

Employees Benefits Pay Satisfaction in the Banking System in Palestine: An Empirical Study

مدى رضى العاملين تجاه الفوائد المصاحبة للأجور في قطاع البنوك العاملة في فلسطين: دراسة ميدانية

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Abstract

Based on equity theory, this study examines five theoretical propositions concerning the link between demographic characteristics and pay benefits satisfaction. Analysis of 623 employees' perceptions of the fairness of benefit pay plans in the Palestinian banking industry including, benefit satisfaction scale, job/occupation referent scale, self referent scale, social/family scale, and equity scale along with tested hypotheses revealed that benefit pay satisfaction is out of reach under the current conditions.

ملخص

استنادا على معطيات نظرية العدالة في الأجور ومراجعة الأدبيات ذات العلاقة ، تم فحص خمس فرضيات متعددة الجوانب. وذلك من خلال استجواب ٦٢٣ موظفا في البنوك العاملة في فلسطين، باستخدام مقاييس: الرضى عن الفوائد المصاحبة للأجور، الرضى عن الوظائف، الرضى الذاتي، الرضى الاجتماعي، الرضى عن العدالة. إذ تبين صعوبة الوصول الى درجة الرضى الواضحة عن الفوائد المصاحبة لأنظمة الأجور، لا سيما وان الدراسة أوضحت ان تكلفة الفوائد المصاحبة للأجور في ارتفاع مما يستدعي إعادة النظر في نظام التعويضات المعمول به و قدرة البنوك على الموازنة بين متطلبات العاملين ومخصصات الأجور.

Introduction

In the absence of retirement plans in the Palestinian private sector, and the absence of national social security scheme to compensate for retirement and protection against illnesses and old age for non-governmental employees, businesses had fell under the employees and labor union demands to introduce new employee benefits and the improvement of existing benefits. However, key issue arose concerning the validity in setting up a benefits package: How much choice should employees have among an array of benefits. In the standard benefits package employees are not offered a choice among employee

benefits. The package is usually, designed or negotiated with the average employee in mind and any deviations in needs go unsatisfied.

Based on the assumption that employee benefits tend to attract, retain, and motivate employee, which ultimately increase employee satisfaction, the study attempted to examine the extent of employee satisfaction concerning the benefits received.

Employee benefits are defined, as that part of the total compensation package, other than pay for time worked, provided to employees in whole or in part by employer payments such as life insurance, pension, workers' compensation, vacation etc. (Milkovich & Newman, 1999; Moussa, 2000).

Statement of the Problem

The purpose of the study was to examine the extent of employee benefits satisfaction in the banking settings in Palestine, as one of recognized pay compensation systems in the country through an empirical field study in an attempt to answer the following questions:

1. What are the employee benefits provided by banks?
2. What are characteristics of the banking pay system?
3. To what extent employees are satisfied or dissatisfied with the benefits they receive?

Significance of the Study

The banking industry in Palestine is one of the high end, paying benefits averaging about 20 percent of payroll. Other business industries adopted or are planning to adopt the pay compensation including the salary and benefits systems used by the banking industry. Analysis of this system is deemed important at this stage of socioeconomic development in Palestine. Business and society have become aware of the needs for more qualified and effective personnel to cope with the new challenges facing management, and advancement of technology. In return, qualified human resources should be content with the compensation system they receive in terms of current and future needs.

Theoretical Framework

Most of related literature in the area of pay satisfaction is based on equity theory. In particular, research based on distributive justice and procedural justice has played a major role in extending the knowledge of pay satisfaction.

A model of the determinants of pay satisfaction proposed by Lawler (1971) has dominated the modern research on pay satisfaction. Lawler's model combined major elements of both equity and discrepancy theory. The model stresses social comparison and gives inputs and outputs a prominent role. According to Lawler (1971:215) the model is based on the comparison between the individual's (a) perceived amount of pay they should receive; and (b) perceived amount of pay received. The individual's comparison of these two factors leads to the following predictions:

a = b leads to pay satisfaction

a > b leads to pay dissatisfaction

a < b leads to guilt, inequity, discomfort

The individual's perception of equity or inequity is theorized to result in feelings of pay satisfaction or dissatisfaction by the individual, is the outcome of his or her perception concerning what should be received and what is actually received.

