

LEVEL OF IMPLEMENTATION OF THE TOTAL COMPENSATION PACKAGE IN BATELEC1

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Abstract

The Human Resource Development plays a vital role in the effective implementation of a company's total compensation package. The success of its implementation can be based upon the compensation plan, its practice and whether it is perceived as fair by employees. Thus, studying the implementation of the compensation program is essential in knowing how employees are influenced towards job satisfaction. This study was conducted to determine the level of implementation of the Total Compensation Package in BATELEC1 with respect to Base Pay Compensation, composed of base pay (salaries/wages); Adjustments to Base Pay Compensation, consists of cost of living allowance, merit pays and incentives; Legally Required Employee Benefits, those that are required by the government such as paid holidays, vacation and sick leave; and Discretionary Employee Benefits, those that are company initiated, such as medical insurance, uniform allowance and rice allowance.

The study used descriptive method of research and quantitative method in order to get the most factual and dependable information.

Results showed that all were implemented and the Base Pay Compensation obtained the highest composite mean followed by Legally Required Employee Benefits, Adjustments to Base Pay Compensation and Discretionary Employee Benefits. The total compensation package was implemented on time by the Human Resource Development office. Majority of the respondents are satisfied towards the total compensation package of BATELEC1. Further, the cooperative does not provide life insurance was perceived by the respondents as the major problem encountered in the implementation of the compensation package. And, there was significant relationship between the respondent's socio demographic profile and the level of implementation of the total compensation package of BATELEC1.

Keywords - Compensation package, Human resource, living allowance, merit pays, incentives; employee benefits

INTRODUCTION

Human Resource Management is the branch of organizational science that deals with the entire employment relationship and all the policies, decisions and practices associated with this relationship. Central to the relationship between employers and employees is the compensation exchange. The success of major human resource activities related to and/or are depended on compensation policy and practice. As related to the effect on employees, critical employee attitudes, behaviors, continued employment and reciprocity toward the organization are strongly influenced by compensation (Duhlebhon & Werling, 2007).

In the Philippines, electricity is distributed by private distribution utilities like MERALCO and Local Government Unit such as Olon-gapo Electric Light which is self-sufficient and electric cooperatives such as the Batangas I Electric Cooperative, Inc. or BATELEC1 (De Castro, 2012).

BATELEC1 is governed by the National Electrification Administration (NEA) by virtue of Philippine Decree 269, as amended by 1645 and Republic Act 10531 with additional mandate set forth in the EPIRA. It was founded on June 14, 1972 and holds the franchise for distributing electricity to 12 towns in Western Batangas, namely: Agoncillo, Balayan, Calaca, Calatagan, Lemery, Lian, Nasugbu, San Luis, San Nicolas, Sta. Teresita, Taal, and Tuy. Its principal place of business is at Km 116 National Highway, Calaca, Batangas and maintains three (3) area offices in the towns of Lemery, Nasugbu and Balayan including a collection center in Calatagan. BATELEC1, like the rest of the electric cooperatives in the country is mandated to provide services within it's covered or franchise areas over a reasonable time and it is also expected to operate at high efficiency, reliability and quality of cost effective manner thereby making electricity available to end-users at affordable prices.

Through the National Grid Corporation of the Philippines (NGCP), the cooperative purchases its electricity from SEM Calaca Power Corporation, formerly National Power Corporation for its 20 megawatt baseload requirements and the rest from the Wholesale Electricity Spot Market (WESM). The cooperative will also acquire its 26 megawatt load following from Trans Asia Oil and Energy Development Corporation (Trans Asia) to ensure lower cost of power. As of December 2013, BATELEC1's total end-users or customers are 145,122 and it employs a total of 370 permanent employees with 322 rank and file employees. Meanwhile, based on BATELEC1's Monthly Financial Statistical Report for December 2013, the operating revenue for Year 2013 totals to 2 Billion Pesos (P2B) and a portion of this was spent on the following: salaries and wages- P93.6M; SSS/PHILHEALTH/Employee Compensation/

Pag-Ibig- P6.2M; and, Employee Benefits- P56.6M, totaling P156.4M. At present, BATELEC1 Human resources functions are employment and recruitment, orientation, training and development, payroll and granting of compensation and benefits, performance appraisal, employee services, HR records, health and safety, and, compliance with labor laws. As electric cooperatives face numerous challenges especially in making complex power related decisions which involves greater risks and have greater cost consequences for members, their Human Resource should review ways in retaining skilled workers and motivating the entire workforce.

Companies indeed spend a lot on giving compensation to their workers and in return, workers are expected to give their best to the company. In today's world, giving compensation to workers is affected by many factors and can be linked to employee recruitment, retention, motivation, performance, feedback and satisfaction. A compensation scheme should be implemented according to the company's policies that are transparent to all employees. The scheme should also be geared towards fairness. In effect, employees feel that they are valued and are motivated to perform their best. Therefore, studying the implementation of the compensation program is essential in knowing how employees are influenced towards job satisfaction.

