

**COMPENSATION AND BENEFITS OF TRAVEL PROFESSIONALS  
IN DAVAO CITY**



A Thesis Presented to the Faculty of  
College of Hospitality Education  
University of Mindanao  
Davao City

In Partial Fulfilment  
Of the Requirements for the Degree  
Bachelor of Science in Tourism Management

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**APPROVAL SHEET**

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## **ABSTRACT**

The study was undertaken to determine the satisfaction level on compensation and benefits of travel professionals in Davao City. The study made use of the descriptive research method. One hundred respondents were considered. Results of the study showed that majority of the respondents were female who were college graduates. Most of them were travel agency clerks that earned 5,000 to 10,000 per month and had been working for one year to five years. The level of satisfaction on compensation and benefit was moderate. Also, there was no significant difference in the level of compensation and benefits of travel professionals when analyzed according to sex, educational attainment, job position, income, length of service and training. The researchers recommended that travel professionals should accept the reality that working on a travel agency it only provides minimum wage. Likewise, travel agency employers should explain the compensation and benefit scheme of the business in order for the employees to be aware on the salary scheme imposed.

Keywords: Compensation, benefits, travel professionals, and Davao City.

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## Chapter 1

### THE PROBLEM AND ITS SETTING

#### Background of the Study

The travel and tourism industry is one of the largest and most dynamic industries in today's global economy for it provides employment (MercoPress, 2013). However, most of tourism practitioners specifically travel agency clerk were moderately satisfied with the compensation and benefits they received. According to Hospitality Report (2013) travel agency clerk received only minimum salary.

All travel agents get paid commission mostly from airlines and hotels (Schneider, 2010). In 2010 the American Society of Travel Agents (ASTA) labor and compensation report found 88% of travel agents working an agency earned a mix of salary and commission. Their revenue came from commissions earned from selling travel products (Lee, 2012). Salaried travel agents typically enjoy standard employee-paid benefits (health insurance, sick days), while self-employed travel agents must provide this for themselves. For travel agents who owned agency, Bureau of Labor Statistics says that earnings depend mainly on commission from travel related bookings and service fees that charge clients (Burns, 2010). In general, these benefits are unsatisfactory and minimal.

For instance, Travel Agents Association of India (TAAI) and Association of Domestic Tour Operators of India (ADTOI) protested against Singapore Airlines' decision to scrap 5% agency commission. Domestic

carriers Air India, Jet Airways and Kingfisher Airlines had also withdrawn 5% agent commission but the airlines later agreed to pay 3% commission under travel agents' pressure (The Economic Times, 2009). The agency model relies on the "success fee" for commission (Starkov, 2010). Due to increase internet accessibility airlines cut cost for travel agents commission. Travel agents have been fighting to get commission for the last five (5) to seven (7) years (Shalya, 2013).

The different issues regarding conflicts among countries affect the travel and tourism of a certain destination that has an impact on profit and compensation of travel agents. Prudent to this, Philippine Travel Agencies Association (PTAA) is still hopeful that the prevailing tension between China and Philippines will be resolved at soonest possible time (Estoquia, 2012). Also, European Government imposed travel advisory in Southwest Mindanao and Sulu Archipelago aside from twenty (20) typhoons hit the Philippines each year, security threat is also an issue (De Leon, 2012). Travel agents rely on commission when it comes to booking of air tickets, added by travel ban, they think of other alternative way to gain income which is adding service charge or booking fee for air tickets. That is how they make money and compensate for their time (Anderssen, 2013).

Compensation and benefits motivate employees to perform better in their work (Jex& Britt, 2008, as cited by Rochevot, 2010). Dessler, Munro and Cole (2010) defined compensation as all forms of pay going to employees and arising from their employment while benefits offer various types of insurance such as life, medical, dental, and disability. Moreover, compensation and benefits are good ways to captivate, retain and

motivate employees. Job satisfaction, low absenteeism, low turnover and employees' confidence will be attained by such measures (Robinson, 2009). There is still existing problems when it comes to compensation among travel agents nowadays (Lee, 2012).

Considering the problems stated above, the researchers conducted this study to know the compensation and benefits of travel agent

### **Statement of the Problem**

The purpose of this study was to determine the level of satisfaction in terms of compensation and benefits travel agents received from their employers in Davao City.

1. What is the profile of the respondents?

1.1 Sex;

1.2 Training;

1.3 Educational Background;

1.4 Length of service;

1.5 Income; and

1.6 Job position?

2. What is measure of satisfaction level of Travel Professional in terms

of:

2.1 Compensation;

2.1.1. Salaries; and

2.1.2. Benefits?

3. Is there a significant difference in the level of satisfaction on compensation and benefits of travel professionals when analyzed according to respondents' profile?

### **Hypothesis**

The study was guided by the null hypothesis tested at the level of significance 0.05 as follows.