The individual's perception of personal inputs, job characteristics, wage history, and inputs and outcomes of referent others are theorized to influence the amount that should be received, and ultimately the individual's perception of the amount of pay that is received (Lawler, 1971).

Dyer and Theriault (1976:602) recommended a modification to Lawler's model. Their major contribution was the addition of new variables reflecting the perception of pay-system administration as integral part of the model. This addition to Lawler's model introduced procedural justice elements to the research of pay satisfaction. The importance of Dyer and Theriault work recognizes that an individual may be satisfied or dissatisfied with the procedures by which pay is administered not only determined by the amount received as in Lawler's model.

The comparison between the perceived amount of pay that should be received and the perceived amount of pay actually received in the new modified model by Dyer and Theriault (1976), theorized as leading to the perceived equity of amount of pay received. According to the new modified model, the perceived equity of amount of pay received along with the perceived adequacy of pay system administration theorized to lead to pay satisfaction.

A study by Weiner (1980) examined Lawler (1971) model and Dyer and Theriault (1976) model. The findings of the study suggested that the differences between both models led to more complex view regarding the

individual’s comparison process and pay satisfaction. Weiner suggested that perceptions of pay equity are affected by the individual’s income level rather than just the discrepancy between the amount that should be received and the amount actually received. The work by Weiner (1980:743) modified the operationalization of pay equity when he used the concept “relative equitable pay” as predictor of pay satisfaction:

$$\text{Relative equitable pay} = \frac{\text{Received amount of pay one should receive} - \text{Perceived amount of pay one receives}}{\text{Perceived amount of pay one receives}}$$

Wiener’s (1980) model emphasized both the perceived discrepancy between what is received and what should be received; and the impact of the discrepancy relative to the individual’s pay level. He took into consideration not only the absolute value of the discrepancy, but also the impact of the discrepancy. Thus, Wiener’s study provided new evidence regarding the significance of both the distributive aspects and procedural aspects in perceptions of fairness.

In 1985 Heneman and Schwab developed a multidimensional measure of pay satisfaction, the pay Satisfaction Questionnaire (PSQ) developed and used by their study encompassed four dimensions of pay satisfactions: 1- level, 2- benefits, 3- raises, and 4- structure/ administration. The first three dimensions reflected the distributive elements, while the fourth dimension related to the procedural element in pay satisfaction. The development of PSQ came as a result of examining two of the most frequently used measures of pay satisfaction. The first was Minnesota Satisfaction Questionnaire (MSQ) by Weiss, Dawis, England and Lofquist (1967), and the second questionnaire the Job Descriptive Index (JDI) by Smith, Kendall and Hulin (1969). The MSQ and JDI are designed to measure multiple dimensions of job satisfaction, with pay satisfaction being one of those elements.

Scarpello, Huber and Vandenberg (1988:170) compared the PSQ, JDI, and MSQ across multiple samples. The findings of their study suggested that PSQ is a useful instrument for diagnostic and predictive purposes.

Lucero (1991:20) tested the modified discrepancy model as presented by Heneman (1985) on the context of an actual organization’s benefits program. The study suggested that further research on the dimensionality of some of the PSQ sub-scales is needed.

Dreher, Ash and Bretz (1988:251) found that level of benefits coverage and amount of employee contribution toward benefits cost affect both pay and benefits satisfaction. The study suggested that satisfaction increases as employee insurance coverage improves in terms of benefits and comprehensiveness, and satisfaction decreases when employee pay higher contribution for coverage. Mejia and Wiseman (1997:291) examined the pay research and theory, they sorted the literature along three dimensions that reflected three issues in pay system design: how to pay (specifying the mechanism for linking pay criteria to pay consequences), when to pay (specifying the criteria for awarding pay), and what to pay (form of pay consequences).