OBJECTIVES OF THE STUDY

The main objective of the study was to determine the level of implementation of the BATELEC1 Human Resource Department on compensation package. Specifically, it described the demographic profile of the respondents; it also determined the level of implementation of the compensation package in BATELEC1 with respect to Base Pay Compensation; Adjustments to Base Pay Compensation; Legally Required Employee Benefits; and, Discretionary Employee Benefits; assessed the level of satisfaction of the total compensation package; identified the problems encountered in the implementation of the compensation package; determined the degree of importance of discretionary benefits; and tested the significant relationship between the respondent's socio demographic profile and the perceived level of implementation of the total compensation package of BATELEC1.

HYPOTHESIS OF THE STUDY

There is no significant relationship between the socio demographic profile of the respondents and their perception on the level of implementation of the Total Compensation Package in BATELEC1.

Review of Literature

Human Resource Management

The human resource of an organization is composed of all efforts, skills or capabilities of all the people who work for the organization. Some organizations call human resource as staff, personnel, workforce, employees, workers, but the basic meaning remains the same. The executives are the ones who manage the human resources in the most effective manner and in return the personnel work well in the best interest of the organization. For this purpose, it is essential that good personnel relations are established in the entire workforce (Joshi, 2013).

Specifically, human resource management deals with issues related to workers such as hiring, employee motivation, compensation, safety, benefits, employee motivation, communication, administration and training. Human capital is most organizations' largest investment and one of their largest differentiators against the competition (Millard, 2013). Human resource management also deals with measurement of employee satisfaction and companies also have to make sure that employee satisfaction is high among the workers, because this is a precondition for increasing productivity, responsiveness, quality and customer service (Salanova & Kirmanen, 2010).

For the view of Ghazanfar et. al. (2011), the successes of major human resource activities are related and dependent on compensation policy and practice. 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 and best performing employees is largely influenced by compensation offered by companies.

Human Resource Practices in Relation to Motivation and Job Satisfaction

One of the greatest challenges for the organizations, in particular for the human resource functions, is to create and maintain a motivated workforce. Motivation is a term used in psychology to explain why people behave in a special or certain way. It is also an individual phenomenon, although there will be similar factors that makes different individuals behave in similar ways, each person is unique and there are differences in what motivates them (Senyucel, 2009). For Mcleod (2007), Maslow wanted to understand what motivates people. He believed that individuals possess a set of motivation systems unrelated to rewards or unconscious desires. Maslow stated that people are motivated to achieve certain needs. When one need is fulfilled a person seeks to fulfill the next one, and so on. The earliest and most widespread version

of Maslow's (1943, 1954) hierarchy of needs includes five motivational needs, often depicted as hierarchical levels within a pyramid. Figure 1 shows Maslow's hierarchy of needs.

Compensation is what employees receive in exchange for their work. In another perspective, it refers to the function of providing adequate and equitable remuneration of personnel for their contribution to organization objectives (Medina, 2006). It is also referred to as the complete pay package for employees, including all forms of money, bonuses, benefits, services, and stock. The pay that employees receive in return for the work they perform is usually the major source of their financial security. Hence, pay plays a vital role in a person's economic and social well being. Employees may see compensation as a return in an exchange between their employer and themselves or as entitlement for being an employee of the company. An employee's pay level and pay structures are usually determined by the characteristic of the organization and its competing organizations (Milcovich and Newman, 2008).

While Human Resource generally is in the driver's seat when developing a compensation philosophy, that development often is done in close collaboration with high level management to ensure executive buy-in and to develop a philosophy that oversees with the company's business objectives (Garvey, 2005).

Parvin and Kabir (2011), stated that money is a good motivator; all employees work for money, employees need money, good salary and good compensation are key factors in satisfying the employee. Increasing employee salary and compensation are means to motivate employees that can increase service quality and organizational performance. For Gary (2013), money isn't everything, but it is important and proper compensation is therefore another key component of job happiness.

Compensation Management

Companies usually have compensation plans and its implementation is always challenging. The key is for the compensation plan to be well thought out and employees must understand the new compensation plan for it to be effective. Also, effective compensation plan is intended to influence the behavior of employees, hence it is extremely important for the management to define the desired behaviors to achieve the firms' goal prior to the implementation of the compensation plan (Wang, 2003). This is coherent with the view of Meisenger (2005), that for any compensation plan to be effective, it must be perceived as fair by employees at all levels. To achieve this perception, it must be clearly understood by everyone in the organization.

In relation to this, Joshi (2013) opined that the compensation plan be laid down by the top management of an organization. The implications for the HR Manager is that if the compensation plan is acceptable, then the human resource manager can devote more time to other concerns and if not, negotiations with the staff association is made until they reach an amicable settlement; and, being on alert for signs that existing satisfaction with the compensation plan is interrupted.

