

# **Internship Report**

## **Compensation Management of Integrated Agricultural Productivity Project (IAPP)**

**Human Resource Management**

**Fall-2015**

**Prepared For**

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14/12/2015

## Letter of Transmittal

15 December, 2015

**Shamim Ehsanul Haque**  
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**Subject: Submission of Internship Report.**

Dear Sir,

With due respect, I am student of **MBA** Fall-2015 **program** of BRAC university.

I have completed this internship report as part of my program. The internship report has been compiled as per your requirements. It gives us immense pleasure to tell you that working on this internship report has given me a wide range of exposure.

The internship report is based on the knowledge, experiences and the skills that I have acquired during my class.

I am thus submitting this internship report with the hope that it lives up to your satisfaction. However I would be glad if you enlighten me with your thoughts and views regarding the report. In addition, if you wish to enquire about any of the aspects of the report, I would be glad to answer your queries.

Thank You, Sir

Sincerely

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**Sanjida Nasrin**

## Executive Summary

All organizations, be these business, educational or Governmental are basically social system. The people run these. The functioning of these organizations depends on upon how people work or behave in the organization. A good compensation system is very much effective for an organization. It makes an opportunity for high involvement for the employee in an organization. Employees can compare themselves with others. It was a great opportunity for me to make a report on compensation. The titled of this report is “*Compensation Management of IAPP*”. I complete this report based on Integrated Agricultural Productivity Project (IAPP).

IAPP is a project being implemented jointly by the MoA and MoFL which consists of four interrelated components technology generation, technology adoption, water management, and TA and capacity building.

Compensation is the sum total of all forms of payments or rewards provided to employees for performing tasks to achieve organizational objectives. It is composed of the base wage or salary and incentives or bonuses and any benefits.” Compensation impacts an employer’s ability to attract and retain employees

I have divided the report into four main chapters. In First chapter I discuss detail the organization and its objectives. In second chapter I discuss the background of this study. After that in third chapter I discuss detail about compensation include types of compensation.

In fourth chapter the broad objective of the report is to discover the practice of compensation system in the selected organization and to relate classroom study with that of real life situation. I provide the major findings. The compensation system of IAPP and I discuss many types of compensation and benefit that IAPP provide to their employee. Also there are some short objectives these are to identify the theories behind compensation and find out how management in the selected organizations is dealing with compensation system mainly. Here I put some theory of compensation with some major component of compensation.

At the end of the report I try to give some recommendation that can be helpful of this organization with conclusion.

I have given my honest and sincere efforts while preparing this report. All my exertion and efforts will be successful if it becomes helpful to Integrated Agricultural Productivity Project (IAPP).

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## Chapter 1: Introduction

### 1.1 Introduction

As a densely populated country's food security is posing important challenges to the government of Bangladesh, where negative impacts of climate change, food price hike in international market, decreasing arable land within the country is aggravating the situation further. Thus, increase of agricultural production is considered as an important solution to ensure domestic food security. Integrated Agricultural Productivity Project (IAPP) has taken an integrated approach to increase productivity of agriculture (crop, livestock and fisheries) and enhance the sector's climate resilience with an aim to ensure food security in Bangladesh (The World Bank, 2011b).

The agricultural sector is one of the main contributors to the national GDP of Bangladesh. About one third (32.73%) of the national GDP comes from the agriculture sector (MoA, 2013b). During the last few years agricultural technologies is experiencing improvement as a result of replacement of old manual processes with mechanized processes. However, there is a long way to go to adopt modern agricultural practices in all levels. Experiences from modern agricultural practices shows that the usage of information plays a vital role in this context. People with access to the internet have better access to information, which help them to achieve better position in economic activities (Think Tank, 2013). Provision of information which can help farmers to improve their condition is still a challenge in Bangladesh; however, recent government and non-government initiatives are improving the situation. The farmers of Bangladesh have started getting the benefits from recently introduced ICT in agriculture applications in Bangladesh.