Based on the above models a theoretical framework was developed encompassing three primary factors that are theorized to affect satisfaction:

1. The perceived amount that should be received
2. The perceived amount that is received
3. The perception of benefits policies and their administration

The first two factors relate to distributive justice issues, while the third factor relates to the procedural justice view. Therefore, to investigate both the distributive and procedural justice effect, three outcome variables were examined by this study:

1. Benefits satisfaction
2. Benefit perception
3. Satisfaction with benefit administration and polices.

French (1998:371) stressed the importance of perceptions of equity (to feel fairly treated) an individual should feel his/her contributions of education, training, skills, seniority, effort, and job performance are corresponding to his/her outcomes such as pay, benefits and recognition. In addition these contributions and out comes should be consistent with those of other individuals such as co-workers and employees in the same job levels or/and same organization. If they are not consistent a feeling of dissatisfaction is likely to occur. Dulebohn and Martocchio (1998:469) invistegated in a field study employees' perceptions of the fairness of incentive pay plans. In particular, they studied the relationship between six antecedent variables (understanding of the pay plan, satisfaction with base pay, organizational commitment, beliefs in the pay plan effectiveness, plan pay out amount, and group identification) and outcome variables, including fairness judgment of bot the processes associated with the pay plan as well as the earned pay out amount. The findings indicated

that understanding of the pay plan, belief in the pay plan effectiveness, and organizational commitment were related to perceptions of procedural justice.

Milkovich and Newman (1999:8-10) consider equity (fair treatment for all employees, and a fair day’s pay for a fair day’s work) as a fundamental theme in pay systems. Equity objective is to ensure fair pay treatment for all participants in organizational setting. Consequently, a pay system should be designed to recognize both employee contributions and employee needs.

In the line with equity theory prediction regarding level of personal inputs relative to satisfaction levels the following are hypothesized:

- Hypothesis 1:** There is no relationship between age of employees and benefits satisfaction.
- Hypothesis 1-a:** Older employees will be less satisfied than younger employees.
- Hypothesis 2:** There is no relationship between gender and benefits satisfaction.
- Hypothesis 2-a:** Males will be less satisfied with benefits than females.
- Hypothesis 3:** There is no relationship between level of education and employee benefits satisfaction.
- Hypothesis 3-a:** Employees with higher levels of education will be less satisfied than employees with lower levels of education.
- Hypothesis 4:** There is no relationship between work/job experience and benefits satisfaction.
- Hypothesis 4-a:** Employees with longer tenure will be less satisfied than employees with shorter tenure with organization.
- Hypothesis 5:** There is no relationship between employee family responsibilities and benefits satisfaction.
- Hypothesis 5-a:** Employees with higher level of responsibilities/dependents will be less satisfied than employees with lower level of family responsibilities/dependents.
- Hypothesis 5-b:** Married employees are less satisfied with benefits than single employees.

Huseman, Hatfield, and Miles (1985, 1987) presented and empirically tested five hypotheses concerning equity sensitivity. Huseman et al. Concluded that not all individuals conform to the norm of equity. They proposed three

equity sensitivity groups: benevolents, equity sensitives, and entitleds. The findings of their study showed that equity benevolents are inclined to work harder for less pay than equity sensitives and entitleds. King, Jr. and Hinson (1994) examined the influence of sex and equity sensitivity on employee satisfaction, results indicated that sex and equity sensitivity were predictive of subjects preferences.

Miles, Hatfield, and Huseman (1989:586) in another investigation examined the potential influence of equity sensitivity on perceptions of equity at work. The findings suggested that benevolents preferred lower outcome/input ratio than their equity sensitive and entitled counterparts. This difference is attributed to the benevolents' preference for higher inputs in both the hourly wage and salary scenarios.

Traditional research on organizational justice has emphasized the role of distributive justice, or the fairness of organizational outcome distributions (Bierhoff, Cohen, and Greenberg, 1986). Researchers also have examined perceptions of procedural justice (Folger & Greenberg, 1985; Lind & Tyler, 1988; Gilliland, 1993). Recent developments in organizational justice are aimed at examining fairness involved with the implementation of procedures and the integration of procedural and distributive justice perspectives due to a number of attempts by researchers to integrate and organize research and theory (Gilliland, 1993:696).

Procedural equity, often overlooked by researchers, an extra attention should be given to the processes used to make decisions about pay. Greenberg (1990) suggests that the way a pay decision is made is equally important to the employee as the results of the decision itself. Procedural equity objective to ensure that employees have the right to contribute to the design of pay systems and the right to complain against any dissatisfaction with the pay received.

