REPORT

ON

Theory & Practices of Compensation Management of BRAC

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Submitted to

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Md. Alamgir Hossen

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Subject: Submission of Report on “Policies and Practices of Compensation Management and Employee satisfaction of BRAC

Sir,

I would like to inform you that I have done my report on BRAC. I attempted to know about the policies and practices of compensation management in BRAC. I try my best to give my close attention while preparing the report. I would like to thank you for your support and guidance during my internship and for your help while preparing the report. I hope that you would be kind enough to see any mistakes that may have appeared beyond my knowledge.

Sincerely Yours,

Farjana Akther

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Acknowledgement

All the gratitude to Almighty God the powerful and merciful for allowing me to successfully complete the report. I also would like to thank my honorable teacher Md. Alamgir Hossen, IBA-JU. I am honored and grateful about the fact that he gave so much of his valuable time and for the great suggestions he gave me into making the report. To prepare this report a s ton of significant documents and information input from several sources were involved. It was for me, such a great opportunity to work, know and learn about our own countries NGO. Lastly, my gratitude and respect to the excellent people of WMBA for the support, cooperation, understanding and help.

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Executive Summery

BRAC is the leading NGO in Bangladesh. BRAC is helping rural area people for their income source as well as to grow their business

In this report I have described the BRAC’s employee’s compensation system. Their percentage of salary, medical allowance, conveyance allowance and house rent.

I have explained what the financial benefits are and what are the non-financial benefits and salary paid on performance. In this report the policies of compensation and how they implemented. The salary of employees also showed in bar chart.

This report also consists of my point of view in the recommendation and conclusions, which will be helpful for the improvement of the organization compensation practices.

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Chapter 1

Introduction

**1.1 Introduction**

Compensation management is the process of managing, analyzing, and determining the salary, incentives, and benefits each employee receives. Compensation management is a crucial part of any talent management and retention strategy. Creative compensation includes monetary and non-monetary benefits companies can employ to boost engagement and productivity, reduce attrition, and attract top talent. Compensation managers aim to attract, retain, and engage employees by offering broad and competitive [compensation plans](https://www.hibob.com/hr-glossary/compensation-plan/) within the company budget. Compensation management ensures that people get paid a fair salary based on work performance, skill.

**1.2 Background of the study**

Compensation is an important factor in an organization. Compensation is an important factor to motivate employees. In compensation management if there is internal equity that gives more motivation to employee. In compensation pay structure will be according to levels. Pay structure depend on skills and working condition. Compensation will be fixed how much value create an employee as well as government rules. By financial or nonfinancial compensation employee will get motivated. Both monetary and non- monetary benefits help employee to motivate more and more concentrate on work to achieve organizational goal. Workers must receive fair compensation for their expertise, and time. In order to draw and retain the best workers for the company and maintain a competitive edge in a market that is becoming more and more competitive, compensation plays a critical role. Unhappiness with pay among employees can result in low performance, strikes, grievances, job dissatisfaction, absenteeism, and attrition. The majority of labor-management conflicts related on pay.

**1.3 objective of the study**

As an MBA student, the report has some purpose to serve. The purpose of this report is what is the compensation of different employee of different grades as well as how the compensation motivate motivate the employees. Not only compensation but also the extra benefits will be covered in this report.

**1.3.1 General Objective**

To gain the knowledge about BRAC compensation system and how they motivate employee by non -financial benefits.

**1.3.2 Specific Objectives**

* To fulfill the academic requirement
* To know about the compensation system about BRAC
* To identify the limitations
* Findings and recommendation

**1.4 Methodology**

Compensation data mainly collected from secondary sources. I have collected some data from an employee of BRAC

**1.4.1 Secondary Data**

* Data from internet
* Different reports

**1.5 Limitations**

I did not get much information about BRAC. Everything is not available on online

* Lack of information
* Hard to relate theory
* Less experience

**Chapter 2**

**Literature Review**

Compensation is a system that need to motivate employee. Without this there will no employee to work. By compensation an employee can meet their need as well as achieve organization goal.