Information asymmetry is one of the main factors for imperfect decision making by the government, citizens and for market inefficiency. With the advent of information and communication technologies, it becomes easier to be better informed about what government is doing, what are the entitlements not reaching the target people, and most importantly, the scope of being heard has been improved dramatically (Raihan, Uddin and Billah, 2009). ICT in Agriculture is an emerging sector focusing on the enhancement of agricultural and rural development through improved information and communication processes. It involves the conceptualization, design, development, evaluation, and application of innovative ways to use it in the rural areas with a primary focus on agriculture. ICT in agriculture can lead the agriculture sector to a "Knowledge-

Intensive Agriculture" that may help to overcome the challenges of food security, sustainable development and the sustaining of farmer's profit.

## **1.2 Description of the organization**

IAPP is a project being implemented jointly by the MoA and MoFL which consists of four interrelated components technology generation, technology adoption, water management, and TA and capacity building. The project is being managed by the Project Management Unit (PMU) at Dhaka, two Regional Project Implementation Units (RPIU) in Rangpur and Barisal and eight District Coordinator's offices (Rangpur, Kurigram, Nilphamari, Lalmonirhat, Barisal, Patuakhali, Barguna and Jhalokathi). Eight agencies are working to implement the project goals through its Dhaka offices and local level offices in IAPP project areas.

Unlike many other socioeconomic development projects IAPP emphasized on the use of ICT which has put effort to use modern tools to achieve the project goals. IAPP as a flagship GAFSP project is expected to demonstrate the effectiveness of using ICTs in its program interventions and set some models for further is scaling up of using ICTs in other programs and projects of the MoA.

## **1.3 Description of products and/or services**

The project has three objectives to use ICTs. Firstly, the applications of ICTs need to ensure tracking of project activities and provide timely information for better decision making. Secondly, ICT tools and techniques need to create a Knowledge-based agriculture which would be able to result cost-effective outreach to farmers and communities. Finally, proper utilization of mobile phones to leverage network effects for collaboration and accountability.

The use of ICTs is proposed to ensure several benefits which are expected to be the following:

- a. The use of ICTs will help to significantly lower information asymmetry and help for better decision making considering the multiple agencies involvement in the project implementation.
- b. The project design expected that the use of ICTs will help to keep the cost of information required for both the project implementation agencies and for the beneficiaries comparatively low.

c. IAPP will be able to develop new and modern ICT based platforms for information and service delivery in the agricultural sector of Bangladesh.

d. Most importantly the use of ICTs is expected to make it easier to integrate the excluded people and make it possible to deliver benefits to everyone involved. For example the farmers engaged during the first year will be able to access the information through ICT channels and get the benefit of the project.

e. The usage of ICTs is expected to ensure better coordination among the project stakeholders and beneficiaries as it is the most cost effective way of doing it.

## Chapter 2: BACKGROUND OF THE STUDY

The development Sector of Bangladesh is highly competitive and saturated. There is intense competition among the projects and they strive to capture as large a portion of the market as they can. Every project needs a highly motivated and dedicated work force that will go above and beyond their job descriptions to ensure development. The Compensation Management system of a project plays a huge role in keeping the employees motivated and loyal to the organization.

Employees need to be adequately compensated for their time and effort, skills and knowledge. Compensation is a key factor in attracting and keeping the best employees and ensuring that the organization has a competitive edge in an increasingly competitive market. Employee dissatisfaction regarding compensation can lead to absenteeism, turnover, job dissatisfaction, low performance, strikes and grievances. Majority of labor-management disputes are related to compensation.

In this study, I have looked at the Compensation Management system of IAPP. I have looked at their common practices, pay structures. My main objectives are stated in the next section.

### 2.1 Objective of the study

In my report, I have addressed the following Research Questions:

- What are the main problems and issues of IAPP's Compensation Management system?
- What sort of Compensation Management approaches need to be taken to ensure IAPP's ongoing competitive advantage?
- What Compensation Management challenges will IAPP face in the 21<sup>st</sup> century?