Ho. There is no significant difference in the level of satisfaction on compensation and benefits when analyzed according to respondent's profile?

### **Review of Related Literature**

This section discussed the related of literature and studies from various sources such as books, journals, magazines and newspapers. Moreover, different theories and ideas of different authors were consolidated in order to support the necessary data and information vital for the conduct of the study.

### **Job Satisfaction**

Job Satisfaction or Employee Satisfaction is one of the factors that measure the individual when it comes to stability of tenure towards employment. The concept of Job satisfaction has been evolving in many aspects by different researchers and practitioners. According to Locke (1976) and as reiterated by Shrivastava and Purang (2009), Job Satisfaction is optimistically emotional state result from their assessment of one's job or job experiences. Employees who have higher Job Satisfaction are those

individual who are punctual, or breaks, committed at work and they are more contented with their working environment.

As stated by Bakotic (2014), attitude has to do towards the nature of the job which the employee performs as well by the job environment where she/he works. However, attitude and job environment are not the only source of job satisfaction specifically; often the significant determinant of job satisfaction is the employee's individual preferential characteristics (Jagodaarachchi, 2014). Other factor that may affect the job satisfaction is through compensation and benefits (Mueller & Kim, 2008).

Furthermore, The Department of Finance and Personnel, (2014) states that benefits can be a complimentary outcome of change and it is what makes a feeling to the employee. Moreover, the Office of Government Commerce describe benefits as quantifiable and measurable enhancement outcome which is understand optimistically by employer and employee and in which commonly have a significant value express in monetary or resource terms. Benefits provide the structures to reach gradual change and it is used to reach organizational goals and often used to attract employees to be more productive given by employer to employee as additional to normal wage and salary, this includes sick leaves, vacation leave, paternity/maternity leave and health insurance(Heathfield, 2014). In connection with this, benefits are just a part of where it gathers the over-all remuneration.

There are two (2) types of benefits that the employee may receive from his/her employer the Statutory Benefit and Non-Statutory Benefit. Statutory Benefit is described as something established by a statute, authorized or fixed

which is related by law such Government Service Insurance System (GSIS) Social Security System (SSS), Philippine Health Insurance (PHILHEALTH) and PagtutulungansaKinabukasan: Ikaw, Bangko, Industria at Gobyerno (PAG-IBIG). In contrast, Non-Statutory refers to precedents, customs or previous court decisions which implies for another term for common law(Community Foundations of Canada, 2014) these are company based facilities such educational recreational and transport facilities (Channiga, 2014).There are benefits which are mandated by law while some are optional therefore employers are not required to grant benefits to employees and employees are not required to receive them (Labor &Employment Law, 2014).

There are many benefits of the employees which are protected by law. The Republic Act no. 3593 the law for GSIS, it is life insurance coverage. R.A no. 1161 otherwise known as “The Social Security Act” provides a package of benefits in the event of death, disability, sickness, maternity, and old age, it provides for a replacement of income lost on account of the aforementioned contingencies.R.A no. 7875 otherwise known as “National Health Insurance Act of 1995” is an act instituting a national health insurance program for all Filipinos for the purpose of financial assistance when get hospitalized. R.A 9679 , The Home Development Mutual Fund, also known as PAG-IBIG fund is a mutual provident savings system for private and government employees and other earning groups, supported by matching mandatory contributions of their respective employers with housing as the primary investment. Its benefits are: a. Savings b. Short Term Loans and c. Housing Programs.

On the contrary, according to Milkovich (2008), as reiterated by Ciarniene and Vienazindiene (2010), compensation refers to all forms of

financial returns and tangible services and benefits employees receive as part of an employment relationship it was created to attract, motivate and retain good and qualified people, to encourage personal and career growth and to reward good performance and length of service. Pay may be received directly in the form of cash (e.g., wages, salary, overtime pay, etc.) or indirectly through benefits and services (e.g., pensions, health insurance, vacation leave, sick leave, paternity/maternity leave etc.). Republic Act No. 6758“Compensation and Position Classification Act of 1989”.Section 2,provides equal pay for substantially equal work and to base differences in pay upon substantive differences in duties and responsibilities, and qualification requirements of the position. There are a lot of types of compensation, extrinsic rewards have two sub umbrellas which is the direct compensation and indirect compensation but the researchers consider the wage and salary under the fixed pay, over-time pay under the variable which is a part of direct compensation. In indirect compensation there are two sub umbrellas namely the protective and paid leave. The researchers consider health insurance and retirement benefit under protective and vacation leave, sick leave, paternity/maternity leave under paid leave (Compensation Plan) Republic Act. 6758, (2012).