“A remuneration is one of the most important factors that influence people to take up employment and stay with organization in order to retain and attract talent , it should be prepared pay salaries that is equivalent to better than the others in labor market” according to a research.

Compensation is also considered income protection, which gives backup when employees are into any financial risks or no longer work. (George Milkovich, 2008).

Compensation management is a challenging process that needs lots of attention. If something wrong happens in the management, then the organization face lots of difficulties. A healthy Compensation practice helps motivate employees to work with more determination and help an organization maintain their job standards, which are job-related, realistic, and measurable. (Khan, 2011)

**Chapter 3**

**Company Overview**

**3.1 Company overview**

Bangladesh is home to the worldwide development organization BRAC. BRAC was then registered with the Government of Bangladesh's NGO Affairs Bureau in order to be eligible for foreign donations. As of September 2016, BRAC had the most staff of any non-governmental development organization worldwide BRAC was founded by Sir Fazle Hasan Abed in 1972 following Bangladesh's independence. It is currently active in 16 additional countries in Asia, Africa, and the Americas in addition to all 64 districts of Bangladesh In 1979, BRAC started a Rural Development Programme (RDP). This was intended to give members access to credit and to savings facilities.   The programme involved considerable growth in the number of people who were members of BRAC: in 1989, three years after the start of the Rural Development Programme, there were 350,000 members, and by 1995 there were 1.2 to 1.5 million members. An evaluation by the United Kingdom [Department for International Development](https://en.wikipedia.org/wiki/Department_for_International_Development) in 1998 found that the programme had been successful, though not all the aims were achieved. BRAC's own evaluation in 1996 found "gradual improvements in the indicators such as wealth, revenue earning assets, value of house structure, the level of cash earned, per capita expenditure on food, total household expenditure", but hoped-for improvements in village self-management had not taken place, and the drop-out rate of members was high.

**3.2 Mission**

* BRAC’s mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice.
* Its aim to achieve large scale, positive changes through economic and social programmes that enable women and men to realize their potential

**3.3 Vision**

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realize their potential.

**3.4 Values**

1. Integrity.  
2. Innovation.  
3. Inclusiveness.  
4. Effectiveness.

Chapter 4

Compensation Practice in BRAC

Reward plays a crucial role in employee retention as it shields businesses from the heavy financial burden of staff attrition. In addition to aiding in the recruitment and retention of elite personnel, competitive pay packages also increase employee satisfaction and increase the likelihood that staff members will stick around. Every organization has two types of reward plans extrinsic, intrinsic, financial, nonfinancial plans, performance based and membership based reward plans.

Employees payment include

**Base Pay**

Employees are paid by the organization total salary’s fifty percent

**Medical Allowance**

Medical allowance are given total salary’s ten percent. Besides BRAC has a cooperation with IBN SINA. Those who are employee of BRAC will get discount 5-15% in checkup as well as testing body parts.

**House rent**

In regional area BRAC is giving home or hotel for employees. They also giving 30% allowances for living but for regional area this is higher

**Conveyance Allowance**

Conveyance allowance is given 10% of basic salary

**4.1 Financial Benefits**

Traditionally, employee benefits included medical insurance, life insurance, retirement plans, and disability insurance. These were usually mandated. For instance, many countries require that employers provide some type of medical insurance. However, employee benefit offerings of today have expanded well beyond this scope.

**Festival bonus**

Festival bonus are given in a year among employees. Two festival bonus are given and the bonus amount is gross salary’s 50%

**Health Insurance**

Every BRAC stuff in Bangladesh can avail the benefits of health insurance. Each staff member is able to claim up to BDT 100,000 a year for hospital expenses for themselves and spouses. **BRAC and Guardian Life Insurance Ltd have recently signed a group insurance agreement.**

**Retirement service**

Comprehensive policy rewards staff for their contribution, with rewards categorized depending on the number of years served and the types of separation the staff undergoes. The retirement benefit is designed to help employees to start a new chapter of their lives, as a token of appreciation for their hard work and to support them financially into the next stage of their life.

**Paid Holidays**

BRAC arrange holidays for its employees. Holidays in BRAC equate to 10 days per year and are paid.

