LINKING EMPLOYEE REWARDS POLICY TO ENHANCED ORGANIZATIONAL PERFORMANCE

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Abstract

Reward Policy is very important for the performance of the employees. Therefore they are very important for the organization too. The purpose of this research is to measure the Effects of Employee Rewards Policy on Organisation Performance. A questionnaire was designed to collect the data on the factors related to reward policy like salary, promotion, Indirect Compensation and employee performance. The data was collected from different hospitality firms in Abuja namely hotel rosebud, sun heaven, summit villas. The data collected were analyzed in SPSS 25.00 Version. Different analytical and descriptive techniques were used to analyze the data.It is founded from different results that reward policy has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance. Descriptive analysis also reveals that all the independent variables have positive impact on employee performance. The major limitation of this research is that this study only covers the hospitality sector. Another limitation is that it excludes many variables of reward due to shortage of time. Funds were also another limitation. Apart from these limitations this research may provide insights to the managers to enhance the employee performance of their subordinates.

Keywords: Reward Policy, Employee and Organisational performance.

Introduction

Human Resource Management Rewards Policy is cardinal when organization performance is being reviewed. This is because rewards in any system dictates the pace and direction of performance. Rewards had been recognized as a vital instrument that ginger employees' productivity towards achieving organization's goals (Armstrong, 2009). Reward had been seen to be a vital instrument in employee performance. Reward is the compensation which an employee receives from an organization for exchanging for the service offered by the employee or as the return for work done (Lin, 2007). It also refers to the collection of brain structures that try to control and regulate behaviour by inducing pleasure (Ajila and Abiola, 2004). Human resource can be rewarded and optimally utilized through rewarding it using different techniques of significance importance.

All over the world, changes are daily taking place. This change affects all countries and Nigeria is no exception. No wonder a philosopher once said that the only permanent thing in life is change, since all is always becoming. Nothing is static in life. Thus, the Nigerian work environment has become susceptible to change, considering the dynamic and complex issues that are faced daily. The emerging trend in work that is beginning to serve as a mark of distinction or critical edge is the level of work ethics and values that is domiciled within an organization. In the face of the emerging world economy, an organization that is involved in a proper framework for good governance must practice work ethics and incorporate good values as part of its organizational culture if it must achieve higher performance.

A well rewarded employee feels that he/she is being valued by the company that he/she is working for. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being honed and taken care of by their company. Employees are the engine of organization vehicles while reward is the fuel. No organization can achieve its stated objectives without its employees. Akerele,(1991) blamed the productivity of Nigerian workers on several factors, among them is employer's failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity. Markova and Ford (2011) mentions that the real success of companies originates from employees willingness to use their creativity, abilities and know-how in favour of the company and it is organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place.

A valued reward system ensures that employee feels appreciated and valued by the organization he/she is working for. Such gesture not only encouraged hard work but also better and increased productivity, particularly; if the employees are aware that their well-being is being seriously taken by their employers. Further, if the employees realized that their needs are being honed and taken care of by their employers, the organization's goals become their priorities and their interests are submerged in order to achieve the organization's set goals. Organizations are established with the aim of effectively utilizing various available human and non-human resources to achieve certain objective. Among these resources is human, which is commonly seen as the most valuable asset an organization could use to earn competitive advantage and achieve its objective, hence the need for human resources management to ensure optimum productivity and organizational continuous existence.

The importance of rewarded employees cannot be over-emphasized in an organizational context. Rewarded employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of reward (Lotta, 2012; Armstrong, 2009). The highly rewarded employees serve as the competitive advantage for any organization because their performance leads to well accomplishment of its goals (Rizwan& Ali, 2010). Furthermore, the dynamism of the work environment necessitated different managerial approaches to reward (Jalaini et al, 2013). Nevertheless, the important and constant factor has been the ways in which managers reward their workers to help achieve not only the organizational goals but also their personal needs.

This implies that organization's productivity depends on the level of motivation or compensation schemes available. Majority of employees therefore, would wish to equate their output in terms of performance with the level of motivation generated from the incentives they get at workplace. This is because rewards provide the much needed stamina that propels performance in the organization. Organizations with poor motivation system tend to perform dismally, Razwan and Ali (2010). It is because performance is supreme to defining any organization's viability and relevance, Armstrong et al (2011). Consequently, it is incumbent of all stakeholders in the management of any organization to develop strategies to improve performance through the provision of these incentives. It is a fact that all employees would wish also to be appreciated and feel valued at their workplace.