Procedural Justice vs. Distributive Justice

Procedural or administrative justice emphasizes the role of organizational policies and procedures in decision making regarding the pay system (Greenberg: 1990). Lind and Tyler (1988:200) concluded that the research on the consequences of procedural justice shows that "reactions to procedures are strong factor in determining how people perceive, evaluate and react to organization". Perceptions of fairness are influenced by the amount of process control and decision control. Process control is referred to the influence on the procedures used in a dispute resolution, and decision control to the degree of

influence over the outcome. Consequently, people are likely to act to maximize their own self-interest, by seeking to obtain control over processes and procedures in order to enhance their own outcomes (Lucero,1991:10-11; Conlon,1993:1110; Kim & Mauborgne, 1993:503). On the other hand, Researchers and authors of distributive justice theories propose that individuals will evaluate distributions of outcomes with respect to some distributive rule, that most common of which is equity. Equity assessment involves a comparison of one's inputs and obtained outcomes relative to a referent comparison others. Evaluations of inequitable distributions are thought to produce negative emotions, which in turn, motivate individuals to change their behavior or distort the cognitions associated with perceptions of unfairness (Adams, 1965; Folger & Konovsky, 1989; Cohen, 1987; Bierhoff et al., 1986; Gilliland, 1993).

Korsgaard and Robenson (1995: 657) examined the effect of procedural justice through the role of subordinate voice in creating positive attitudes in the performance appraisal context to achieve employee satisfaction. The study assessed two aspects of voice, instrumental and non-instrumental. Findings indicated that both aspects of voice were related to satisfaction. Lee, Law and Bobko (1999: 851) conducted a survey to examine the importance of justice perceptions on pay effectiveness by investigating the relationship between skilled-based pay characteristics and employee' evaluation and reactions to the pay system, fairness perceptions were considered as the explanatory mediating variable. The results demonstrated that skilled-based pay plans, which provided training are better understood and communicated and led to more positive evaluation of pay plans by employees. Lee, Pillutla and Law (2000:685) examined power-distance, gender and organizational justice. Hypotheses that power-distance orientation and gender moderate the relationship between justice perceptions and the evaluation of authorities (trust in supervisor) and the organization (contract fulfillment) were tested. Results indicated that relationship between procedural justice and contract fulfillment was higher for males, the relationship between procedural justice and trust in supervisor was higher for those with lower power-distance orientation, and the relationship between distributive justice and contract fulfillment was higher for those with low power-distance orientations.

Konovsky (2000:489) reviewed the procedural justice literature published since 1990. The distinctions between procedural justice and distributive justice were presented as mentioned above, however, additional issue was discussed, the relationship between procedural justice and distributive justice and higher-

order procedural justice effects that distinguish recent literature from traditional literature on distributive justice verses procedural justice.

Method

Sample

The total number of employees in the twenty-two banks in Palestine was 2896, of which 724 were subjects to the study representing 25 percent. The sample was a systematic choosing every other fourth subject. The total number of useable responses was 623 questionnaires, representing a response rate of 86 percent. However, the sample appears to be representative of the organizational population.

Data collecting tool

A questionnaire entitled “employment benefits satisfaction questionnaire” was designed to gather data to measure to what extent employees in the banking settings are satisfied with the benefits provided by their companies in addition to there salaries. The questionnaire solicited data pertaining to employee benefits satisfaction (benefits satisfaction scale), data pertaining to job satisfaction (job/occupation referent scale), data pertaining to self-satisfaction (self referent scale), data pertaining to social/family satisfaction (social/family referent scale) and data pertaining to equity perception of satisfaction (equity referent scale). The questionnaire was also designed to solicit data pertaining to type of benefits received and demographic characteristics of the sample. The questionnaire is a modified version used in similar empirical research related to pay satisfaction (Lawler, 1971& Luceru, 1991).

Measures

The questionnaire was used to measure the following variables: 1- benefits satisfaction scale, 2- Job/occupation referent scale, 3- self referent scale, 4- social/family referent scale, 5- equity referent scale and 6- demographic independents variables and benefit satisfaction dependent variable. Likert Method of Summated Rating was employed in the instrumentation. Reponses to close –ended questionnaire items having five choices were weighted with values of 5 to 1 (“strongly satisfied” 5 points, “satisfied” 4 points, “neither satisfied nor dissatisfied” 3 points, “dissatisfied” 2 points, and “strongly dissatisfied” 1 point). Responses open-ended items were solicited by means of responses indicated by the respondents.