## 2.2 LIMITATIONS OF THE STUDY

While compiling the report, I faced the following limitations:

- Unavailability of vital information as some data is highly confidential and cannot be disclosed publicly;
- More time is necessary to understand all the complexities involved in the procedures;
- Difficulty in relating theory to practice;
- Limited knowledge and ability on this part to conduct the study more effectively.

## 2.3 Report Outline

In **Part II**, which is the main body of my Research Report, I will provide the major findings of my study. At first, I will conduct the Literature Review. In that part I will highlight the theories that I have learnt in class which are relevant to Compensation Management.

Next I will discuss the Compensation Management practices of IAPP; its pay structures and other benefit plans.

After a thorough review of IAPP's practices, I will analyze its CM problems and issues. Then I will determine what approaches the project has to take to ensure its ongoing competitive advantage. I will also highlight the challenges IAPP is likely to face in the 21<sup>st</sup> century.

By following these steps, I will achieve my main objectives.

### 3. LITERATURE REVIEW

#### 3.1 Definition of Compensation

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness. Other than basic pay, compensation also includes payments such as [bonuses](#), [profit sharing](#), [overtime pay](#), recognition rewards and checks, and [sales commission](#). Compensation can also include non-monetary [perks](#) such as a company-paid car, stock options in certain instances, company-paid housing, and other non-monetary, but taxable, income items.

Some **definitions** of Compensation include:

“Compensation is the sum total of all forms of payments provided to employees for performing tasks to achieve organizational objectives.”

“Compensation is a comprehensive term which includes pay, incentives and benefits offered to the employees.”

According to Byars and Rue, “Compensation refers to the extrinsic rewards that employees receive in exchange for their work. It is composed of the base wage or salary and incentives or bonuses and any benefits.”

#### **Compensation is based on:**

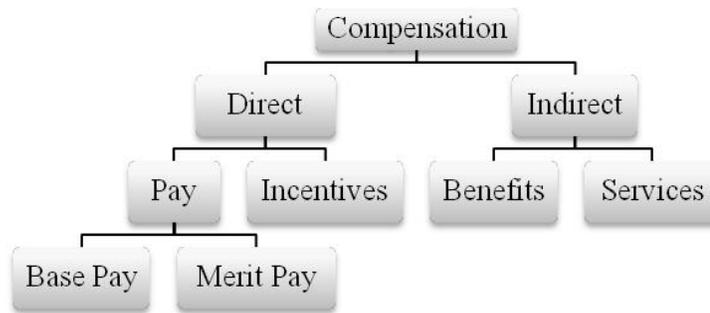
- Market research about the worth of similar jobs in the marketplace,
- Employee contributions and accomplishments,
- The availability of employees with like skills in the marketplace,
- The desire of the employer to attract and retain a particular employee for the value they are perceived to add to the [employment](#) relationship, and
- The profitability of the company or the funds available in a non-profit or public sector setting, and thus, the ability of an employer to pay market-rate compensation<sup>1</sup>.

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<sup>1</sup> <http://humanresources.about.com/od/glossary/c/g/compensation.htm>

## 3.2 TYPES OF COMPENSATION

Compensation can be of **two** types. They are Direct or Indirect Compensation



**Figure 1 Types of Compensation<sup>2</sup>**

**Direct compensation** is remuneration provided to employees in exchange for their labor and services. What makes it direct is that it is given to the employee without an intermediary. Under direct compensation there are two sub types of compensation.

- Pay: It consists of wages and salaries received for performing work. It can be base pay and merit pay based on job performance.
- Incentives: They are provided for higher performance. They can be piece wage, commission, bonus, profit sharing, stock option etc.

**Indirect compensations** are provided for the employee's benefit, but are not given directly to the employee. Under indirect compensation there are two types of compensation

- Benefits are the payments addition to pay. They can be
  - Pay for time not worked: Paid vacation, holidays, leaves
  - Protection Programs: Pension, gratuity, insurance etc
  - Executive Benefits: Free Newspapers, telephone rental etc
- Services and Perquisites: They increase employees wellbeing at no cost or significantly reduced cost to employees. They can be
  - Housing, transport, food
  - Loans, children's education expenses
  - Discount on purchases, credit cards
  - Social-cultural recreational activities; club subscriptions.

