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COMPENSATION AND BENEFIT BETWEEN SAUDI AND NON-SAUDI EMPLOYEES AT SAUDI ARABIAN AIRLINES

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ABSTRACT

Compensation and benefit are two important concepts that are used and applied at every organisation all over the world. Compensation and benefit allows the company to know how well are their employee's performing and at the same time it keeps the employees satisfied if their compensation and benefits are good. This leads to productive workforce and Employee motivation has been long studied and is in use constantly at every stage. This study identify the factors that effect of compensation and benefit between Saudi and non-Saudi and examine the relationship between these two and the company which is Saudi Arabian Airlines Company in Jeddah, Saudi Arabia. The study utilized both qualitative and quantitative collection and data methods which facilitate good data and information. The questionnaire was designed with a set of 11 questions on the motivation topics and a total of 50 respondents were participated in this study. This study suggested that Saudi Arabian Airlines should improves their human resource compensation and benefit framework to satisfied their employees both locals and non-locals.

INTRODUCTION

The current business environment has emerged as a challenge for businesses with increased competition and declining profits. Especially, the airline industry is greatly affected by new companies entering into the market and increasing the competition [1]. In the Kingdom of Saudi Arabia this phenomenon is quite evident as well. The entry of new airline companies has created an environment where the profits of the airline companies have shrunk. The business environment is further coupled with stiff economic conditions which has created a challenging environment for airline companies

where they are looking to achieve a sustainable competitive advantage over competitors to ensure a profitable business growth [2,3]. Therefore, in order to achieve a sustainable growth and competitive advantage over competitors, companies are in constant struggle to modify their marketing strategies that enable them to establish a sustainable growth and earn a competitive advantage over competitors and expand their loyal customers. In this regard, brand building strategy plays a vital role and can be used effectively to achieve these goals [2,3].

Human resource management becomes a significant aspect for an organization's prosperity. Because it is the human who built up and develop the organization, to effectively and efficiently achieve its objectives. Nowadays, human was acknowledged as the most valuable asset for an organization or even a company so they should be properly administered [4]. One of the tools companies use to attract, retain and motivate its people is compensation and benefits. Dessler [5] defines compensation as "Employee compensation refers to all forms of pay going to employees and arising from their employment." The phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations. Employees today are not willing to work only for the cash alone, they expect 'extra' and this extra is known as employee benefits. All companies around the world use compensation and benefits for all their employees and companies to have the best of the employees [5]. Therefore, this study identifies the satisfactory of the compensation and benefits are applied at Saudi Arabian Airlines between Saudi and non-Saudi employees in Saudi Arabian Airlines, Jeddah.

METHODOLOGY

Research Design

Exploratory research model is applied in order to determine the relationship between two variables thus the link between the two variables and clarify their reliance on one another which are compensation and benefits. In this study the variables are the compensation and benefit plan between Saudi and non-Saudi employees of the Saudi Arabian Airlines and how it works with them. The variables are based on how to identify the factors that affect the company relationship between Saudi and Non-Saudi and how are they compensated and benefited. The study moves from a general to a more specific conclusion through the deductive reasoning. First step is to understand how compensation and benefits work for the locals and expats who work at Saudi Arabian Airlines Company. After that, the conclusions will be drawn with affirmations and ending with a generalization of the data from both organization to the whole population of Saudi Arabian Airlines.

Location

This study is conducted in Jeddah, Saudi Arabia at Saudi Airlines, Saudi Arabia. The questionnaire is emailed directly to the Saudi Arabian Airlines Company.

Sample

The sample size for the study is 50 employees from Saudi Arabian Airlines and this consists of both genders male and female who work in these companies both locals and non-locals.

Data collection

Data has been collection has been done in the following ways:

1. Literature review on the subject has been carried out previously. The source of the literature review is through journals, books and websites. Theories on Compensation and Benefit will be included.
2. A questionnaire with 11 questions will be administered for collecting data that is part of the primary research. This questionnaire was distributed randomly across 50 employees from Saudi Arabian Airlines companies. The methodology of data collection will be quantitative and qualitative

RESULT AND DISCUSSION

Result

The questionnaire was given to over 150 employees in the Saudi Airlines office in Jeddah and only 50 of them were complete and hence used for this study. The questions were shaped to understand the compensational drivers and how they are used for locals and expats. The responses were then tabulated and then graphically represented.

Q1. Since how many years you have been working in this organization?