The Compensation Plan under Republic Act. 6758 is an ordered structure for identifying rates of compensation of Government Owned and Controlled Corporation (GOCC's) personnel. Thus, Office of personnel management states that basic pay is a fix rate according to law or regulation. This is primary cash remuneration for job performed, not including any other payments just as allowances and bonuses. Salary is amount of money paid to



a worker each year (Merriam Webster Dictionary, 2014). It is a basic pay for work paid on monthly basis. The Free Dictionary (2014) states that, the wage is a basic pay for work, labor or services that perform by an employee and remunerated on hourly, daily or weekly basis or by the piece of a product.

Also in similar way, Heathfield (2014) define variable pay as employee indirect compensation used to reward workers their contribution and to recognize profitability and team work. It is a non-fixed monetary reward given according to performance and result achieved. It is known also as bonuses and incentives. It is granted to employees in rendition of special services such as over time or night shift. Protective indirect compensation is mandatory benefit which is required by law for it provides various types of employment benefits for future security such as Social Security for retirement and Medical for Healthcare. Health care insurance is usually one of the most expensive important compensation (R.A 6758 Section 3.2.5). Retirement benefit has three (3) types of avenues: social security, pension plans and individual savings. Social Security is a federal government paid for by a tax shared equally both by employer and employee. This is to defray income by workers when they reached termination, sickness or old age (Encyclopedia of Business, Second Edition, 2014).

According to Philippine Labor Code Presidential Decree No. 442, consolidating labor and social laws to afford protection to labor, promote employment and human resources development and insure industrial peace based on social justice. Article 95 "Right to service incentive leaves", states that every employee must have turnover at least one (1) year of service before he/she can avail the yearly service incentive leave of five days with

pay. Vacation leave is belong to paid leave where most of company provides 15 days' vacation leave but as long as the business is profitable it considers the employees request for paid leave (Ebreo, 2014). Another form of paid leave is sick leave where the law clearly stated that what is required will only be granted of service for five days. Moreover, Maternal/Paternal leave is an additional leave given to a female and male employee who has given birth and to a man who is in charge in taking care of his wife in case of suffered miscarriage (Acosta, 2013). According to Section 14-A of Republic Act 8282 otherwise known as the Social Security Act of 1997, a female member who have paid at least a quarter contributions in the annual period will automatically paid a daily maternity leave benefit equivalent to one hundred percent (100%) of her average daily salary credit for sixty (60) days for normal delivery and seventy eight (78) days in case of caesarian delivery.

In line with this Executive order no.7 "Directing The Rationalization Of The Compensation And Position Classification System In The Government-Owned And Controlled Corporations (GOCCS) And Government Financial Institutions (GFIS), And For Other Purposes" is mandated that the Government-Owned and Controlled Corporations and Government Financial Institutions employees shall be given allowances, benefits and incentives as prescribed by the president. In connection with this, businesses such as the travel industry is one of the vast sector that generate income and can give benefits, allowances and incentives among the employees and investors which gives an opportunity to employment, economic development and promotion of tourism attraction in a specific area.

The travel and tourism industry in the Philippines raises the growth of inbound and domestic tourism due to low cost carriers and increase flight frequency to popular destination (EuromonitorInternational, 2013). Due to social media and inviting tourist to photograph and upload the destination where they have been, it helps to increase the promotion of travel and tourism in the Philippines. Policy rules and regulations sought to it that it is conducive to the improvement of travel and tourism sectors.

Few visa requirements for foreign visitors more openness towards foreign investment and better protection of property rights (World Economic Forum, 2013). The tourism marketing and branding campaigns is now develop effectively due to government spending on the sector of GDP (Gross Domestic Product) where it ranks first in the world (Rappler,2013). It is now an opportunity for travel agencies to generate income due to increasing economic activity, because of tourism demand, private retailers and public service are in demand. In addition to this, one of the contributors of tourism development is travel agency where it contributes improvement of a host region through its economy and provides benefits in many aspects.

Furthermore, in satisfying the tourist needs, the Travel Agency takes the consideration on the effects of activities and experiences that they may offer since they will always remember in order for the destination to achieve regular tourist arrivals (Laws, 1995).

Indeed it is connected with specialize services such as beach or city holidays, transfer services, package holidays as well as destination travelers are not familiar with (Dolenicar and Laesser, 2007). Travel agency would not

be operated without travel agents. Moreover, travel agents are person whose job is to help people who want to travel and arrange travel packages (Merriam Webster dictionary, 2014). Travel agents should possess the following characteristics: (a) Specialize, they must be knowledgeable in their field of expertise (b) Personalize, travel agents should give consumers highly personalize counter counseling. (c) Give the best value (d) Master your pitch; travel agent must know how to sell his/her travel agency. (e) Improve process efficiency (f) Do not sell deals (Tan,2013).

In addition, travel agents provide vast amount of information to educate the tourist and make the best travel arrangement specifically tours for the clients, car rentals, hotel accommodation and transportation. Furthermore they are informers of attractions, exhibitions, weather conditions, and local ordinances, custom and about their destinations. Same with international travel they are source of knowledge for currency exchange rates, travel advisories, required documents (passport, visa, and certificate of vaccination and custom regulation) (Namwandi2014).