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<sup>2</sup> Source: *Dynamics of Human Resources Management in Nepal*, Govind Ram Agrawal (Pg – 356)

### 3.3 Major Components of Compensation

#### **Basic wages/Salaries:-**

These refer to the cash component of the wage structure based on which other elements of compensation may be structured. It is normally a fixed amount which is subject to changes based on annual increments or subject to periodical pay hikes. It is structured based on the position of an individual in the organization and differs from grades to grades.

#### **Dearness allowance:-**

The payment of dearness allowance facilitates employees and workers to face the price increase or inflation of prices of goods and services consumed by him.

#### **Bonus:-**

The bonus can be paid in different ways. It can be fixed percentage on the basic wage paid annually or in proportion to the profitability. The Government also prescribes a minimum statutory bonus for all employees and workers.

#### **Commissions:-**

Commission to Managers and employees may be based on the sales revenue or profits of the company. It is always a fixed percentage on the target achieved.

#### **Mixed plans:-**

Companies may also pay employees and others a combination of pay as well as commissions. This plan is called combination or mixed plan. Apart from the salaries paid, the employees may be eligible for a fixed percentage of commission upon achievement of fixed target of sales or profits or Performance objectives. Nowadays, most of the corporate sector is following this practice. This is also termed as variable component of compensation.

#### **Piece rate wages:-**

Piece rate wages are prevalent in the manufacturing wages. The laborers are paid wages for each of the Quantity produced by them.

#### **Sign on Bonuses:-**

The latest trend in the compensation planning is the lump sum bonus for the incoming employee. A person, who accepts the offer, is paid a lump sum as a bonus. Even though this practice is not prevalent in most of the industries, Equity research and investment banking companies are paying this to attract the scarce talent.

**Profit sharing payments:-**

Profit sharing is again a novel concept nowadays. This can be paid through payment of cash or through ESOPS. The structuring of wages may be done in such a way that, it attracts competitiveness and improved productivity.

**Fringe benefits:-**

The provision of fringe benefits does not attract any explanation. These include:

- Company cars
- Paid vacations
- Membership of social/cultural clubs
- Entertainment tickets/allowances.
- Discounted travel tickets.
- Family vacation packages.

**Reimbursements:-**

Employees, depending upon their gradations in the organization may get reimbursements based on the Expenses incurred and substantiated.

**Sickness/Maternity Leave:-**

The increasing social consciousness of corporate had resulted in the payment of sickness benefit to the Employees of companies. This also includes payments during pregnancy of women employees. The expenses incurred due to injury or illness are compensated or reimbursed to the employees. Companies are also providing supporting financial benefits to the family of the bereaved employees. However, companies covering these cost through appropriate insurance policies like, Medical and life insurance.

## 4. COMPENSATION MANAGEMENT OF IAPP

### 4.1 CM PRACTICES OF IAPP

This Project is committed to follow a fair, competitive and flexible remuneration policy. The Secretary is the final authority for approval of this policy and will amend and review the policy on recommendation of the Project Director/ Project Steering Committee periodically.

The remuneration of employees consists of;

- Basic Salary
- House Rent
- Medical Allowances and other Allowances.

Salaries are confidential between the employees concerned and management. The salary ranges for these job grades are reviewed from time to time. Temporary and outsource staffs do not have any assigned job grade. The contracts get a consolidated payment per month and there are no other entitlements applicable.

- Basic Pay: Basic salary ranges (BSRs) is commensurate with the job grades and is determined by the Finance Ministry.
- House Rent Allowances: House rent allowances paid to the employees according to their grade.
- Medical Allowances: Medical allowances may be paid to the employees according to their job grades and on such conditions that may be prescribed in the competent authority from time to time.
- Festival Bonus: All regular and permanent employees get two bonuses each year. One is Eid-UI-Fitr and another during the Eid-UI-Azha.