Statement of Problem

The current state of affairs in the nation in general and Hospitality industry as relating to the workforce compensation makes it necessary to temper this optimism with caution. Whenever the workers are asking for another pay rise, the questions often asked is "what do workers want from their employers?" Can there be an end to the glamour for increases in minimum wage? Why do workers work and what induces them to give put in their best? Money only plays the role of common denominator of all things. In Nigeria various reward packages are used and these involve monetary (extrinsic) and non-monetary (intrinsic) rewards. For example, in the context of monetary reward salary increase is sought to be highly essential for employees' satisfaction.

There is increasingly a need for organization to be in a position of understanding appropriate rewarding system that motivates their employees for higher organization performance. What appropriate rewards that should form the employment package are currently challenging organisational performance. The general problem inherent in the organizational set up, particularly, in the hospitality industry; is low salaries, irregular promotional structure and lack of recognition of workers' achievements. All these tend to dampen workers' morale and consequently affect their productivity. The aim of this research therefore is to find out the role played by compensation in motivating workers, type of reward package that needs to be given to workers and whether workers, given the right rewards other than money can enhance their performance.

However, little is known in organisations about the effect of other reward tools on employee and organisation performance. That is, in most of these studies, each tool /factor within both extrinsic and intrinsic reward was a highly significant factor which affects employees' performance. This research is intended to fill this gap. Therefore, this study is examining the effects of employee rewards policy on Organization Performance with specific focus on three hospitality organization namely Hotel Rosebud limited, Sun heaven hotels and summit villas in Abuja.

Objectives of the Study

The main objective of this topic will be to study the effects of employee rewards policy on organization performance. However, the study has the following specific objectives which are to:

i. To investigate the effects of Employee Benefits on Organization Performance.
ii. To determine the relationship between Employee Compensation and organization Performance.

Research Hypotheses

The study will be conducted with the help of the following null hypotheses:
H01: Employee Benefits has no Significant Effect on Organization Performance
H02: Employee Compensation has no Significant Effect on Organization Performance.

Research Methodology

The work covers the effects of employee rewards policy in organization performance with specific reference to Hotel Rosebud limited, Sun heaven hotels and summit villas hotels in Abuja. It X-rays the issues involved in reward system in the firm with a view to providing a framework for future solutions.Secondary data were obtained through books, journals, and internet. Empirical works of other scholars were consulted. A simple size of 162 was obtained from the population of 273 at 5% error tolerance and 95% degree of freedom using Yamane's statistical formula 162(100%) of the questionnaires distributed 142 (87.6%) were returned and 20(12.4%) were not returned. The questionnaire was designed in Likert scale format. The researchers conducted a pre-test on the questionnaire to ensure the validity of the instrument. Simple linear regression test was used to test hypothesis one while hypothesis two was tested using Pearson product moment correlation coefficient.

Literature Review

Conceptual Frameworkon Reward Policy

Reward is the compensation which an employee receives from an organization for exchanging for the service offered by the employee or as the return for work done (Lin, 2007). It also refers to the collection of brain structures that try to control and regulate behaviour by inducing pleasure (Ajila and Abiola, 2004). Human resource can be rewarded and optimally utilized through rewarding it using different techniques of significance importance.The full impact of reward on employee performance can better be appreciated when viewed from the angle of total rewards. "Definitions of total reward typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization" Thompson (2002).

Reward system consists of all organization components such as people, process, rules, and decision-making activities involved in the allocation of compensation and benefits to employees in exchange for their contributions to the organization (Puwanenthiren, 2011; Nnaji et al 2015). Armstrong (2009), on his part defined the rewards system as consisting of a number of interrelated processes and activities which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there. Puwanenthiren (2011) also identified three main components of a rewards system to include; compensation, benefits and recognition. These components encapsulate the total rewards in an organization which include transactional and relational rewards. Benefits are described as forms of value other than payment that are provided to employees for their contribution to the growth of the organization. Benefits can come in two forms - tangible and intangible benefits. Tangible benefits include contribution to retirement plans, life insurance, vacation pay, holiday pay, employee stock ownership plans, profit sharing and bonuses, etc. Intangible benefits, on the other hand; include appreciation from a boss, likelihood for promotion, office space, etc.