In such cases, authors Milcovich and Newman (2008) states that an unacceptable compensation plan will occasion turn-over, grievances and diminished motivation. If differentials among jobs are not paid, employees may harbor ill will toward employers, resist change, become depressed, lack the zest and enthusiasm which makes for higher efficiency and personal satisfaction in work. And, to some extent, an employee will want to seek greener pastures elsewhere or even abroad. This desire is explained by Cabalfin (2013) that migration is primarily motivated by income gain.

According to Lussier et. al. (2013), the compensation system of an organization includes anything that an employee may value and desire that the employer is willing and able to offer in exchange. This includes all (1) compensation components – all rewards that can be classified as monetary payments and in-kind payments; and, (2) non-compensation components – all rewards other than monetary and in-kind payments.

For Martoccino (2011), the compensation package is divided into four (4) categories: Core Compensation, composed of base pay (salaries/wages); Adjustments to Core Compensation, consists of cost of living allowance, merit pays and incentives; Legally Required Employee Benefits, those that are being required by the government; and, Discretionary Employee Benefits, are those benefits that are company initiated.

On the other hand, authors Lussier et. al. (2013) further defined base pay as the flat rate, either hourly wage or salary. More specifically, wages are paid on an hourly basis while salary is based on time a week or a month.

Organizations have been adopting performance-based cash incentives for people at or over their range maximum, to motivate them to high levels of performance (Greene, 2010).

As a means to achieve effective compensation package, suitable compensation and reward policy is necessary to encourage the workers and other work force (Chandra, 2009).

METHODS

Research Design

The study used descriptive method of research. Descriptive research pertains to events which are recorded, described, interpreted, analyzed and compared. Its objective is to describe systematically a situation, condition or area of interest. Quantitative method was also used in order to get the most factual and dependable information.

Respondents

The respondents of the study consisted of 179 rank and file employees of BATELEC1 out of the total 322 rank and file employees as of December 2013. A five percent (5%) margin of error was used while the stratified random sampling was done from all Offices of the coop located in Calaca, Lemery, Balayan, Nasugbu and Calatagan.

Instruments

The main tool in gathering the data was a self-made questionnaire which was administered by the researcher. Primary data such as memos from the National Electrification Administration, BATELEC1's Monthly Financial Statistical Report for December 2013 and interviews of ISD officers were also used.

The questionnaire consists of three parts. Part 1 focused on the socio-demographic profile of respondents; Part 2 was about the Total Compensation Package, the problems encountered and employees' satisfaction towards the same.

Procedure

A letter request was sent to both Project Supervisor and Officer-In-Charge of BATELEC1. Upon their approval, the questionnaires were given to employees of BATELEC1 through their respective heads in the main office and area offices. Regular follow-ups were done through sending text messages or calling the respondents to remind them to return the questionnaires. Frequency distribution and percentage were used to describe the socio-demographic profile of the respondents in terms of age, sex, civil status, number of children, educational attainment, length of service to the coop, rank, their monthly gross income, and the number of loans of employees. Weighted mean and ranking were used to find out the level of implementation of the total compensation package of BATELEC1 and level of satisfaction of rank and file employees towards the same.

Data Analysis

All data were gathered, tallied, encoded and interpreted using descriptive statistics. Descriptive statistics include frequency distribution and ranking to identify the profile of the respondents and weighted

mean to assess the study. Likert Scale was also used to measure the respondent's attitude on issues pertaining to the program. The data were supported using SPSS version 18.

RESULTS AND DISCUSSIONS

Profile of the Respondents

Table 1 presents the frequency and percentage distribution of the respondents according to their socio-demographic variables such as age, sex, civil status, number of children, educational attainment, length of service to the coop, rank, their monthly gross income, and the number of loans of employees.

The age of the respondents between 31-35 has the highest frequency of 50, thereby ranked first with 27.90 percent, while respondents between the age of 51 – above ranked the lowest with a frequency of 9 with 9 percent. Based on the findings, there were few senior respondents attributed to the coop's existing policy, Policy No. 04-83 as amended titled: Separation and Retirement Plan where employees are compulsory to retire when they reach the age of 60 or 30 years in service, whichever comes first. Therefore, employees who reach this age are for compulsory retirement with corresponding benefits. The retirement pay is computed as number of years in service multiplied by the current salary/wage of the retiree multiplied by 200%. An employee with a minimum of five (5) years in service is entitled to separation benefits. More particularly, the percentages of monthly basic salary to be granted as employees separation/retirement benefit in lump sum is as follows:

No. of Years in Service	Percentage of Salary per Year of Service	No. of Years in Service	Percentage of Salary per Year of Service
5	75%	18	140%
6	80%	19	145%
7	85%	20	150%
8	90%	21	155%
9	95%	22	160%
10	100%	23	165%
11	105%	24	170%
12	110%	25	175%
13	115%	26	180%
14	120%	27	185%
15	125%	28	190%
16	130%	29	195%
17	135%	30	200%

In terms of sex, male got the highest frequency of 122 with 68.20

percent while frequency for female respondents is 57 with 31.80 percent. Majority of the respondents are male because the coop requires more male workers for field works such as linemen and Meter Reader Collectors/Disconnectors. Besides, BATELEC1 as the nature of work dictates is a male related job.

