. Conclusion

The factors/variables that are identified well before that do influence employees level of satisfaction and bank effectiveness so as far pay structure/design is concerned can be easily figured out that is to say, pay incentives, benefits, orientation towards outcomes, seniority, difference in pay levels, total benefit package, pay structure itself in terms of futuristic orientation, pay for the performance, pay practices as a tool to have high performers, overall pay practices that are handful for bringing effectiveness to the bank.

The findings have spotlighted the results came for each of these factors and therefore we have also come to know the intensity of these factors influencing employees as well as the organization at the same time. The employees came up with argument that pay incentives like profit and bonus sharing are quite few and not a substantial part of the compensation strategy of the bank, the pay differences lies between job levels and even then pay for performance is not fully observed by employees, seniority brings better salary and benefits that slightly de-motivates employees for even having results right on target but not equally compensated. Therefore everyone waits for that time to come to enjoy the fruit for being senior in the hierarchy. Most of the employees want to be paid well for short term results they generate as compare to achieving the long term ones. Again, most of the employees think that if bank

produces much better performance and have gains resultantly, it needs to have positive effect over an employee earning. Employees seem dissatisfied with benefits included in their overall compensation which equally demoralize the employee which affects their performance at large. On the contrary, there is still positive aspect involved in overall pay practices to have top performers which are even useful so as far the banks competitive outlook is concerned in the banking industry; which in turn influence the overall effectiveness of the bank along with the fact that, however, many employees don't think so and therefore they are pretty much dissatisfied on pay system installed at ZTBL.

We may conclude, in a nutshell, that employees at ZTBL look at pay practices and its policies designed in favor of the organization in terms of effectiveness, having high outperforming employees, etc. however at the same time they don't see bank pay practices and policies in better interest of employees' wellbeing whatsoever.

## 7. Limitations

The following limitations have been witnessed while carrying out this research work:-

- Cost constraints could not allow the research work to embark upon extensive areas where bank branches are located in and therefore, the sample size could not be increased more than 55 in number.
- Paucity of time and also resources could not allow us to be able to get the questionnaire forms filled out by respondents working in Metropolitan branches of ZTBL in Pakistan.

## 8. Recommendations

We may suggest very useful steps in line of following best practices compensation policies that seem to be quite true and practicable to exercise:

- The bank needs to take into consideration the individual performance of an employee and reward him individually. The reward may take a form of bonus and/or profit sharing.
- Seniority should not be a focal point for better compensation. Employees should be compensated for performance rather than merely on the basis of seniority.
- The bank should reshape its existing benefits package in order to boost employees' level of motivation at work. If it can't be done quite better, even then the bank needs to show up the importance of the existing benefits to the employees for fueling up their motivational level.
- At times of financial constraints, the bank should focus on non-financial part of total compensation program for appreciating the better performing employees i.e. by selecting an employee of the month, applauding the employee in front of all or a letter of appreciation could boost employee's sense of commitment towards his work, training and development opportunities, status symbols can work better as titles & offices along with other fringe benefits that turn out to be vital enough in terms of

employee loyalty and motivational level.

- The bank should refocus attention over long term goals.
- The bank should share its success with its employees in shape of better compensation and rewards like bonus or profit sharing or a combination of both or even it may take some other form as well.
- The bank should better tailor the compensation practices in accordance of the needs and expectations of its employees which certainly change with time. For this purpose, benefit survey could be a very useful way to know the wants & needs of the employees.
- The bank culture should be flexible enough to adapt the best compensation practices and/or policies of the competitors in the mainstream industry of banking in Pakistan.
- Last but not the least at all, the overall compensation strategy should be tailored to the bank philosophy & objectives. That is to say if the compensation strategy is aligned with the overall organizational strategy this could bring forth true and positive results in terms of organizational effectiveness, employee satisfaction & commitment along with excellent competitive outlook if not more.

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## Appendix

### Questionnaire

Name: \_\_\_\_\_

How accurately do the following statements describe your company's pay practices? For each statement provide two responses.

**First**, use the left column to indicate the extent to which the statements below describe the way pay practices currently are conducted (IS NOW).

**Second**, use the right column to indicate to what extent the statement below describes the way pay practices ought to be conducted to promote organizational effectiveness (SHOULD BE).

Please use the following scale for the questions below:

1 Not at all	2 To a small extent	3 To a moderate extent	4 To a large extent	5 To a very great extent
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IS NOW

SHOULD BE

	<u>IS NOW</u>					<u>SHOULD BE</u>				
	1	2	3	4	5	1	2	3	4	5
1. Pay incentives such as bonus or profit sharing are an important part of the compensation strategy in this organization.										
2. The benefits are an important part of the total pay package.										
3. In this organization a portion of an employee's earnings is contingent on group or organization performance goals being achieved.										
4. Our pay policies recognize that long-term results are more important than short-term results.										
5. An employee's seniority does enter into pay decisions.										
6. Pay incentives are designed to provide a significant amount of an employee's total earnings in this organization.										
7. The employee benefits package is very										

	generous compared to what it could be.											
8.	The pay system in this organization has a futuristic orientation. It focuses employee's attention on long-term (2 or more years) goals.	1	2	3	4	5	1	2	3	4	5	
9.	In this organization pay raises are determined mainly by an employee's job performance. There is a large pay spread between low performers and high performers in a given job.	1	2	3	4	5	1	2	3	4	5	

Please indicate to what extent your company's pay practices are effective.

1.	The pay practices help our company to have high performing employees.	1	2	3	4	5
2.	The pay practices help our company to have employees who are satisfied with their jobs.	1	2	3	4	5
3.	The pay practices make a positive contribution to the overall effectiveness of the organization.	1	2	3	4	5

Thank you for sparing your valuable time to fill out this questionnaire form. We assure you with utmost commitment that this information would be kept confidential.

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