While variable pay is based on the performance of the person in that role which include achieving set targets. Examples of variable pay are bonuses. In considering the deployment of a robust reward system, the employer has to consider several options ranging from decisions on whether the reward would be periodic or instantaneous, cost savings or profit based individual or group based. All these ingredients are very vital to designing a good rewards system.

Types of Reward Programs

There are a number of different types of reward programs aimed at both individual and team performance.

1. Variable Pay

Variable pay or pay-for-performance is a compensation program in which a portion of a person's pay is considered "at risk." Variable pay can be tied to the performance of the company, the results of a business unit, an individual's accomplishments, or any combination of these. It can take many forms, including bonus programs, stock options, and one-time awards for significant accomplishments (Henry, 2012). Some companies choose to pay their employees less than competitors but attempt to motivate and reward employees using a variable pay program instead. Good incentive pay packages provide an optimal challenge, one that stretches employees but remains in reach. If too much is required to reach the goal, the program will be ignored.

2. Bonuses

Bonus programs have been used in Nigerian business for some time. They usually reward individual accomplishment and are frequently used in sales organizations to encourage salespersons to generate additional business or higher profits. They can also be used, however, to recognize group accomplishments. Indeed, increasing numbers of businesses have switched from individual bonus programs to one which rewards contributions to corporate performance at group, departmental, or company-wide levels (Ajila and Abiola, 2004).

According to Lotta (2012), small businesses interested in long-term benefits should probably consider another type of reward. Bonuses are generally short-term motivators. By rewarding an employee's performance for the previous year, they encourage a short-term perspective rather than future-oriented accomplishments. In addition, these programs need to be carefully structured to ensure they are rewarding accomplishments above and beyond an individual or group's basic functions. Otherwise, they run the risk of being perceived of as entitlements or regular merit pay, rather than a reward for outstanding work. Proponents, however, contend that bonuses are a perfectly legitimate means of rewarding outstanding performance, and they argue that such compensation can actually be a powerful tool to encourage future top-level efforts.

3. Profit Sharing

Profit sharing refers to the strategy of creating a pool of monies to be disbursed to employees by taking a stated percentage of a company's profits. The amount given to an employee is usually equal to a percentage of the employee's salary and is disbursed after a business closes its books for the year. The benefits can be provided either in actual cash or via contributions to employee's 401(k) plans. A benefit for a company offering this type of reward is that it can keep fixed costs low.

The idea behind profit sharing is to reward employees for their contributions to a company's achieved profit goal. It encourages employees to stay put because it is usually structured to reward employees who stay with the company; most profit sharing programs require an employee to be vested in the program over a number of years before receiving any money. Unless well managed, profit sharing may not properly motivate individuals if all receive the share anyway. A team spirit (everyone pulling together to achieve that profit) can counter this especially if it arises from the employees and is not just management propaganda.

4. Stock Options

Previously the territory of upper management and large companies, stock options have become an increasingly popular method in recent years of rewarding middle management and other employees in both mature companies and start-ups. Employee stock-option programs give employees the right to buy a specified number of a company's shares at a fixed price for a specified period of time (usually around ten years). They are generally authorized by a company's board of directors and approved by its shareholders. The number of options a company can award to employees is usually equal to a certain percentage of the company's shares outstanding.

Like profit sharing plans, stock options usually reward employees for sticking around, serving as a long-term motivator. Once an employee has been with a company for a certain period of time (usually around four years), he or she is fully vested in the program. If the employee leaves the company prior to being fully vested, those options are canceled. After an employee becomes fully vested in the program, he or she can purchase from the company an allotted number of shares at the strike price (or the fixed price originally agreed to). This purchase is known as "exercising" stock options. After purchasing the stock, the employee can either retain it or sell it on the open market with the difference in strike price and market price being the employee's gain in the value of the shares.

