

**AN INVESTIGATION ON THE ROLE OF ADEQUATE
EMPLOYEE COMPENSATION AND BENEFIT SCHEMES IN
THE TANZANIA BANKING INDUSTRY:
THE CASE OF EXIM BANK (T) LTD**



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ABSTRACT

Employee compensation is a universal issue; day by day it makes new headlines on media, the most common issues being inadequate compensation.

For example on 11th August 2007, employees around Dar es Salaam were reported to strike owing to low salary and wages and no provision of benefits (Mkonya, 2007). The banking sector is growing rapidly from the time Tanzania embarked on financial liberalization in 1992. Banking has proven to be an important sector as it accounts for 12.1% of the GDP (TNBC, 2005). But still the factors that have contributed towards the above achievement are not compensated well.

It showed that the banking sector was not aware of the role of adequate compensation, and this study tried to fill the gap that existed. This study had one major objective which was to make the banking industry aware of the role of adequate employee compensation and benefit schemes. The following were the specific objectives:

To investigate if a relationship existed between adequate employee compensation and employee motivation, to investigate if a relationship existed between adequate employee compensation and employee job satisfaction and to investigate if a relationship existed between adequate employee compensation and employee retention

This study involved a case of Exim Bank (T) Limited, whereby 80 employees were sampled using stratified random sampling technique. This study involved the use of questionnaire, interview and documentary review in order to collect both primary and secondary data. Data analysis was done with the help of SPSS and Microsoft Excel, the Chi Square component of SPSS was used to test the research hypotheses.

Findings indicate a positive relationship between employee compensation package with employee motivation and job satisfaction. However the relationship with employee retention was not statistically significant.

The study therefore recommends the organization to continue to provide the benefits like health insurance, training opportunities and annual bonuses in order to ensure the level of employee motivation and job satisfaction is well maintained.