Table 1. Percentage Distribution of the Respondents' Profile (N=179)

Profile Variable	f	%
Age	32	17.90
20-25	45	25.10
26-30	50	27.90
31-35	28	15.60
36-40	15	8.40
41-45	9	5.00
51-and above		
Sex		
Male	122	68.20
Female	57	31.80
Civil Status		
Single	32	17.90
Married	145	81.00
Widow/Widower	1	.60
Separated	1	.60
Number of Children		
0-2	99	55.30
3 – 5	74	41.30
6-8	5	2.80
9 and above	1	.60
Educational Attainment		
High School Graduate	19	10.60
College Undergraduate	52	29.10
College Graduate	107	59.80
Post Graduate	1	.60
Number of Years in Service		
5 years and below	67	37.40
6-10	48	26.80
11-15	27	15.10
16-20	22	12.30
21 and above	15	8.40
Rank		
3-4	35	19.60
5-6	64	35.80
7-8	57	31.80
9-10	23	12.80
Gross Salary (monthly)		
P10,000-P12,000	35	19.60
P12,001-P14,000	59	33.00
P14,001-P16,000	58	32.40
P16,001-above	27	15.10

Number of Loans Aailed (Salary, Appliance, Pag-Ibig, SSS and ISMAF)

1	26	14.50
2	16	8.90
3	32	17.90
4	40	22.30
5	19	10.60
6	46	25.70

For the civil status, the highest frequency was for married respondents with 145 with 81.00 percent while the lowest frequency was for both widow/widower and Separated with frequencies of 1 each with 0.60 percent. BATELEC 1 is not particular in hiring workers' civil status as long as the applicants are qualified and competent for the job to be assigned to them.

As for the number of children of respondents, the highest frequency was for 0-2 children with a frequency of 99 with 55.30 percent while the lowest frequency was for 9 and above with a frequency of 1 with 0.60 percent.

This shows that majority of BATELEC-I employees are aware of the country's economic status thereby also limiting their number of children.

For the educational attainment of respondents, the highest frequency was for college graduate with a frequency of 107 with 59.80 percent. This is because the cooperative's plantilla positions require employees to have college degrees.

The second highest frequency was for college undergraduate with a frequency of 52 with 29.10 percent. They represent employees with plantilla positions that do not require college degrees such as meter reader/collectors and linemen.

Consequently, the lowest frequency was for post graduate with a frequency of 1 with 0.60 percent, this is represented by a post college degree graduate. The respondent is an employee who has completed her degree in 2013. The cooperative is currently upgrading the qualification standards of workers where some plantilla positions require post graduate degrees.

In terms of the number of years in service of respondents, the highest frequency was for 5 years and below with a frequency of 67 with 37.40 percent while the lowest frequency was for 21 and above years with a frequency of 15 with 8.40 percent. This shows that majority of the

respondents are relatively new in BATELEC1 this is also due to the policy on separation and retirement plan where employees are compulsory retired when they reach the age of 60 or 30 years in service.

As to rank of respondents, the highest frequency was for Rank 5-6 with a frequency of 64 with 35.80 percent while the lowest frequency was for Rank 9-10 with a frequency of 23 with 12.80 percent. This is because majority of the respondents are relatively new to the cooperative. A factor to be considered also is that there are more plantilla positions for Ranks 5-6 than Ranks 9-10.

For the gross salary of respondents, the highest frequency was for P12,001-P14,000 with a frequency of 59 with 33.00 percent while the lowest frequency was for P16,000 and above salary with a frequency of 27 with 15.10 percent. The salary brackets for P12,001-P14,000 is for Ranks 5-6 while the salary bracket for P16,000 and above is for Ranks 7-8.

With reference to the number of loans availed of respondents, the highest frequency was for 6 loans availed with a frequency of 46 with 25.70 percent while the lowest frequency was for 2 loans availed with a frequency of 16 with 8.90 percent. At BATELEC1, employees can easily avail of multiple loans such as: salary loan (up to P150,000) appliances loan (up to P30,000), Pag-Ibig and SSS (loans depend on the number of contributions made by employees) and Injury, Sickness, Mortuary Assistance Fund (up to P3,000). There is no existing policy in the cooperative that limits loan applications. As a result of excessive loans, some employees' take home pay is the minimum P1,000/payday or P2,000/month.