In every business trips and booking holidays, the travel agent is the consumer's friend transfer through deals and itineraries to assist the customer get where she/he wants to be for affordable and reasonable price. A travel agents work mainly within the retail environment but a travel agent careers has also pros and cons were focus on their compensation and benefits that they receive these are the factors that we look up in order to know if they are really satisfied in terms of their compensation and benefits. However, the career outlook of a travel agent is tied directly into the fortunes of the travel industry as a whole, and during periods when business is slow, in a global

recession for instance travel agent jobs may be lost and opportunities could become scarce. Also, the different issue regarding conflicts among countries affects the travel and tourism of a certain destination that has an impact on profit and compensation of travel agents.

Philippine Travel Agencies Association (PTAA) is still hopeful that the prevailing tension between China and Philippines will be resolved at soonest possible time (Estoquia, 2012). Europe Government imposed travel advisory in Southwest Mindanao and Sulu Archipelago aside from twenty (20) typhoons hit the Philippines each year, security threat is also an issue (de Leon, 2012). Unfortunately, travel agents rely on commission when it comes to booking of air tickets, added by travel advisory, they think of other alternative way to gain income which is adding service charge or booking fee for air tickets. That's how they make money and compensate for their time (Anderssen, 2013).

Travel agency as a central supplier of tourism products faced with different significant challenges. Dealing with travel commissions constraints is a common form of problem that is inevitable in travel Industry. TAAI and ADTOI protested against Singapore Airlines' decision to scrap 5% agency commission. Domestic carriers Air India, Jet Airways and Kingfisher Airlines had also withdrawn 5% agent commission (The Economic Times, 2009).

Tour agents profit comes from commission, forbidding commissions degraded tour and travel agents as an important distribution channel for international and domestic carriers. This phenomenon affects two (2) million people employed in the industry. Same with this Hong Kong Transport and Housing Bureau reduce commission for travel agents. Air France (AF and

KLM) Royal Dutch Airlines (KLM) had decided to reduce 5% to 3% commission paid to travel agents in Hong Kong. Later on, they decided to reduce commission and decided to grant 0% commission starting on April 1, 2010 (Hong Kong Government News,2009). Some establish agents received small amount of compensation during economic downfall. Income of travel agents who owned their agencies rely on commission and service fee they charge for their customer's journey plan. It is not unusual for new self-employed agents to have low profit because it frequently takes time to get costumers (Namwandi,2013). Moreover Ardiansyah (2014) states that the salary of travel agents is not a good salary for the reason of, one has to adjust the salary for the cost of living and a travel agent just enjoy the cheaper airfare and free room.

Moreover, Plight is one of the issue and concern of travel industry. It is one of the problems that are happening and triggers worries among travel workers for it decline the demand on tourism investment. However the Philippine Travel Agencies Association (PTAA) is concerned in the prevailing tension between China and Philippines, the situation somehow affects the tourism sales that might boomerang on their compensation of the travel agents in the country are widely affected (Estoquia, 2012). Chinese travel agency and tourism bureau also ordered immeasurable suspension of tours in the Philippines and even promise refunds to client who had already paid trips for the reason of conflicting issues regarding territorial claims; this constraint widely affects the tourism and travel industry in the Philippines. Another issue that put the Philippine tourism into risk is the 2010 Manila hostage incident where eight (8) Hong Kong tourist where killed and seven (7) others are

injured (ABS-CBN News, 2010). In the same year Hong Kong Government calls for Philippine travel ban as a result of what happen in Manila Hostage Incident (Orendain, 2013).

Specifically, same manner of issue within the boundaries of Mindanao Island, EU Government and Commission imposed precautions among British tourist to travel in Southwest Mindanao and Sulu Archipelago aside of approximately 20 typhoons hit the Philippines each year, security threat is pandemic and security of tourist is at stake due to regional plight. In addition, EU ban has been imposed to Philippines regulatory authority because of its unable to verify that their airlines comply with international safety standards (De Leon, 2012). In addition the foreign and commonwealth office (FCO) imposes travel advisory to the southwest Mindanao and Sulu archipelago due to ongoing terrorist activity clashes between military government and new people army, other reason for imposing this advisory due to an unspecified security threat.

In line with this, the economic slowdown dampened the hiring crisis in travel industry there is still strong demand for qualified agents (Labor & Compensation Report, 2009). The issue on there is to make sure that the travel agents are satisfied on what they received and that their employer retain the best talent in their respective agency to gain profitable income. Furthermore there are problems determined by relatively low wages, seasonality, unsocial hours and work patterns and high level of labor turnover (Robinson, 2009). Moreover study shows that many jobs in the industry are low paid or seasonal or a combination. This presents a challenge in attracting people to work in the business. This is combined with long hours at peak

times of the year, then quiet periods out of season. Frequent staff turnover is sometimes attributable to the low-pay/long-hours issue, but is often symptomatic of a business where seasonal staffs do not return or get offered full-time work halfway through their contract (Organization Management, 2009).