Offering additional stock in this manner presents risks for both the company and the employee. If the option's strike price is higher than the market price of the stock, the employee's option is worthless. When an employee exercises an option, the company is required to issue a new share of stock that can be publicly traded. The company's market capitalization grows by the market price of the share, rather than the strike price that the employee purchases the stock for. The possibility of reduction of company earnings (impacting both the company and shareholders) arises when the company has a greater number of shares outstanding. To keep ahead of this possibility, earnings must increase at a rate equal to the rate at which outstanding shares increase. Otherwise, the company must repurchase shares on the open market to reduce the number of outstanding shares.

One benefit to offering stock options is a company's ability to take a tax deduction for compensation expense when it issues shares to employees who are exercising their options. Another benefit to offering options is that while they could be considered a portion of compensation, current accounting methods do not require businesses to show options as an expense on their books. This tends to inflate the value of a company. Companies should think carefully about this as a benefit, however. If accounting rules were to become more conservative, corporate earnings could be impacted as a result.

5. Group-Based Reward Systems

As more small businesses use team structures to reach their goals, many entrepreneurs look for ways to reward cooperation between departments and individuals. Bonuses, profit sharing, and stock options can all be used to reward team and group accomplishments. An entrepreneur can choose to reward individual or group contributions or a combination of the two. Group-based reward systems are based on a measurement of team performance, with individual rewards received on the basis of this performance. While these systems encourage individual efforts toward common business goals, they also tend to reward under-performing employees along with average and above-average employees. A reward program which recognizes individual achievements in addition to team performance can provide extra incentive for employees (Yamoah, 2013).

6. Reward and Government Policy

Government policy has increasingly based on the reform of rewarding system such as pay and incentive to clearly increase organization performance. It was clearly indicated under the context of macro-economic reforms that were started in the 1980s through to the 1990s.

In 1994, the Government policy emphasizes pays as an integral component of organization performance. This is because many of the problems associated with poor performance of the organization were related to lack of an appropriate compensation structure and weaknesses in the pay system. It ought to be said at the outset that Pay and Incentives problems in the organization go beyond salaries. That must clearly include appreciation, recognition, promotion, bonus and working environment (URT, 2010).

Thus, organization, specifically commercial banks required to advocate the rewarding system that must take into account the intrinsically and extrinsically components of reward. This has been clearly emphasized in the context of government policy to make the organization cope with the employees' need, which is an indispensable ingredient for organization performance.

Reward Systems and Organisation Performance

The effectiveness of an organization's performance and reward management have an impact on moral and productivity. Many organizations have found that far from complementing the stated aims of the business, their performance and reward systems were actually driving counter-productive behavior.

On the other hand ''path-goal model'' is absolutely explain the relationship between reward system and employee performance. The concept states that ''if a worker sees high productivity as a path leading to the attainment of one or more of his personal goals, he will tend to be a high producer. Conversely, if he sees low productivity as a path to the achievement of his goals, he will tend to be low producer. In other words, the employee would be motivated to expend a greater amount of effort in his work if he felt his previous effort had resulted in his receiving rewards''.

The two types of reward system have mixed results in terms of their effect on employee and overall organisational performance.

(i) Effect of Intrinsic Rewards on Individual and Organization Performance

The intrinsic rewards have been found to have an effect on both individual and organizational performance. For example, the employees in an organization have reached the esteem stage of development and possibly the self-actualization phase through the impact of intrinsic rewards (Mikander, 2010). The intrinsic rewards encourage and enhance both employees and employer to be able to challenge them and accomplish new tasks and cooperate with others to work in a harmony environment.

Apart from that, intrinsic rewards enable the employees to have greater concentration and keep them in energizing and self-managing (Yasmeen et al 2013). By having the high levels of intrinsic rewards, employees become the informal recruiters and marketers for their organization in which they recommend their friends to work in the organization and recommend product and services to potential customers. According to Thompson (2002), intrinsic rewards create a win-win situation for organization and its employees.

The employees feel happy and satisfied as they experience feelings of achievement and self-worth, which create job satisfaction and translates into improved work performance. At the same time, the organization increases its sales volume and profit because of the increase in employee job satisfaction has collectively increased aggregate form's performance. Furthermore, intrinsic rewards facilitate greater levels of satisfaction and competency. As results, employees have more interest, excitement, fun and confidence in performing tasks which leads to enhanced organizational performance.