Table 2. Total Compensation Package in terms of Base Pay Compensation (N = 179)

Compensation	WM	VI	Rank
1. Wage/salary/holiday pays are given on time	3.06	I	1
2. Proper accounting of base pay is religiously observed	3.02	I	2
3. The computation of base pay is properly disclosed	2.98	I	4
4. The base pay compensation are just and fair	2.99	I	3
Composite Mean	3.01	I	

Legend: 3.50 - 4.00 = Highly Implemented (HI); 2.50 - 3.49 = Implemented (I); 1.50 - 2.49 = Slightly Implemented (SI); 1.00 - 1.49 = Not Implemented/Needs Improvement (NI)

Then, as seen on Table 2, the over-all assessment of the respondents' on the base pay compensation was implemented with a composite mean of 3.01. Wage/salary/holiday pays are given on time ranked first

with weighted mean of 3.06. (BATELEC1 adheres to the Labor Code of the Philippines by granting wage/salary/holiday pays on time). It was followed by proper accounting of salary is religiously observed and base pay compensation is just and fair.

The disclosure of computation of salary got the lowest mean score of 2.98. Pay slips of employees contains detailed computation of salary, overtime, night differential and deductions and for better appreciation, reorienting employees on how to compute their respective salaries should be considered.

BATELEC1’s Base Pay Compensation provides all permanent employees’ salaries that are above the minimum wage set by the Department of Labor and Employment which is at P303.50 for Region IVA employees. Thus, the cooperative does not implement future wage order increases set by the DOLE. The base salaries of BATELEC1 employees range from P10,000 to P40,000.

Table 3. Total Compensation Package in terms of Adjustment to Base Pay Compensation (N = 179)

Adjustment to Compensation	WM	VI	Rank
1. COLA is received on time	3.37	I	1
2. Merit Pay is given	2.65	I	3.5
3. Incentives are given	2.65	I	3.5
4. Adjustment to Base Pay Compensation is just and fair	2.69	I	2
Composite Mean	2.84	I	

Legend: 3.50 – 4.00 = Highly Implemented (HI); 2.50 – 3.49 = Implemented (I); 1.50 – 2.49 = Slightly Implemented (SI); 1.00 – 1.49 = Not Implemented/Needs Improvement (NI)

For Table 3, the over-all assessment of the respondents’ on the adjustment to base pay compensation was implemented with a composite mean of 2.84. Granting of COLA on time was ranked first with weighted mean s of 3.37. Employees are entitled to receive COLA equivalent to 10% of the employees’ basic salary when BATELEC1 is ranked A+ Cooperative, the highest rating given to an electric cooperative by the National Electrification Administration and when BATELEC1 pays its power suppliers on time thereby granted a 3% prompt payment discount. It was followed by adjustment to base pay compensation is just and fair.

However, merit pay and incentives both got the same and lowest mean score of 2.65. Merit pays are only given to employees having earned a rating of outstanding in the performance evaluation, while incentives are only granted to MR/Collectors who have exceeded their me-

ter reading activities quotas and PPDA Members who are responsible for apprehending power pilferers. The cooperative may explore in granting performance based incentives for all employees.

Table 4. Total Compensation Package in terms of Legally Required Benefits (N = 179)

Legally Required Benefits	WM	VI	Rank
1. Leave benefits and 13th month are received on time and fairly	2.83	I	5
2. Retirement Benefits are in accordance to the coop's existing Policy on Retirement and consistent with the Labor Code	3.02	I	3
3. Overtime pay in excess of eight (8) hours performed on ordinary day/rest day/special holidays are paid on time and accordingly	2.77	I	6
4. Employees are paid Night Shift differential which is in accordance with the Labor Code	3.06	I	2
5. All SSS, PHILHEALTH and Pag-Ibig concerns/benefits are promptly addressed by the concerned department	3.12	I	1
6. Employees' Legally required benefits is just and fair	2.98	I	4
Composite Mean	2.96	I	

Legend: 3.50 - 4.00 = Highly Implemented (HI); 2.50 - 3.49 = Implemented (I); 1.50 - 2.49 = Slightly Implemented (SI); 1.00 - 1.49 = Not Implemented/Needs Improvement (NI)

Consequently, the data in Table 4 shows the over-all assessment of the respondents' on the legally required benefits was implemented with a composite mean of score of 2.96. All SSS, PHILHEALTH and Pag-Ibig concerns/benefits are promptly addressed by the concerned department ranked first with weighted mean score of 3.12. The HRD promptly addresses all concerns related to SSS, PHILHEALTH and Pag-Ibig. This can be further explained that all workers are covered by these benefits and may be used when needed.

Overtime pay in excess of eight (8) hours performed on ordinary day/rest day/special holidays are paid on time and accordingly got the lowest mean score of 2.77. This is because the overtime work rendered for a particular cut-off period is given in the next cut-off period due to verifications done on their overtime work.