## Compensation structure of IAPP:

### Junior Management

Officer	Step 1	Step 2	Step3	Step4	Step5	Step6	Step7	Step8	Step9	Step10
Basic	8000	11000	12000	15000	18500	22250	25750	29000	33500	40000
House Rent	4800	6500	6600	8250	10175	11900	12875	14500	16750	20000
Entertainment Allowance	0	0	0	0	0	0	0	0	0	0
Conveyance	0	0	0	0	0	0	0	0	0	0
Medical Allowance	700	700	700	700	700	700	700	700	700	700
L.F.A	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13500</b>	<b>18200</b>	<b>19300</b>	<b>23950</b>	<b>29375</b>	<b>34850</b>	<b>39325</b>	<b>44200</b>	<b>50950</b>	<b>60700</b>

### Persons Responsible for conducting CM of IAPP :

The remuneration policy of the project will cover all persons the engaged in the project. The different job grades at IAPP are as follows:

- Project Director;
- Deputy Project Director;
- Project Coordinator;
- Regional Project Manager;
- District Coordinator;
- Consultant;
- Accountant-cum-Cashier;
- Project Assistant;
- Account Assistant;
- Data Entry Operator cum ICT Assistant;
- Administrative Assistant;
- Office Assistant.

The aforementioned job grades are decided on the basis of an analytical assessment of the position based on the size, responsibilities, decision making authorities and the nature of the job.

## 4.2 BASIC EMPLOYEE BENEFITS

Other than the above benefits there exists provident fund system, a gratuity system, group-hospitalization Insurance policy, Employee security and welfare fund maintained by the project.

Allowances are also available for deputation employees but car allowances are only for the grades above Senior Officers. There is no annual increment.

## 4.3 CM PROBLEMS & ISSUES FACED BY IAPP

The Human Resources Management system of IAPP is up to mark. However, there are a few problems and issues with its CM practices. To understand the issues, I will first look at some common problems of CM.

### **Errors or problems of Compensation Management:**

- **Forms of Pay:** Employee pay begins with a cash base and bonus pay, but may also contain non-cash forms of compensation. The valuation of non-cash compensation is often most difficult for employees to appreciate, but it offers the most opportunity for creativity on the part of the organization.
- **Pay philosophy:** “All organization pay according to some underlying philosophy about jobs and the people who do them.” – says KP Kanchanalak (a professor at CFAI National College in Bhopal, India). Compensation programs must consider and value the work of those who provide internal support to the organization as well as those who has directly impact on the strategy which will dictate the rate and timing of pay increases, which jobs are eligible for bonuses, and the level of competitiveness with similar organizations.
- **Employee Incentive:** Pay for performance has become increasingly popular. Companies use compensation to reward and boost the morale of the high performing employees, but also to motivate underachievers.
- **Presentation of Compensation:** How a manager speaks regarding pay can inadvertently create ill will when the intention was to deliver good news. It is important to use specifics when speaking with employees rather than categorize any pay increase as “good”, “significant” or some other qualifier. Employees’ perceptions of compensation are on individual values needs and expectations.
- **Pay Competitiveness:** Business wishing to compete for the best of the available talent pool must offer a competitive compensation program compared to other companies within their industry and at large.
- **Automation and outsourcing:** Automation standardizes its system throughout the organization eliminate paperwork and help departments to communicate errors and make it easier to compensate performance based on quantifiable measures. Organization may also use technology to benchmark jobs and survey employees.

- **Generational differences:** People are living longer and thus working longer. In a look at physician compensation, Max Robert of the Coker Group noted a difference in work ethic and expected compensation that fell along generational lines. Older workers were more likely to work longer hours in exchange for their pay while younger workers expected high levels of pay even when their productivity was aided by technology.