The researchers highly believe that in every issue there's a suggested recommendations. Regarding on the issues about the Singapore Airlines Travel Agency commission dilemma TAAI President Rajji Raj demanded for restoration for travel workers from Singapore airlines that they must comply within fifteen days of February. If they do not approve, TAAI will increase its demand to 7% commission on board tickets. However Air India, king fisher Airlines withdraw 5% commission and later on agreed to pay 3% commission on travel agents (ET Bureau, 2009). On Hong Kong transport and housing bureau deduction in commission for travel agents issue, according to Air Services Agreements (ASAs) there should be equal and fair chance for the airlines both contracting parties to control and operate the approves services on the specified routes. Civil Aviation Department (CAD) does not have the power to intervene by asking the airline management that has to do to adjust for any propose commission. It's up to the travel agent if they would implement commercial decision to collect service charge on passengers to regain loss rate of commission (HongKong Government, 2009).

Moreover, PTAA optimistically perceive that there will be an increase on tourism visitor's from other countries from Singapore, Malaysia, Germany, United Kingdom, Australia and Canada. The top three markets is still Korea, United States of America and Japan despite of revealing tension between



china and Philippines, the association believes that tourist arrivals from the said countries can make up for the mislay of the Philippines and may incurred from the china travel ban (Estoquia, 2012).Furthermore, the issue on the Manila-Hong Kong hostage crisis has been resolved recently. The family of the victims receives an amount which they have described as reasonable (Chan and Robles,2014). According to Siu and Tam (2014) Hong Kong tour agents is looking forward to restarting tours to the Philippines after the Hong Kong government remove black travel warning. The agencies primary concern is the safety of their clients, tourism facilities and trends according to Wing on Travel and Hong Thai Travel.

Furthermore, the issue on existing travel ban in southwest Mindanao and Sulu Archipelago decreases tourist arrivals as well as multiplier effect opportunity. According to Zewdie (2013) the government has no right to control its citizen through travel advisory; Travel ban is not a solution to solve the conflict between the two countries. The government must have another solution that will not compromise the innocent people to lose their integral and rights to travel to their desire country.

Moreover, the issue on satisfaction on compensation and benefits, reduce on commission on selling of airlines tickets, travel advisory and terrorism has a big impact on travel industry. That phenomenon is inevitable thus; travel agents should have a contingency plan or alternative solution to continuously gain income specifically those who operate tour or arrange travel packages. Government should impose restrictions to avoid unemployment growth. Government should initiate to develop the country's tourism ability to improve the potential attraction it possess as well as secure its safety for

terrorism strikes. Travel agents should have selling techniques such as creating package to attract clients to patronize their offered services because some of tourist booked their tickets directly through airlines. Thus, if this situation permanent the travel agents who rely on commission will receive minimal. Travel agents must be creative in thinking another way to have another service such as processing travel documents, hotel bookings and the like. In addition, the compensation of travel agents must follow the minimum wage and salary. This is a motivation is based on motivation theory that the employee needs to satisfy internal psychological factors (needs, wants and goals) to obtain a successful travel.

This literature explains the variable of the elements of job satisfaction of employees. The existence of these problems and issues has prompted the researchers to conduct a survey on the compensation and benefits of travel professionals in Davao City. The aim of this study is to determine the level of satisfaction in terms of compensation and benefits of travel agents and to identify if the results are enough to contribute to the employee satisfaction studies.

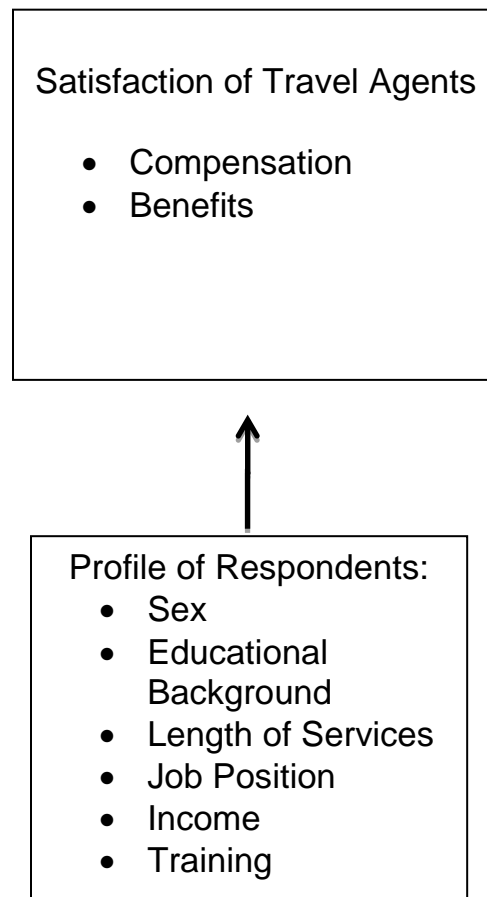
### **Theoretical and Conceptual Framework**