In accordance to the New Labor Code or Legally Required Benefits, BATELEC1 grants its employees with Leave benefits (Vacation, Sick, Maternity/Paternity). Employees on permanent appointment are entitled to one and one fourth (1¼) vacation and one and one fourth (1¼) sick leave for every month of satisfactory service to the Coop. Unutilized

leave or leave credits accumulated within a year is converted to its cash equivalent, depending on the availability of funds. Maternity and/or paternity leave is also granted accordingly. Then, pursuant to R.A. No. 8972 also known as the Solo Parents' Welfare Act of 2002, the Coop adopted the Parental (Solo Parent) Leave which entitles a solo parent to not more than seven (7) working days parental leave every year. This leave is non-cumulative and it cannot be converted to its cash equivalent if unused. Special or Surgical Leave under R.A. 9710 or known as the Magna Carta for Women (MCW) entitles a cooperative woman employee two months leave "special leave" having undergone surgery caused by gynecological disorders. Battered Women Leave entitles a cooperative woman employee 10-day paid leave of absence due to physical, sexual or psychological abuse, this is in accordance to Republic Act No. 9262 or known as Anti-Violence against Women and Children Act of 2004. Also, all employees are entitled to birthday leave and study leave is granted to an employee who is officially sent by the Coop to study and attend seminars/trainings.

In addition to this, the cooperative also grants other mandatory benefits such as 13th month pay of which half (1/2) is given on May and the other half (1/2) on October; overtime pay and night shift differential. The cooperative also provide employees with Pag-Ibig, PHILHEALTH and SSS benefits which are also according to the Labor Laws.

Table 5. Total Compensation Package in terms of Discretionary Employee Benefits (N = 179)

Discretionary Employee Benefits	WM	VI	Rank
1. Healthcare Insurance (annual)	2.99	I	3
2. Uniform Benefits (annual)	1.80	SI	7
3. Rice Allowance (bi-monthly)	3.21	I	1
4. Anniversary Bonus (annual)	2.98	I	4
5. Year-End Benefits (annual)	3.02	I	2
6. Prolonged Sickness	2.97	I	5
7. Shuttle Service (daily)	2.86	I	6
Composite Mean	2.83	I	

Legend: 3.50 - 4.00 = Highly Implemented (HI); 2.50 - 3.49 = Implemented (I); 1.50 - 2.49 = Slightly Implemented (SI); 1.00 - 1.49 = Not Implemented/Needs Improvement (NI)

Table 5 shows that the over-all assessment of the respondents' on the Discretionary Employee Benefits was implemented with a composite mean of 2.83. Granting of rice allowance ranked first with weighted mean s of 3.21. Rice allowance is incorporated in employees' wages/salaries. It was followed by year-end benefits with a weighted mean of 3.02.

Uniform benefits got the lowest mean score of 1.80 with verbal interpretation of slightly implemented. Employees are entitled to a uniform benefit equivalent to P4,000/year, but, employees' did not receive this benefit for the year 2013.

On top of all the mandatory benefits, BATELEC1 has initiated the granting of Discretionary Benefits, such as healthcare insurance with coverage amounting to P150,000/illness; rice allowance equivalent to P1,800.00/month; uniform benefits equivalent to P4,000.00/year; anniversary bonus of P2,000.00; year-end benefits equivalent to one and one-half month (1.5) employees' basic salary; productivity bonus of P10,000.00 and cash gift of P5,000.00. Employees with prolonged illness are also given time off to recover and recuperate by providing them with 1 year leave without pay and can return thereafter and assume their position and continue receiving their benefits. Shuttle service is also provided to employees bound to and from the main office. For Year 2013, BATELEC1 spent some P165.4M for its compensation package (BATELEC1 MFSR for December 2013).

In an interview conducted with the respondents, healthcare insurance was the most important to them among the other discretionary benefits. They value the importance of staying healthy in order to work. There is also a maxim, health is wealth. This was also mentioned by Milkovich and Newman (2008), that medical benefits are regularly listed as one of the most important benefits employees receive.

This is followed by rice allowance and the importance lies in the fact the rice is a staple food that is needed every day.

Table 6. Level of Satisfaction of BATELEC I Employees on Its Total Compensation Program (N = 179)

Level of Satisfaction	WM	VI	Rank
1. Base Pay Compensation	2.92	Satisfied	3
2. Adjustment to Base Pay Compensation	2.95	Satisfied	2
3. Legally Required Benefits	2.96	Satisfied	1
4. Discretionary Benefits	2.68	Satisfied	4
Composite Mean	2.88	Satisfied	

Legend: 3.50 - 4.00 = Highly Satisfied (HS); 2.50 - 3.49 = Satisfied(S); 1.50 - 2.49 = Less Satisfied (LS); 1.00 - 1.49 = Not Satisfied(NS)

Then, Table 6 shows that the over-all assessment of the respondents' level of satisfaction on its total compensation package that had a composite mean of 2.88. The legally required benefits ranked first with

weighted mean score of 2.96 followed by adjustment to base pay compensation and base pay compensation with a weighted mean score of 2.95 and 2.92, respectively

These are compensations that are being regularly given by the cooperative to employees duly approved by the NEA and in accordance to the Labor Code. Discretionary benefits ranked the lowest with weighted mean score of 2.68 which can be attributed to the reasons that uniform allowance was not given for year 2013 and that shuttle service is not being enjoyed by all employees.