It was observed from the response that majority of the employees had been with the organization for a period between 2 to 5 years and presented 42% as shown in Fig. 1. There were very few employees that had been with the organization for 5-10 years which is 16% and only 14% had been with the company for over 10 years. This implies that most of the people were relatively new with the organization due to the new labour law where Saudization was more to keep locals and have less expats.

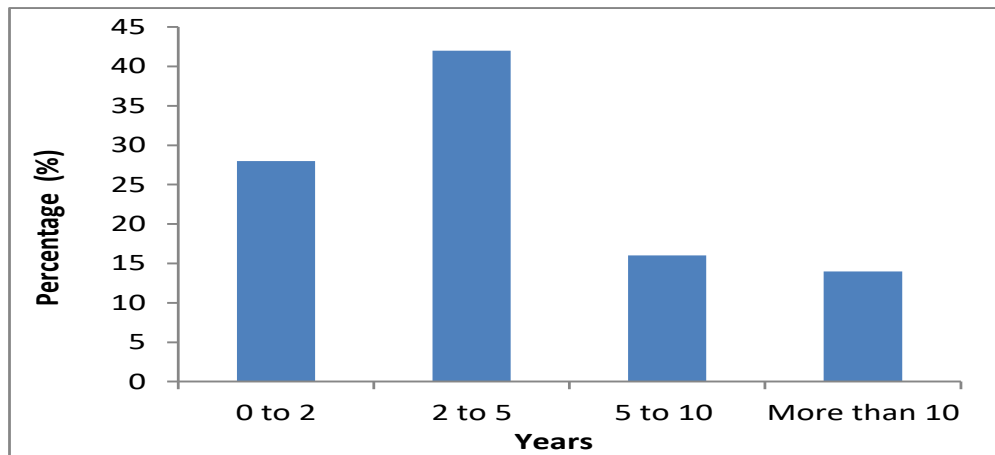


Figure 1: Years Of Working

Q2. Rate your level of compensation and benefit satisfaction as an expat or local with the working at this organization?

When asked how the benefits for are the employees were with the Saudi Arabian work culture, 22% of the respondent is highly satisfied as shown in Fig. 2, while majority 64% of the employees are satisfied. About 10% of the respondent that had an average perception and 4% of the respondent are dissatisfied. None of the employees were highly dissatisfied with the working culture.

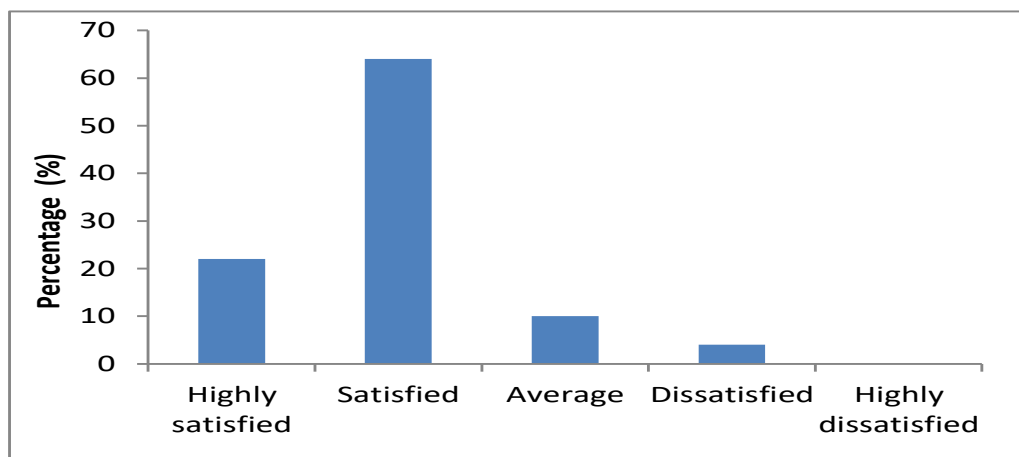


Figure 2: Level Of Compensation And Benefit Satisfaction

Q3. Rate the statement “Compensation and Benefit drive the employees”?

Fig. 3 shows about 24% of the respondent is strongly agreed and 42% claims that the Compensation and Benefits did motivate the employees. There were 32% of the employees that were neutral, while only 1 response disagreed. None however strongly disagreed.