Palestinian Banking System

Following the Israeli occupation to the Palestinian Territories (West Bank and Gaza), the Israeli military authorities closed all working banks in Palestine. Only Israeli banks were allowed to open branches in Palestine and Palestine Bank in Gaza, restrictions were imposed on these banks to deal only with Israeli currency and limited operations. In 1986 Cairo-Amman Bank was allowed to open its branches that were closed in 1967 in certain cities in the West Bank, restrictions were also imposed on this bank limiting its operations to Jordanian and Israeli currency and denying Palestinians from Jerusalem and Israel to deal with this bank. After Oslo Agreement between the Palestine Liberation Organization (PLO) and the Israeli government in 1993 banks were allowed to reopen their closed branches since 1967. New Palestinian banks were established and licensed to operate under the supervision of Palestine Monetary Authority (PMA) along with other old and new banks (PMA, 1995). Today there are twenty two banks operating in Palestine with more than hundred branches of which seventeen banks are branches of Arab banks mainly Jordanian, two foreign banks, and three Palestinian banks. These banks employ a total of 2890 employees (PMA, 2001).

Compensations System

The Financial and banking system in Palestine adopted a similar salary system with little difference to suit the Islamic banks. The main characteristics of the wage banking system are the followings (PMA, 2001):

- Compensation is based on a monthly salaries
- Salaries are calculated and associated with the managerial position level.
- Gap between supervisory management and middle management is narrower than middle and top management level.
- Employees with lower managerial level receive salaries competitive with other local organizations.
- Top management/executives receive salaries competitive with other international banks.
- The wage system is a hierarchy based on value to the banks.
- The wage system is based on both merit and length of service (seniority).
- Absence of retirement benefits.
- Absence of employee and collective bargaining impact on wage structure.

- The wage system contains both incentives and benefits plans.
- The component of benefit plans are based on employer preferences

Analysis of Data and Results

The data were analyzed through presentation of means values for each item of the questionnaire to determine the degree of satisfaction of the employees toward the benefits they receive from their companies, and to weight the different scales used by the study to determine the degree of satisfaction compared to benefits satisfactions, job/occupation satisfaction, social and family satisfaction, self-referent satisfaction, and equity satisfactions. Data were also analyzed using correlation and *t*-tests to test the hypotheses. The independent variables in the equations were age, gender, education, marital status and level of responsibilities; and dependent variable was benefits satisfaction.

Table 1 shows the benefits associated with the compensation systems paid by the twenty-two banks in operating in Palestine. Most of the banks seem to pay all holidays and vacations consistent with Labor Laws (Labor Law, 1966). As for sickness and accident insurance, it is a joint responsibility between both the employers and the employees, 45 percent of the banks wholly finance this type of insurance and 55 percent of the banks demand a contribution by the employees toward their sickness and accident insurance. Long-term disability insurance is a joint responsibility between employers and employees. Ninety one percent of the banks wholly finance the monthly premium for health insurance scheme for the employees, and only 9 percent is partly finance by the banks, however, employees are to contribute to doctors, hospitals and medical prescriptions fees. As for life insurance only 63 percent of the banks insure their employees and the rest do not include it within their benefits. All employees are included in short-term disability and accident insurance as demanded by the Labor Laws. None of the banks has a defined retirement programs, only a total amount of money consisting of a cumulated provident fund partly finance by the employer and a one month salaries for each year served in the organization as required by the Labor Law. As for miscellaneous benefits, only training expenditures, bonuses, administrative cost and get-ready time are paid by all banks, bonuses, breaks and hospitality cost are recognized by half of the banks in Palestine.

Table 1: Categorization of Employee Benefits

Type of Benefits	n	Percentage
Paid		
Holidays	22	100
Vacations	22	100
Personal leave	22	100
Lunch period	5	23
Rest time	2	9
Funeral leave	22	100
Sick leave	22	100
Parental/ maternity leave	22	100
Sickness and accident insurance		
Wholly employer financed	10	45
Partly employer financed	12	55
Long term disability insurance		
Wholly employer financed	00	000
Partly employer financed	22	100
Health insurance		
Employee coverage		
Wholly employer financed	20	81
Partly employer coverage	2	9
Family coverage		
Wholly employer financed	20	81
Partly employer financed	2	9
Life insurance		
Wholly employer financed	14	63
Partly employer financed	00	000
Short -term Disability/ accident insurance		
Wholly employer financed	22	100
Partly employer financed	00	000
Retirement		
Defined benefit pension		
Wholly employer financed	00	000