### **Problems and Issues of Compensation Management of the IAPP:**

There are some problems and issues that IAPP is facing, which are:

- The salary structure is not high enough according to the workload of the employees. This discourages the employees to work hard and also increases the turnover rate.
- The salary structure of this project is not acceptable by most of the employees.
- Most of the time payment on the basis of seniority does not ensure in the process.
- There exists lack of information about the employees' performance; maintenance of performance appraisal isn't much efficient.
- Overall economic condition sometimes hampers the payment decisions of this project.
- In the salary package of IAPP, house-rent is not sufficient for the employee.
- The overall situation of Human Resource for a Project like IAPP is not that much controlled to be used and utilized its power to perfectly compare to the workload; there is not sufficient amount of refreshments. Too much work pressure over employees sometimes makes them deprived towards their work.
- Increased technological development at faster rate has lead to increase demand for skilled workforce in organization. IAPP has scope of developing high technology implementation in the IT sector but they are lack behind compare to other projects like NATP (National Agricultural Technology Project).
- According to CM, employees should receive guaranteed minimum salary to protect them against conditions beyond control, but it seems IAPP has a poor compensation policy for its field team employees.
- Compensation Management states that compensation policy should be developed keeping in view the interest of all concerned parties that is all employer, employees, consumers and society, but IAPP has poor compensation policy for their contractual employees and field employees.

## 4.4 CM APPROACHES ENSURING COMPETITIVE ADVANTAGE

To main its competitive advantage, IAPP should change its traditional compensation management policies. It should change its **Job-Based** approaches to **Person or Individual-Based** approaches.

A job-based pay policy tends to work best in situations where technology is stable, jobs do not change often, employees do not need to cover for one another frequently, much training is required to learn a given job, turnover is relatively low, employees are expected to move up through the ranks over time and jobs are fairly standardized within the industry. But that is not the case in the project sector<sup>3</sup>.

**Individual-based** compensation programs are more suitable if:

- **The project has a relatively educated workforce with both the ability and the willingness to learn different jobs.** In every project, employees are frequently rotated from one desk to another and also from one branch to another. They have to learn and perform different tasks at different time. At IAPP as well, an employee has to work in the different sections like Project Assistant, Data Entry Operator cum ICT Assistant, etc
- **The company's technology and organizational structure change frequently.** Technology is updated frequently and so are practices.
- **Employee participation and teamwork are encouraged throughout the organization.** Teamwork is highly valued at IAPP as it is a necessity to maintain the smooth flow of operations.
- **Opportunities to learn new skills are present.** Employees constantly learn new things at IAPP as they are rotated from task to task.
- **The costs of employee turnover and absenteeism in terms of lost production are high.** Projects run on a tight schedule with heavy workloads during peak hours. Absence of employees causes great disruptions when the ratio of number of works to number of employees is too high.

Employee **Skill and Competency-Based** structures are more appropriate for IAPP than the traditional ones. Such structure encourage employee flexibly and reinforce a high-involvement organization. A skill and competency based pay structure will help IAPP to attract and retain its best employees. Employees will be motivated to learn new things, work on multiple tasks, and undergo training. IAPP can build its Human Capital under this pay system. Although product offerings can be easily replicated by other

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<sup>3</sup> <http://www.slideshare.net/abidi512/compensation-management-12919427>

projects, IAPP's superior Human Resource cannot be matched easily. This can be IAPP sustainable competitive advantage in the future.

## 4.5 CM CHALLENGES FOR IAPP IN THE 21ST CENTURY

As the market gets more competitive in the 21<sup>st</sup> Century, IAPP is likely to face some CM challenges:

### **Recruitment**

Finding skilled, experienced, responsible employees is a challenge for human resource departments in any industry, more so in a service-oriented industry like project. If IAPP fails to adjust its pay structure with competing projects, they will not be able to attract knowledgeable and skilled employees in the future. Since compensation is the first thing people consider before applying for jobs, the person with the right competencies will not apply for the job if he is offered higher pay and benefits elsewhere.

### **Retention**

Now-a-days, employee loyalty is very difficult to build and employees have a tendency to switch jobs frequently. Unless employees are satisfied with what they are receiving, they will actively seek better jobs and leave IAPP if better they find better opportunities. Employees usually receive various trainings while they are employed at IAPP at the project's expenses. So if an employee leaves his job, IAPP will not only lose its human resource, it will also suffer financially.