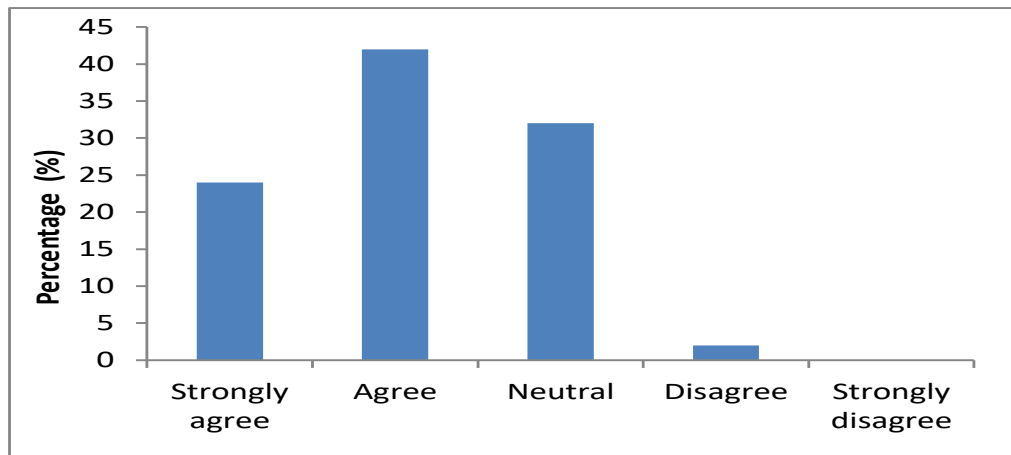


Figure 3: Compensation And Benefit Drive Employees

Q4. Which type of incentives motivates you more?

Fig. 4 shows about 30% of the respondent said that the incentives motivated those most. There is 50% of the respondent said that promotion motivated them more. Appreciation Letters motivated 12% of the respondent, while 8% of the respondent claims that awards motivated them

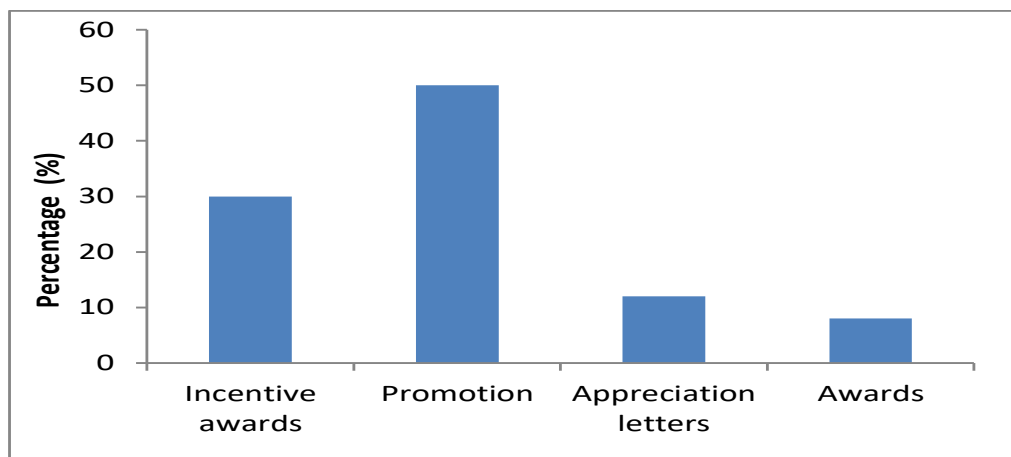


Figure 4: Incentives For Compensation And Benefit

Q5. How far you are satisfied with the compensation and benefits provided by Saudi Airlines?

Fig. 5 shows about 50% of the respondent said that they were highly satisfied. Another 46% of the respondent said that they were satisfied with the compensation and benefits given by the company. There is 4% of the respondent that are dissatisfied with the compensation and a benefit provided by the company. None of the employees were highly dissatisfied.