**Paid sick leave**

In lieu of a doctor's certificate, employees in Bangladesh are granted 14 days of medical leave. Depending on the industry.

**Increment**

BRAC has recently increased the salaries of junior grade employees, SPO and below, by up to 50% from 1 January 2022. With 7,500 Full-Time Employees (FTEs), BRAC is one of the largest employers in the Bangladesh NGO sector. This new competitive compensation package is expected to further motivate the existing coworkers and also enable to attract more talent from the market.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Base pay** | **House rent** | **Medical Allowance** | **Conveyance** |
| **Area sales manager** | 45000 | 27000 | 9000 | 9000 |
| **Auditor** | 41897 | 25138 | 8379 | 8379 |
| **Manager** | 40000 | 24000 | 8000 | 8000 |
| **Operation manager** | 39011 | 23406 | 7802 | 7803 |
| **Assistant manager** | 24750 | 14850 | 4950 | 4950 |
| **Manager** | 25000 | 15000 | 5000 | 5000 |
| **Regional manager** | 20000 | 12000 | 4000 | 4000 |

**4.2 Non Financial Rewards**

Non-financial employee rewards are the non-cash benefits that organizations provide to their employees. Examples include summer working hours, subsidized gym memberships, free meals or employee discounts

**Career Development**

Leadership initiatives provide staff with fast-tracked career development prospects, providing aspiring development professionals with in-depth, sector-specific knowledge and diverse field exposure to hone their skills for leadership roles. High-performing staff in BRAC are recognized for their leadership potential, and are trained through a year-long programme by close mentorship, advanced training and special assignments.

**Parenting Benefits**

Maternity and paternity benefit policies offer our staff with gender-inclusive, comprehensive and need-driven benefits to support all staff during this important life chapter, including support in the case of demise of the newborn. Staff in the head office can avail spots at Dolna, BRAC’s in-house childcare facility to ensure safe supervision of their children within the office premises*.*

**Tuition assistance**

BRAC encourages professional growth of its staff by nominating a selected number of employees to undergo training or pursue higher education abroad. These training programmes and study opportunities help our staff to expand their horizons and develop a more skilled workforce. Staff are also eligible for tuition fee subsidies and waivers if they or their children want to pursue higher studies from BRAC University. BRAC believes in the power of education, and this policy empowers BRAC staff to realize their academic aspirations

**Travel Benefits**

In BRAC employees have opportunities to travel in Africa and work with them

**Women empowerment**

Since its inception in 1972, BRAC recognized women as the "change agents" within the family and community for poverty alleviation. They play a vital role in ensuring their family's health, nurturing their children's education and, subsequently, ensuring the sustainability of their households.

**Shopping discount**

BRAC employees can get shopping discount in AArong

**4.3 Performance based Rewards**

Performance-based rewards are an incentive that employees receive based on their work-related contributions to the company rather than their time with the company. Performance-based rewards can take many forms, including stock options, bonuses, and salary increase. In BRAC employees are given performance based rewards rather than seniority based rewards

Chapter 5

Findings, recommendation and conclusion

**5.1 Findings**

1. Employees are satisfied with salary

2. Employees find it helpful that there is parental leave

3. Huge travelling opportunities

4. BRAC’s turnover rate is high

5. Huge work load

6. Some employees have to work in regional area without their family

7. Huge entertainment opportunity like sports tournament

8. Flexible working environment for women

**5.2 Recommendation**

1. As BRAC’s turnover rate is high. It has to keep its turnover rate low otherwise hundred benefits cannot attract employees

2. BRAC should decrease the work pressure

3. If anyone’s posting in regional area then have to give benefits to full family

**5.3 Conclusion**

If an organization wishes to improve their system, they can. BRAC is a leading NGO in Bangladesh. They have been in business for about 50 years. Business in the twenty-first century is more employee-focused and modern. Nowadays, businesses are attracting skilled workers by providing a variety of perks. Finally, having completed the report, I gained some useful insight into the organization's internal pay management process. It aided in my comprehension of my theoretical knowledge and made my learning more practical

**5.4 References**

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