However, research by Tsai et al (2005) suggested that organizations should pay employees equitable salaries, not tied to performance, so as to attract and ensure participation, and to rely more on intrinsic motivational techniques to improve performance.

(ii) Effect of Extrinsic Rewards on Individual and Organization Performance

The extrinsic rewards cover the basic needs of income to survive (to pay bills), a feeling of stability and consistency (the job is secure), and recognition (my workplace values my skills). Hellriegel (1999) say an extrinsic reward is outcomes supplied by the organization, and includes salary, status, job security and fringe benefits. One can compare these rewards to the job context items that Herzberg called hygiene (maintenance) factors.

Financial rewards and social recognition rewards impacted on employees' performance. Generally as, an effort to stimulate employees' creativity, many managers have used extrinsic rewards (e.g. monetary incentives and recognition) to motivate their employees (Ayesha, 2014). While empirical research has shown that extrinsic rewards help enhance individuals' creative performance and which contribute ultimately towards organisation performance.

However, the impact of extrinsic rewards on group effectiveness or work performance is unclear and the models provide little guidance regarding specific type of rewards that maximize particular outcomes in work group. However, Sajuyigbe et al (2013) found that reward dimensions have significant effect on employees' performance. In particular, they found that pay, performance bonus, recognition and praise are the tools that management can use to motivate employees in order for them to perform effectively and efficiently.

Thus, workers reward package matters a lot and should be a concern of both the employers and employees. In brief, it appears each research comes with slightly results suggesting neither of the rewards can be considered to a more effect of job performance and/or organisational performance.

Test of Hypotheses

The two hypotheses postulated were tested with various test statistics aided by computer applied Statistical Package for Social Sciences (SPSS: 25.00s version) of Microsoft environment. Specifically, simple linear regression test was used to test hypothesis one while hypothesis two was tested using Pearson product moment correlation coefficient.

Test of Hypothesis One

Ho: Employee Benefits has no Significant Effect on Organization Performance

H_1: Employee Benefits has Significant Effect on Organization Performance

Table 1: Descriptive Statistics

	Mean	Std. Deviation	N
organization performance	1.7766	.51738	206
employee benefits	3.4727	.85386	206

Table 2: Correlations

		organization performance	employee benefits
Pearson Correlation	organization performance	1.000	.682
	employee benefits	.682	1.000
Sig. (1-tailed)	organization performance	.	.000
	employee benefits	.000	.
N	organization performance	206	206
	employee benefits	206	206

Table 3: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.682[a]	.465	.463	.37899	.064

a. Predictors: (Constant), employee benefits

b. Dependent Variable: organization performance

Table 4:ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	47.778	1	47.778	332.632	.000[a]
	Residual	55.012	302	.144		
	Total	102.790	303			

a. Predictors: (Constant), employee benefits

b. Dependent Variable: organization performance

Table 5:Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.342	.081		14.223	.000
	employee benefits	.413	.023	.682	18.238	.000

a. Dependent Variable: organization performance

R = 0.682
R^2 = 0.465
F = 332.632
DW = .064

Interpretation:
The regression sum of squares (47.778) is less than the residual sum of squares (55.012), which indicates that more of the variation in the dependent variable is not explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance.
R, the correlation coefficient which has a value of 0.682, indicates that there is a positive relationship between organization performance and employee benefits. R square, the coefficient of determination, shows that 46.5% of the variation in the growth is explained by the model.

With the linear regression model, the error of estimate is high, with a value of about 0.37899. The Durbin Watson statistics of .064, which is not tends to 2 indicates there no is autocorrelation. Employee benefits coefficient of 0.682 indicates a positive significance between employee benefits and organization performance, which is statistically significant (with t = 14.223). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted.

Test of Hypothesis Two
H_o: Employee Compensation has no Significant Effect on Organization Performance.
H_1: Employee Compensation has Significant Effect on Organization Performance.