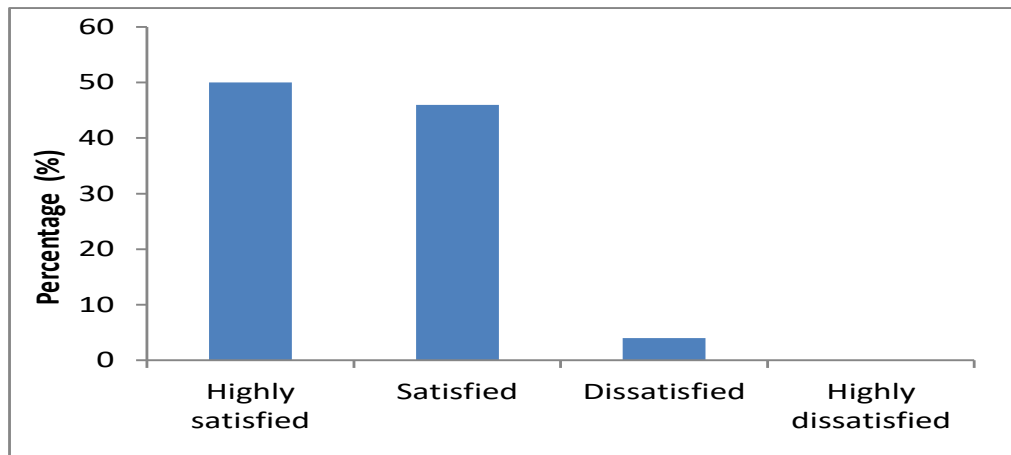


Figure 5: Incentives For Compensation And Benefit

Q6. How is progression in the job grade determined? Fig. 6 shows about 64% and 36% of the respondent is strongly agreed and agreed that progression in the job grade determined respectively. Only 1 of the respondents said that they were neutral on this. None of the employees said that they disagreed and strongly disagreed with the statement.

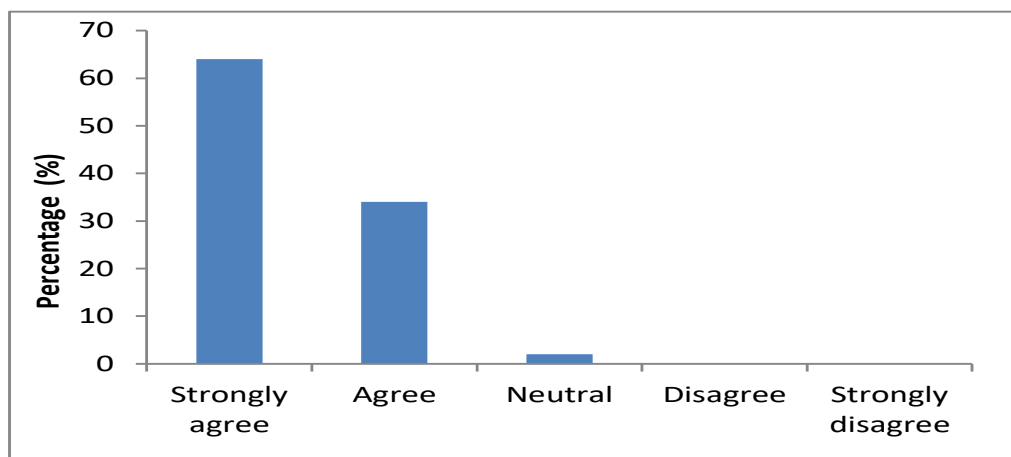


Figure 6: Progression In The Job Grade

Q7. Does your company utilize a traditional salary grade system?. When asked if the company uses a traditional salary grade system at Saudi Airlines, around 80% of the respondent stated that yes they use this and it’s good as it has been there for many years. While, 20% didn’t not like the idea of having this traditional job grade system as they feel it is not fair,

Q8. Does your company have a formal employee merit review process? Fig. 7 shows about 34% of the respondent strongly agreed and 60% of the respondent agreed that other benefits will influence their performance. Only 4% of the respondent is neutral 2% of the respondent disagreed and none strongly disagreed