### **Motivation**

Motivation is closely related to compensation. If an employee feels underpaid, he will be less motivated to work hard. He will also skip work frequently. Employees are prone to make more mistakes if they are demotivated, so performance of IAPP will fall. The employee may also take out his frustrations on the works and that will be disastrous for the project.

### **Technological Advancements**

In the 21<sup>st</sup> Century, there is an ongoing trend of automating all activities. IAPP has to cope with these changes in order to remain competitive. Management has to either recruit tech savvy individuals or train their existing employees. There are cost implications in both cases. Unless attractive compensation packages are offered, they will not be able to recruit new employees. At the same time, existing employees will expect higher pay if they have to learn new things and take more job responsibilities.

### ***Differential salary structure***

Compensation structures are a leading issue for human resources departments in all companies especially for projects. The recruitment policy of the projects should be oriented towards having a right-sized and right-skilled workforce in tune with their medium to long term business plans. For instance, in line with the national emphasis on financial inclusion and spreading development services to undeveloped remote areas, it may be necessary to bring in specialists who have knowledge of rural operations, agricultural finance, etc. and are willing to work in rural areas. IAPP may have to create a differential wage structure for the employees serving in various areas.

### **Finding the Balance**

It is difficult to find a balance between employee satisfaction and company expenses. Higher compensation may ensure higher satisfaction and productivity of workers, but it will cause the project's expenses to increase. Stakeholders will be dissatisfied if profits decrease due to higher expenses. So IAPP has to be cautious before taking or implementing any decisions.

## 5. RECOMMENDATIONS

The Human Resources Management system of IAPP is quite good. But the management authority needs to look at some of the major issues like compensation policies, allowances and transfer policies. IAPP needs more man power in the HR department for handling its large number of employees.

IAPP should adjust its compensation policies with the industry standards. It should either match or exceed its competitor's rates in order to attract and retain competent employees. They should also shift from job-based to person-based compensation structure. After all, happy employees will lead to happy customers.

Temporary employees at IAPP suffer from job insecurity and instability. They are deprived from the benefits provided to permanent employees. This results in dissatisfaction and demoralization. IAPP should consider providing some benefits to the temporary staff like health care, allowance or other benefits.

Teamwork, cooperation and coordination between the employees are of utmost importance to ensure smooth flow of work. Thus, IAPP should take measures to that will foster teamwork amongst the employees. There should be a sense of equity among the employees so that they are willing to work with and help each other out when needed. An employee, who feels that he is underpaid compared to his colleague, will not be willing cooperate with the other employee.

IAPP has devised a very comprehensive performance appraisal program in which each employee is given objectives against which his/her performance will be evaluated. For the setting up of these objectives with its work force, the company utilized Management by Objectives. The way these objectives are set is through mutual agreement, where the employees are told exactly what is required of them, how they will be evaluated against each of their objectives and what will be the reward in case if the objectives are met or exceeded. The mutual setting up of these objectives in a participative manner motivates the employee to achieve these objectives as they have a hand in setting them up as well. IAPP should have a time limit, evaluation criteria and clearly defined rewards that will contribute towards motivating the employees to contribute the best towards fulfilling their goals.

## 6. CONCLUSION

In this Internship Paper, I have focused on the Compensation Management system of Integrated Agricultural Productivity Project (IAPP).

I began my report by looking at the history and composition of the project sector of our country. Our project sector has grown significantly since the liberation war in 1971. This sector plays a vital role in developing a country's economy. I then took a closer look at IAPP, its background, corporate vision, mission, values, organizational structure, and product and service offerings. I also looked at their current market position which revealed that it is performing well financially.

I then focused my attention on the Compensation Management system of IAPP. I review some of the CM related theories and tried to relate them with IAPP's practices. During my study, I realized how complex it is to manage compensation effectively. It is difficult to keep all stakeholders happy at the same time. Overall, IAPP's CM practices are good, but there is much scope for improvements. IAPP needs to adjust its pay policies as there is some dissatisfaction amongst the employees regarding the pay structure. It would be beneficial for IAPP if they implemented some of the recommendations that we have provided from our analysis and understanding.

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