Generally, the total compensation package is implemented on time by the HRD and majority of the respondents are satisfied. This can further be supported in a study of Hong et. al. (2013), that Hertzberg suggests that hygiene factors such as working condition and salary must be sufficient in order to prevent employees from being dissatisfied towards their job.

Table 7. Problems Encountered in the Implementation of the Compensation Program (N = 179)

Problems Encountered	WM	VI	Rank
1. The Coop's compensation package does not meet the needs of employees	2.82	Agree	5
2. Deductions on salary are inaccurate	2.74	Agree	7
3. Merit Increases are not according to the existing guidelines / implemented unfairly	2.75	Agree	6
4. Employees receive a minimum of P2,000 as monthly net income or "take-home" pay	2.90	Agree	3.5
5. The coop does not provide Life Insurance	3.13	Agree	1
6. The Coop does not provide funeral expenses to employees who died in the performance of their duties	2.92	Agree	2
7. I plan to work abroad	2.68	Agree	8
8. Employees are not duly informed about the removal of benefits/incentives	2.90	Agree	3.5
Composite Mean	2.85	Agree	

Legend: 3.50 - 4.00 = Strongly Agree; 2.50 - 3.49 = Agree; 1.50 - 2.49 = Disagree; 1.00 - 1.49 = Strongly Disagree

Table 7 shows that the over-all assessment of the respondents' on the problems encountered in the implementation of the compensation package had a composite mean of 2.85. The cooperative does not provide life insurance ranked first with weighted mean score of 3.13. It was followed by the coop does not provide funeral expenses with a weighted mean of 2.92.

In 2013, an employee who was on his way home from work was killed after being hit by a vehicle. His net retirement pay was some P300,000 (having rendered 20 years in service x basic wage x 150%) which is deemed too small of an amount to even cover for funeral expenses and provide for the continuous education of his four (4) children. The cooperative does not have an existing policy related to the demise of employees.

Life insurance will help cover for funeral expenses and replaces the income of the deceased thereby ensuring the bereaved family is still left with financial resources.

On the other hand, statements 4 and 8 both got a weighted mean s of 2.90. Employees receiving P2,000/month (minimum take home pay of an employee per month) is a common problem in BATELEC-I. This can be attributed to the number of loans availed by them. Employees also perceive that they are not duly informed about removal of benefits/incentives. According to Meisenger (2005) for any compensation plan to be effective, it must be perceived as fair by employees at all levels.

Then, “employees plan to work abroad” got the lowest mean score of 2.68 with the verbal interpretation of “Agree”. It is ironic that despite employees being satisfied with their compensation package, they would still want to seek greener pastures abroad. This could be explained by another problem that the compensation package does not meet their needs which ranked 5th with a mean score of 2.82. In 2012, several linemen who saw the opportunity to earn more resigned from the cooperative to work as linemen in the U.K. The desire to work abroad can be explained by Cabalfin (2013) that migration is primarily motivated by income gain. Consistent with this, incomes in top destination countries of Filipino migrants such as Unites States, Canada, Australia and Japan are higher than that of the Philippines, and the gap increased over time further fueling migration.

This can be further explained in the study conducted by Ghanfar et. Al. (2011), that state the ability to retain desired employees is largely influenced by compensation offered. It is also consistent with Maslow’s hierarchy of needs theory that people are motivated to achieve certain needs. When one need is fulfilled a person seeks to fulfill the next one, and so on (Mcleod, 2007).

Based from the result shown on Table 8, it shows that only gross salary (0.011) and number of loans availed have significant relationship on the total compensation package in terms of base pay compensation because the obtained p-values were all less than 0.05 level of signifi-

cance. Thus, the null hypothesis is rejected.

Table 8
Relationship Between the Profile of the Respondents and the Base Pay Compensation N = 179

Profile Variables	Eta	p-value	Interpretation
Age	0.123	0.755	Not Significant
Sex	0.094	0.211	Not Significant
Civil Status	0.103	0.598	Not Significant
Number of Children	0.095	0.665	Not Significant
Educational Attainment	0.138	0.335	Not Significant
Number of Years in Service	0.217	0.078	Not Significant
Rank	0.183	0.113	Not Significant
Gross Salary	0.248	0.011	Significant
Number of Loans Availed	0.262	0.030	Significant

Legend: Significant at p-value < 0.05

This means that an increase in the base pay compensation also increases the gross salary and the number of loans availed of employees. It is but natural that gross salary will also increase whenever there will be an increase in the base salaries of employees.