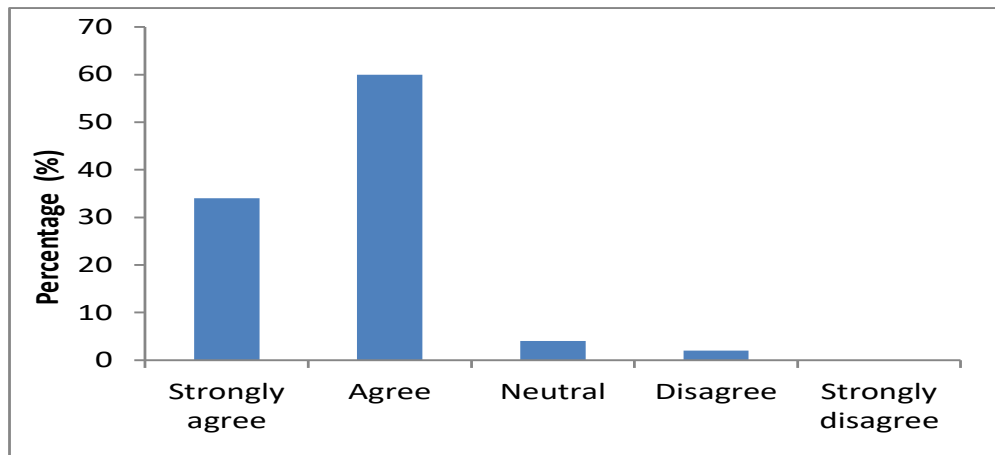


Figure 7: Incentives And Other Benefits Will Influence Performance

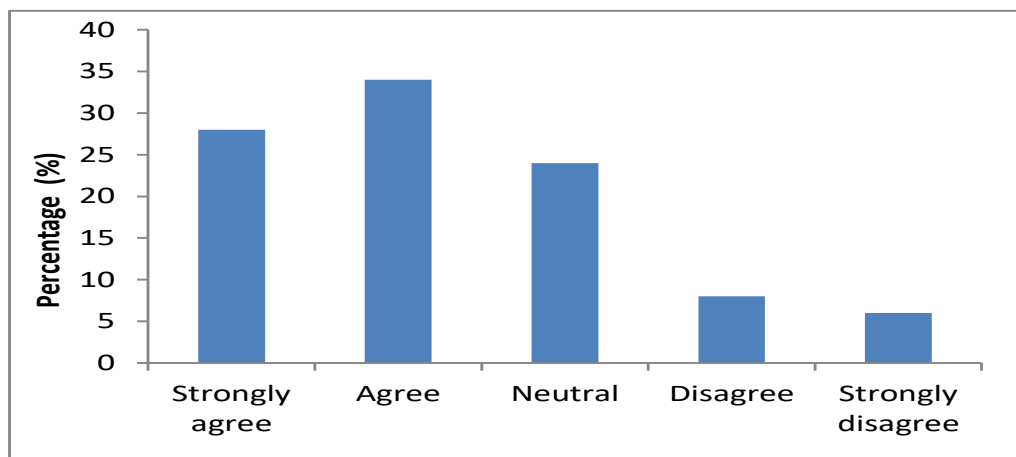


Figure 8: Bonus Or Incentive Plan

Q.9. Does your company have a bonus or incentive plan?

Fig. 8 shows about 28% of the respondent said that they strongly agreed and 34% of the respondent said that they agreed. There 12 employees that were neutral and neither agreed or disagreed and this made up 24% of the sample size. There were 4 employees that disagreed and another 3 that strongly disagreed making up 8% and 6% respectively

Q.10. Do you feel you get more or less compensation benefits as you are Saudi national?

About 60% %of the respondent said yes that they get more compensation and benefits as they are a Saudi national while 40% said they do not feel this so this shows that there is a mixed feeling and maybe this is due to the fact that employees are not aware of their compensation and benefits plans.

Q.11. Do you feel you get more or less compensation benefits as you are a non-Saudi national?

About 60% of the employees said yes that they get less compensation and benefits as they are non- Saudi national while 40% said they do not feel this so

this shows that there is a mixed feeling and maybe this is due to the fact that employees are not aware of their compensation and benefits plans.

As organizations continue to face mounting competitive pressures, they seek to do more with less and do it with better quality. As goals for sales volume, profits, innovation, and quality are raised, employment growth is often tightly controlled and, in many cases,, substantial cuts in employment have been made. To accomplish more with fewer employees this is a call for an effective management of human resources. Typically, the employee compensation system plays a major role in efforts to manage human resources better at Saudi Arabian Airlines

DISCUSSION

This study was conducted to identify the different issues in compensation and benefits at Saudi Arabian Airlines. Findings show that the Saudi Arabia Airlines should compensate properly in order to retain and motivate their employees both locals and nonlocals. To retain and keep the employees happy it is very important that the company properly compensates their employees and does not discriminate them. Satisfaction with job is important element for motivation and performance of employees. The main issue of employee's dissatisfaction mainly is the way their salaries are being done and they feel it's not fair as locals feels non-locals gets paid more and vice-versa.

CONCLUSION

The finding showing that compensation and benefit may have direct relationship with job satisfaction but main issue is promotion opportunities and meaningful work which both the locals and non-locals feel is not fair. To retain, motivate, Saudi Arabian Airlines should focus on improving their human resource compensation and benefit framework, so that employees both locals and non-locals are happy when they come to work. There is also differences exist in mean value of different age group, experiences and income with job satisfaction based on locals and non-locals as per the Saudi labour law.

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