... Continue table 1: : Categorization of Employee Benefits

Type of Benefits	n	Percentage
Partly employer financed	10	45
Defined contribution plan		
Wholly employer financed	00	000
Partly employer financed	22	100
Capital accumulation		
Wholly employer financed		
Partly employer financed	22	100
Miscellaneous benefit payment		
Discounts on services purchased from company	00	000
Employee education expenditures	00	000
Employee training expenditures	22	100
Child care	00	000
Breaks	11	50
Travel time	00	000
Get-ready time	22	100
Bonus	22	100
Profit sharing	00	000
Administrative cost	22	100
Hospitality cost	13	59

Table 2: Benefit Satisfaction Scale

Items	Mean	Std. Deviation
1. Benefit package	3.015	.888
2. Amount the company pays toward my benefits	2.852	1.125
3. The value of my benefits	2.684	.829
4. The number of benefits I receive	2.961	1.078

As shown in Table 2 the scale measures the extent of satisfaction of the respondents toward the benefits: the respondents are neither satisfied nor dissatisfied with benefits package provided by their companies (3.015). The amount the companies pay toward the benefits of their employees seem not to satisfy them (2.852). The value of the benefits is also dissatisfactory (2.684). The mean of total answers of the respondents (2.961) indicates that employees

are neither satisfied nor dissatisfied with the number of benefits provided by their companies.

Table 3: Job/occupation referent Scale

Items	Mean	Std. Deviation
1. How my benefits provided by this company compare to benefits provided to individuals in other companies for my kind of work.	3.135	.818
2. My benefits compared to what employees at my job level in other companies receive.	2.963	.875
3. The benefits I receive compared to what I could get if I changed to similar job	2.588	.906

Table 4: Self Referent Scale

Items	Mean	Std. Deviation
1. How the benefits I receive compare with what I should be getting.	3.174	.815
2. The benefits I receive now compared to what I've receive in the past.	3.583	.674

Table 5: Social / Family Referent Scale

Items	Mean	Std. Deviation
1. How my benefits compare to what my friends receive.	2.321	.928
2. How my benefits are compared to my working family members'.	3.954	.617
3. How my benefits compare to those that my relatives receive.	2.634	.813

Table 6: Equity Scale

Items	Mean	Std. Deviation
1. The fairness of my benefits considering the work I do.	2.932	1.089
2. The overall equity of the company-provided benefits.	3.112	1.026
3. The fairness of the benefits I receive from this company.	2.419	2.419

Table 3 shows the job/occupation referent scale, where respondents seem to be neither satisfied nor dissatisfied with the benefits provided by their companies compare to benefits provided to individuals in other companies for the same kind of work (3.135), and the benefits they receive compared to what employees at the same job level in other companies receive (2.963). Employees are dissatisfied with benefits at current job (2.588) and look forward to receiving better benefit if they change to a similar jobs.

Table 4 measures the self referent, the employees attitudes toward the benefits they receive compare to what they should be getting (3.174), and benefits they receive compare they received in the past (3.583) are neutral.

Table 5 shows the social/family referent scale. Employees are dissatisfied with the benefits they receive compare what their friends receive (2.321), and compare to what working relatives receive (2.634). While employees seem to be satisfied with the benefits they receive compare to their working family members (3.954).

Table 6 shows the equity scale measuring the fairness and adequacy of benefits provided by their companies. Employees attitudes toward the fairness of the benefits they receive considering the work they do (2.932), and the overall equity of the company-provided benefits (3.112) are neutral. The employees feel dissatisfied (2.419) with the fairness of benefits they receive from their companies. While they feel satisfied with the adequacy of the company-provided benefits (3.948).

Table 7: Means, standard deviation and Intercorrelations for variables in the hypotheses

Variables	M	SD	1	2	3	4	5	6	7	8	9
1. Pay satisfaction	3.0	.88									
2. Age	39.4	12.60	.70**								
3. Gender	1.4	.48	-.23**	.23**							
4. Education	3.1	.55	.26**	.05	-.15**						
5. Experience	14.9	11.11	-.66**	.70**	-.13**	.03					
6. Marital Status	1.8	.37	-.50**	-.59**	-.17**	.10*	-.55**				
7- Dependents	4.2	1.63	-.81**	.82**	-.10*	.05.25**	.66**				

P < .05, ** P < .01

Table 7 shows the inter-correlation among independent variables and dependent variable. A strong correlation seems to exist between age and pay satisfaction (-.70), that gives initial support to Hypothesis numbers 1. Gender and education are moderately correlated with pay satisfaction (.23 and .26 respectively), which support Hypotheses number 2 and 3. Both experience (-.66) and responsibility (-.81) variables are highly correlated with pay satisfaction, which support Hypotheses 4 and 5.