Table 9
Relationship Between the Profile of the Respondents and the Adjustment to Base Pay Compensation N = 179

Profile Variables	Eta	p-value	Interpretation
Age	0.227	0.101	Not Significant
Sex	0.058	0.444	Not Significant
Civil Status	0.074	0.813	Not Significant
Number of Children	0.055	0.911	Not Significant
Educational Attainment	0.129	0.401	Not Significant
Number of Years in Service	0.095	0.809	Not Significant
Rank	0.141	0.315	Not Significant
Gross Salary	0.286	0.002	Significant
Number of Loans Availed	0.242	0.061	Not Significant

Legend: Significant at p-value < 0.05

Based from the result shown in Table 9 it shows that only gross salary (0.002) has significant relationship on the total compensation Package in terms of adjustment to base pay compensation because the obtained p-values were all less than 0.05 level of significance. Thus, the null hypothesis is rejected.

Gross salary is the employee's total remuneration including allowances, overtime pay and other amounts before deductions. Naturally, an increase in COLA and incentives (adjustment to base pay compensa-

tion) will also increase the gross income of an employee.

Table 10
Relationship Between the Profile of the Respondents and the Legally Required Benefits N = 179

Profile Variables	Eta	p-value	Interpretation
Age	0.203	0.194	Not Significant
Sex	0.051	0.495	Not Significant
Civil Status	0.087	0.719	Not Significant
Number of Children	0.130	0.392	Not Significant
Educational Attainment	0.132	0.375	Not Significant
Number of Years in Service	0.204	0.114	Not Significant
Rank	0.121	0.458	Not Significant
Gross Salary	0.201	0.065	Not Significant
Number of Loans Aailed	0.372	0.000	Highly Significant

Legend: Significant at p-value < 0.05

Table shows that only the number of loans aailed (0.000) has high significant relationship on the total compensation Package in terms of legally required benefits because the obtained p-value was all less than 0.05 level of significance. Thus, the null hypothesis is rejected.

This means that an increase in the legally required benefits highly increases the number of loans aailed by employees. According to Charlie (2011), availing of loans should be on the basis of the net income and not the gross salary. This is because in case of a loan aailed, a person will have to pay the monthly installments from the net salary. Taking an investment call on the basis of the gross income could be a wrong decision that can stress one's finances greatly.

Table 11
Relationship Between the Profile of the Respondents and the Discretionary Employee Benefits N = 179

Profile Variables	Eta	p-value	Interpretation
Age	0.140	0.632	Not Significant
Sex	0.071	0.345	Not Significant
Civil Status	0.054	0.915	Not Significant
Number of Children	0.090	0.697	Not Significant
Educational Attainment	0.231	0.022	Significant
Number of Years in Service	0.122	0.626	Not Significant
Rank	0.143	0.306	Not Significant
Gross Salary	0.146	0.285	Not Significant
Number of Loans Aailed	0.194	0.243	Not Significant

Legend: Significant at p-value < 0.05

Based from the result seen on Table 11, it shows that only educational attainment (0.022) has significant relationship on the total compensation package in terms of discretionary benefits because obtained p-value was all less than 0.05 level of significance. Thus, the null hypothesis is rejected.

The discretionary benefits of employees are healthcare insurance, uniform allowance, rice allowance, year-end benefits, prolonged sickness and shuttle service. It can also be said that educational attainment has significant relationship towards discretionary benefits because educational attainment determines the salaries of employees.

CONCLUSIONS

The respondents of the study consist of 179 rank and file employees of BATELEC1. Generally, the total compensation package is implemented on time by the Human Resource Development office. Majority of the respondents are satisfied towards the total compensation package of BATELEC1. The coop does not provide life insurance was perceived by the respondents as the major problem being encountered in the implementation of the compensation program. There is a significant relationship between the respondent's socio demographic profile and the level of implementation of the total compensation package of BATELEC1. Therefore, the null hypothesis is rejected.

RECOMMENDATIONS

Review existing and/or create new policies geared towards improvement of BATELEC1's compensation package. For appreciation of cooperative employees and measured awareness, the HRD may update the handbook about the Total Compensation Package and this value may be communicated to employees through seminars too. The management may consider granting transportation allowance to all employees rather than provide shuttle service that only benefits main office employees. The management may also consider giving non-monetary rewards to employees such as "Employee of the Month/Year Award", "Best Collection Office" and wellness programs. Consider adding Life Insurance and/or Granting of Funeral Expenses to the compensation package as these benefits are highly beneficial to retiring employees. Future research may be conducted relative to BATELEC1's compensation package such as pay structures and job pricing.

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