This study was anchored on the theory of Strategic Pay (Lawler 1990). Tropman (2014) that pay and benefits is the prime motivator of an employee. Equity theory (Adams, 1963) suggested that employers are motivated if they are aware of equal treatment given to them and the services they provide are equally compensated. However, Expectancy Theory (Vroom, 1964) emphasized that there is a need to relate employees rewards directly

according to their performance results and to ensure that they received rewards they deserved. The overall essentiality of these theories will depend on employee on how they will perceive the different motivational element and desired result (Gerhart, Minkoff and Olsen, 1995).

Presented in the next page is the conceptual framework of the study. It illustrates the independent variable identifying the satisfaction of travel professionals in terms of compensation and benefits. Wage and salary falls under fixed pay. Heathfield (2014) define variable pay as a non-fixed monetary reward given according to performance and result achieved. It is granted to employees in rendition of special services such as overtime or night shift.

Protective indirect are benefits such as SSS, GSIS, Philhealth and PAG-IBIG. Lastly, health insurance, sick leave, paternity/maternity leave is considered under paid leave (R.A 6758).



**Figure 1. Conceptual Framework showing the Variables of the Study**

## Significance of the Study

This study aimed to give information about the satisfaction of employees on compensation and benefits of travel agents in Davao City.

**Department of Tourism.** This study helps to inform the authorities problem in current trends of tourism job employment.

**Travel Agency Employers.** This study would give the employers an idea on the importance of compensation and benefits to the employees.

**Travel Professionals.** This study will update them regarding the satisfaction of the employees on compensation and benefits and know the different incentives a travel agent should receive.

**Tourism Students.** This study can give them an insight regarding to the travel agents compensation and serve as a wakeup call that not all tourism job are high paying jobs.

**Future Researchers.** This can serve as a guide and starting point for them to pursue another study on travel agent issues.

## Definition of Terms

To establish a common frame of reference, the following term relevant to the study were defined.

**Satisfaction.** Is the pleasure that you feel when you do something or get something that you wanted or needed to do or get (Merriam Webster Dictionary, 2014).

**Compensation.** A payment given equally for equal work. It is a reward for employment in the form of pay, salary, or wage including allowances,

benefits, bonuses, cash incentives and monetary value of non-cash incentives (Business Dictionary.com, 2014). Compensation is the main variable being research in this study.

**Benefits.**A payment or gift as one made to help someone or given by a benefit society, insurance company or public agency to give something extra as a reward for what is obtained (Business Dictionary.com, 2014).Benefits compliments the main variable which is being research in this study.

**Travel Professional.** A person whose job is to help people who want to travel such as buying plane tickets, making hotel reservations etc. (Merriam Webster Dictionary, 2014). Travel professionals are the respondents in this study.

## **Chapter 2**

### **METHOD**

This chapter discusses the research design, research subjects, research instrument, data gathering procedures and the statistical treatment used by the researchers in this study.

#### **Research Design**

Descriptive survey method was used in conducting the study. This method was used because it was thought to be most valuable tool for measuring the satisfaction of employees on compensation and benefits of travel agents in Davao City. According to Cooper (2011), descriptive study explains the situation and facts on which scientific judgments may be based and essential knowledge about the nature of objects and persons. It also plays a large part in the development of instruments for the measurement of many things, instrument that are employed in all types of quantitative research.

#### **Research Subject**

The respondents of the study were the travel professionals working in non-accredited and accredited travel agencies by Department of Tourism XI. There were 100 respondents who were chosen through Stratified Sampling Technique. This method was used by the researcher to distribute the whole

number of respondents and divide it into other group and choose the last group that corresponds to other groups.

### **Research Instrument**

A survey questionnaire was used to measure the satisfaction of employees on compensation and benefits in Davao City. The responses where given numerical value to measure the travel agents attitude under investigation. Through this, a measure of quantitative data was obtained.

For measuring satisfaction on compensation and benefits, the standard Likert scale was used:

| <b>Range of Means</b> |          | <b>Description</b>      | <b>Interpretation</b>   |
|-----------------------|----------|-------------------------|---|
| <b>4.20-5.00</b>      | <b>5</b> | Extremely Satisfied     | The embodied statement signifies very high in satisfaction.               |
| <b>3.40-4.19</b>      | <b>4</b> | Highly Satisfied        | The embodied statement signifies high in satisfaction.                    |
| <b>2.60-3.39</b>      | <b>3</b> | Moderately Satisfied    | The embodied statement signifies moderately in satisfaction.              |
| <b>1.80-2.59</b>      | <b>2</b> | Relatively Dissatisfied | The embodied statement signifies relatively Dissatisfied in Satisfaction. |
| <b>1.00-1.79</b>      | <b>1</b> | Extremely Dissatisfied  | The embodied statement signifies Extremely Dissatisfied in Satisfaction.  |



## Data Gathering Procedures

The following steps were observed in the gathering of data:

**1. Permission to conduct the study.** The researchers asked permission from the Managers of travel agencies and from the travel agents to conduct a survey.