The demographic variables were also examined individually to test Hypotheses 1-a through 5-a as shown in Table 8. The mean values of both young and older employees attitudes toward pay satisfaction is (3.0) indicating that neither both are satisfied nor dissatisfied with the benefits they receive from their companies. The results do not support Hypothesized relationship in Hypothesis 1-a.

The comparison of means values for males and females indicated that female (2.74) were less satisfied than males (3.13) who were indifference, which was contrary to the prediction in Hypothesis 2-a.

Results in Table 8 does not also support the hypothesized relationship in Hypothesis 3-a. Employees with low level of education are dissatisfied with the benefits systems in their company (2.00), unlike employees with higher level of education (3.13) who are neither satisfied nor dissatisfied.

Hypothesis 4-a was also supported, employees with lower level of work experience are satisfied with the benefits they receive (4.00), while employees with more level of work experience are dissatisfied (2.40).

Employees with less dependents to support as part of family responsibility are almost satisfied (3.68) with the benefits they receive from their companies. While employees with more dependents to support are dissatisfied (2.40), which support Hypothesis 5-a.

Hypothesis 5-b assumed that married employees are less satisfied with benefits than single employees who tend to have less responsibilities. Results of mean value analysis support this Hypothesis. Singles employees turned to be satisfied with the benefits they receive (4.00), while married employees are dissatisfied (2.81).

Table 8: Relationship between Demographic Variables and Satisfaction

Independent					
Variable	Mean	S. D.	t-	df	Sign
Gender			-34.019	522	.000
1. Male	3.17	.882			
2. Female	2.74	.835			
Age			38.104	519	.000
1. Young employees	3.01	.900			
2. Older employees	3.02	.868			
Education			31.319	522	.000
1. Lower Level	2.00	.000			
2. higher level	3.13	.863			
Marital Status			-24.092	522	.000
1. Single	4.00	.000			
2. Married	2.81	.843			
Dependents			26.318	522	.000
1. Lower level	3.70	.728			
2. Higher Level	2.40	.491			
Experience			25.146	483	.000
1. Short	4.00	.000			
2. Long	2.40	.491			

Discussion and Conclusion

As the issue of employee benefits continue to concern both management and beneficiaries, a resolution is not likely to materialize soon. A rising employee benefits cost strain banks budgets and employees demand more benefits to compensate for retirement. Despite these increasing concerns, the empirical literature in this area did not exist in the region or have not been found by the researchers. The purpose of this empirical study was to increase present knowledge and understanding of this critical issue by exploring employee preference and affective responses to employee benefits in order to set the stage for meaningful discussion that may lead to an acceptable solution to this issue.

In line with this objective, the study examined the preference patterns of individuals to explore the types of benefits that individuals might be willing to make in packaging a benefit plan through reviewing and examining related literature. Although this part of the study can be viewed as primarily, it opens the door to the investigation of the preferences and employee role in achieving pay benefits satisfaction, and assisted in developing the data gathering tool and the hypotheses of the study.

Despite the importance of each variable contributing to the preference of employees, it should be noted that all independent variables appear to have some importance in overall preference, suggesting that change in any of the variables is likely to influence satisfaction with employee benefits to some degree. However, interactive effects should be viewed in the context that no one model is satisfactory for all. Therefore, these results should be interpreted in a more comprehensive context. These results are significant to the extent that individual's actual preferences can be represented by a comprehensive strategy reflecting both attitudes of employers and employees. A different philosophy is adopted by Islamic banks when it comes to certain benefits such as health and life insurance. All banks provide these benefits with different approaches. For example, banks usually contract health insurance companies and partially finance the health/life insurance program for their employees. Islamic banks deal with this issue directly by re-embarrassing their employees for health treatment expenses after being paid by the employees. Compensations for lost lives are paid directly by the banks too.