Table 6: Descriptive Statistics

	Mean	Std. Deviation	N
employee compensation	2.8253	1.27682	206
organization performance	3.1613	1.37593	206

Source: SPSS version 25.00

Table 7: Correlations

		employee compensation	organizational performance
employee compensation	Pearson Correlation	1	.716(**)
	Sig. (2-tailed)		.000
	N	206	206
organizational performance	Pearson Correlation	.716(**)	1
	Sig. (2-tailed)	.000	
	N	206	206

**** Correlation is significant at the 0.01 level (2-tailed).**
Source: SPSS version 25.00

Table (6) shows the descriptive statistics of the employee compensation via, organization performance with a mean response of 2.8253 and std. deviation of 1.27682 for employee compensation and a mean response of 3.1613 and std. deviation of 1.37593 for organizational performance and number of respondents (206). By careful observation of standard deviation values, there is not much difference in terms of the standard deviation scores. This implies that there is about the same variability of data points between the dependent and independent variables.

Table (7) is the Pearson correlation coefficient for employee compensation and organizational performance. The correlation coefficient shows 0.716. This value indicates that correlation is significant at 0.05 level (2tailed) and implies that there is a significant positive relationship between employee compensation and organizational performance ($r = .716$). The computed correlations coefficient is greater than the table value of $r = .195$ with 383 degrees of freedom (df. = n-2) at alpha level for a two-tailed test ($r = .716$, $p < .05$). However, since the computed $r = .716$, is greater than the table value of .195 we reject the null hypothesis and conclude that Employee Compensation has Significant Effect on Organization Performance. ($r = .716$, $P < .05$).

Conclusion

This study examined the impact of compensation on employee's performance with special reference to selected hospitality firms in Abuja, Nigeria. On the basis of the findings, it can be concluded that compensation have significant effect on employees performance.

The study found that when, both financial and non-financial rewards are present at workplace, employees are motivated and so their job performance is improved and those efforts are reflected in the overall organisation performance. In absence of adequate reward, workers would tend to express their displeasure through poor performance and non- committed to their jobs. The study further highlighted that appropriate and consistent rewards to employees not only raise their motivation to work harder but also improves overall organization performance.

In brief, this study has demonstrated that intrinsic rewards (social recognition and appreciation) and extrinsic rewards (salary, bonus and performance promotion) affects employee and organisation performance in hospitality firms. It is concluded from different results that Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other.

Recommendations

Based on the conclusion, the following recommendations were made. The recommendations if properly adhered would be designed to enhance the management of Human Resource in private sector organization with a view to improving their productivity. These recommendations are:

i. Developing the objectives of employee benefits:No benefit plan is properly developed unless it does not meet the employer's objectives. Managers should make sure that the organizations have clearly defined written objectives that have been recommended by the board of directors or by the owners of the firm. These objectives are different for each organization, on the basis of these factors such as size, location, industry, the results of collective bargaining and the ideology of the employer. The objectives will help the organization in developing the types of indirect compensation they must provide to employees and make decisions in this respect.

ii. Assessment of the environmental factors: Both internal and external factors have an impact on organization's indirect compensation programme. External factors include government taxes rules, regulations and policies, unions and economic factors. Internal factors include organizational strategies, policies and objectives, employee preferences and demographics. Assessment of these factors is important for Managers to develop useful indirect compensation programmes.

iii. Assessment of competiveness: It means how organization compares its benefits to the competitors. Managers should ensure that their organization is offering benefits to match with benefits offered by competitors. The benefit packages of competitors could be assessed from market surveys which are conducted by professional consultants and associations.

iv. Communicating information about benefits to employees: The Benefit of these programmes can be communicated to employees via booklets, brochures, presentations and regular employee meetings. A useful technique is to use employee calendars that may communicate the total salary components. The calendar of the month will show the company employee receiving a benefit, for example one month calendar may show a photo of an employee building a new home that becomes possible through the company's savings plan. Communication helps to increase employees (and of employers too) knowledge about indirect compensation. Moreover, organization may be able to increase the performance and the advantages of good supplementary compensation by informing employees about what the company does for them which does not appear on their pay slips.

v. Monitoring employee benefit cost and evaluation: One method of determining the effectiveness of fringes benefits is to discover how much the indirect financial schemes have really benefited the employees. In this point Managers need to determine whether the income of employees have improved or not, benefits are capable to attract and retain high quality people and if the morale of employees has increased or not.

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