**2. Validation of Questionnaire.** Before the researchers conducted the survey, the questionnaire was validated by the panel of experts.

**3. Administration of questionnaire.** After approval of the letter, the questionnaire was distributed to the different travel agents.

**4. Retrieval of the Questionnaires.** The gathered data through the questionnaire was scored, recorded and subjected to statistical analysis.

**5. Analysis and interpretation.** The result was analyzed, interpreted and interpreted based on the purpose of the study.

## Statistical Treatment of Data

The following tools were employed in treating the problem:

**Frequency count percentage.** This was used to measure the frequency and percentage of the profile of the respondents in terms of sex, educational attainment, job position, income, length of service and training.

**Mean.** This was used to measure the satisfaction on compensation and benefits of travel professionals.

**T-test.** This was used to measure the significant differences in the level of compensation and benefits in terms of sex and training.

**Analysis of Variance (ANOVA).** This was used to measure the significant differences in the level of compensation and benefits in terms of educational attainment, job position, income and length of service of travel professionals

## **Chapter 3**

### **INTERPRETATION AND ANALYSIS OF FINDINGS**

Presented in this chapter is the interpretation and analysis of the findings of data gathered from the survey. Discussions of topics are arranged according to the following subheadings: Profile of Respondents, Level of Compensation and Benefits of Travel Professionals and Significant Difference in the Level of Compensation and Benefits when analyzed according to Sex, Educational Attainment, Job Position, Income, Length of Service, and Training.

#### **Profile of the Respondents**

Presented in the Table 1 is the Profile of the Respondents. There were 100 respondents in the study. It was observed that in terms of sex, most of the respondents were female which corresponds to 76% of the total respondents. In terms of educational attainment, 78% was college graduates. There were 31% of travel agency clerks in the study, 67% of them earn 5,000 – 10,000 pesos per month. There were 68% of the respondents working from 1 year – 5 years in terms of length of service. Lastly, 92% of the respondents had attended trainings.

**Table 1****Profile of the Respondents**

|                               | <b>Profile</b>                                | <b>Frequency</b> | <b>Percent</b> |
|-------------------------------|---|------------------|----------------|
| <b>Sex</b>                    | Male  | 24               | <b>24</b>      |
|                               | Female  | 76               | <b>76</b>      |
|                               | Total   | 100              | <b>100</b>     |
| <b>Educational Attainment</b> | High school                                   | 1                | <b>1</b>       |
|                               | College Undergraduate                         | 18               | <b>18</b>      |
|                               | College Graduate                              | 78               | <b>78</b>      |
|                               | Vocational                                    | 3                | <b>3</b>       |
|                               | Total   | 100              | <b>100</b>     |
| <b>Job Position</b>           | Travel coordinator                            | 5                | <b>5</b>       |
|                               | Travel manager                                | 9                | <b>9</b>       |
|                               | Travel consultant                             | 17               | <b>17</b>      |
|                               | Senior counter staff                          | 7                | <b>7</b>       |
|                               | Junior counter staff                          | 12               | <b>12</b>      |
|                               | Travel agency clerk                           | 31               | <b>31</b>      |
|                               | Tour guide                                    | 7                | <b>7</b>       |
|                               | Ticketing reservation officer                 | 5                | <b>5</b>       |
|                               | Ticket sales representative                   | 1                | <b>1</b>       |
|                               | Assistant Accounting Administrative assistant | 1                | <b>1</b>       |
|                               | Counter executive                             | 1                | <b>1</b>       |
|                               | Staff   | 3                | <b>3</b>       |
|                               | Total   | 100              | <b>100</b>     |
|                               | <b>Income</b>                                 | 5,000 – 10,000   | 67             |
| 10,000 – 15,000               |   | 26               | <b>26</b>      |
| 15,000 – 20,000               |   | 5                | <b>5</b>       |
| 20,000 – 25,000               |   | 2                | <b>2</b>       |
| Total                         |   | 100              | <b>100</b>     |
| <b>Length of Service</b>      | 1 year and below                              | 7                | <b>7</b>       |
|                               | 1 year to 5 years                             | 68               | <b>68</b>      |
|                               | 5 years to 10 years                           | 24               | <b>24</b>      |
|                               | 10 years to 15 years                          | 1                | <b>1</b>       |
|                               | Total   | 100              | <b>100</b>     |
| <b>Trainings</b>              | Attended training                             | 92               | <b>92</b>      |
|                               | Not attended training                         | 8                | <b>8</b>       |
|                               | <b>Total</b>                                  | <b>100</b>       | <b>100</b>     |