Future research including other businesses and delimiting the study to cross-sectors industries beside banking industry may be useful to increase knowledge and understanding of compensation systems including both wages

and benefits of possible employee responses to various benefits strategies. While such an investigation was beyond the scope of the present study, future research could challenge the concept benefits vs. retirement. Another note worth of mentioning, the study did not eliminate the importance of factors not included in the analysis. Distributive justice vs. procedural and administrative justice. The present benefits provided by the banks are based on distributive justice, the same scheme of benefits is likely to be applied to all employees, and employees at the same managerial level should receive the same benefits. The present study attempted to employ the procedural and administrative justice approach by examining perceptions and responses to the employee benefits.

Basing this investigation on an established theoretical framework for pay benefits satisfaction, specific testable hypotheses were developed to examine the effect of demographic characteristics on satisfaction levels. Consistent with this theoretical framework different scales were also used to measure the degree of satisfaction to add a broader dimension to the extent of preference and not limiting the investigation to a certain set of demographic characteristics or one scale to reach objective results.

The scales intended to measure the degree of satisfaction on various levels and within more comprehensive context. Benefit satisfaction scale measured total mean average of 2.878 indicating that employees were neither satisfied nor dissatisfied with the benefit package, amount the company pays toward their benefits, the value of benefits, and the number of benefits they receive. The same goes for job/occupation referent scale (the total mean average was 2.895), self referent scale (the average mean was 3.378), social/family referent scale (the total mean average was 2.969), and equity scale (total mean average was 3.102). However, when respondents were asked their preference in comparison to a retirement scheme 95 percent responded in favor of a retirement scheme over the benefits they receive.

The results indicated that procedural justice does not exist and benefits are presented in a manner that have to be taken the way they are offered. Employees have no say over the benefits they receive since benefits are based on the distributive justice approach.

In accordance with the research question, the testable hypotheses yielded the effect of demographic characteristics on employee satisfaction levels. General support was found for the effects of demographic differences on the perception of satisfaction. More specifically, the satisfaction of females was less than males contrary to previously hypothesized. It was theorized that males

since they have more responsibilities tend to be less satisfied with their pay benefits than females, but it turned out that females are the less satisfied, this may be rooted in the traditional wage system which favors men over women, and the perception of women's status in the work settings. Neither older employees nor younger employees are totally satisfied with the benefits they receive contrary to the hypothesized assumption that younger employees are more satisfied than older ones. This could be explained by the perception that younger employees are in the age to establish family responsibilities or obligation toward their parents or younger brothers and sisters.

The banking system values the employee competencies gained by training over the educational level of employees in upper level of the hierarchy. An additional academic degree would not add to the employee promotion after certain years of experience. This may explain the attitude of employees with higher level of education who are neither satisfied nor dissatisfied with the benefits pay system.

However, hypotheses that tested the marital status and number of dependents were supported as stated, married employees, and employees with more dependents to support seem to be less satisfied than their counterparts.

Conclusion

Determining wages and salaries is one of the most critical aspects of human resources management. It has a significant impact on recruitment, motivation and satisfaction of the employees. Therefore, designing and structuring of pay system is very crucial to the effectiveness of organizations.

The investigation attempted to answer key questions related to the judgments and perceptions about equity. It was based on the notion that pay satisfaction is a function of the discrepancy between two perceptions. The first is how much pay employees feel they should receive and the second is how much pay they feel they do receive. If these two perceptions are equal, an employee is said to experience pay satisfaction; if a discrepancy exists, then the employee feels dissatisfaction with pay.

In general, the results of the study indicated that subjects of the study seemed to be less satisfied with benefits they receive and the benefits pay structure, and in the best situation they were neither satisfied nor dissatisfied. This could be attributed to the unique situation that characterizes the Palestinian Lands. Societal and economic factors seem not have greater direct impact on the benefits pay structure due to high rate of unemployment and the fluctuation

of the economic conditions. Benefits pay system is shaped by organizational factors such as internal consistency which refers to the pay relationship among jobs within a single organization, and the distributive justice over procedural justice, excluding the contribution of employees in designing, structuring, and administering of the benefits pay system.

Implications

In the long run under a better economic and political situation, the perception of dissatisfaction may cause job dissatisfaction. Consequently, this will affect the efficiency and performance of the organization, which may lead to a conflict between labor and management demanding the correction of the discrepancy.

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