## **Level of Compensation and Benefits of Travel Professionals**

The table 2 shows the level of compensation and benefits among travel professionals in Davao City. Travel professionals had an overall moderate satisfaction in terms of compensation (3.51). Specifically, there were times that most of travel agency clerks received salaries not on time; hence they were neutrally satisfied on the timeliness of salary (3.80). They received commission on booked travel and tours if the payment of the clients reached certain quota if obtained on provision and commission pay, because of this their tenure (3.54) was unstable that resulted to moderate satisfaction. However, they received small holiday incentives (3.47) such as Christmas gift. Moreover, the adequateness of salary (3.30) supplied enough their necessities and house bills which all in all resulted to moderate satisfaction of travel professionals.

In terms of benefits, travel professionals were overall moderately satisfied with the benefits they received from their employers (3.22). In particular, most of travel agency clerks were moderately satisfied in provision of either SSS or Pag-Ibig (3.80) in rendition of 6 months in service. Not all employers were provided with insurance protection (2.96) that is why travel agency clerks were relatively satisfied with this benefit. However, travel agency clerks were moderately satisfied in provision of health insurance (3.71) provided by employers due to the on-time update and payment of employers to provide the proper and the rights of employee to health benefits. Moreover, travel agency clerks were moderately satisfied with the small year-end bonus (3.48) they received. Furthermore, they were moderately satisfied to the paid leaves (3.13) due to the pay is not too high.

**Table 2****Level of Travel Professionals in terms of Compensation and Benefits**

| <b>Compensation</b> |   | <b>Mean</b> | <b>Description</b> |
|---------------------|---|-------------|--------------------|
| <b>1</b>            | Received basic salary and wages                                       | 3.73        | Moderate           |
| <b>2</b>            | Tenure  | 3.54        | Moderate           |
| <b>3</b>            | Salary adequateness (e.i for house and personal expenses)             | 3.30        | Moderate           |
| <b>4</b>            | Holiday Incentives  | 3.474       | Moderate           |
| <b>5</b>            | Timeliness on salary  | 3.80        | Moderate           |
| <b>6</b>            | Provision on commission pay   | 3.20        | Moderate           |
|                     | <b>Total</b>  | <b>3.51</b> | <b>Moderate</b>    |
|                     | <b>Benefits</b>   | Mean        | Description        |
| <b>1</b>            | Provision of either SSS and Pag-ibig benefits                         | 3.804       | Moderate           |
| <b>2</b>            | Insurance protection offered by the company                           | 2.96        | Relative           |
| <b>3</b>            | Provision of Paid leaves(i.e Vacation, Sick, Paternal/Maternal Leave) | 3.13        | Moderate           |
| <b>4</b>            | Provision of GSIS services and benefits                               | 2.24        | Relative           |
| <b>5</b>            | Year-end bonus  | 3.487       | Moderate           |
| <b>6</b>            | Provision of health insurance (i.ePhilhealth)                         | 3.71        | Moderate           |
|                     | <b>Total</b>  | <b>3.22</b> | <b>Moderate</b>    |

As what the researchers gathered during survey and interview, most of the travel agencies were established as a family business and most of travel agency clerks were relatives of the owner. The good in being a travel agency clerk was the experience in working in the office operating the Global Distribution System, reserving and booking airline ticket, creating tour packages, quoting, tour guiding, assisting clients in document processing such as NSO and VISA processing, passporting, attending convention and product updates. Being travel agency clerk will not uplift the individual economic status because of the small compensation. However, it is one of the jobs that a tourism practitioner can apply and practice the knowledge learned from school and trainings they attended. Thus, the researchers come up with the idea that not all tourism job commends high income and in order to gain high compensation is up to the tourism practitioner on how to diligently work on it.

### **Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Sex**

The Table 3 shows the level of significant difference in the level of compensation and benefit when analyzed according to sex. The benefits and compensation with computed P-value of 0.112 and 0.08 respectively, are not significant at 0.05 level of significance thus, leading to the acceptance of the hypothesis of the study stating that there is no significant difference in the level of compensation and benefits of travel professionals according to sex. This further means that both male and female are moderately satisfied with the compensation they received.

However the survey result that both men and women are only moderately satisfied with the compensation and benefits because their salaries are only enough to their personal and necessities.

### **Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Educational Attainment**

Table 4 illustrates the significance difference in the level of compensation and benefits when analyzed according to educational attainment. Table 4 this means that there is no significant difference in the level of compensation and benefits of travel professionals according to educational attainment.

This means that travel professionals were moderately satisfied with their compensation because all people who really invest in education were paid off (Baum, Ma, Payea, 2013). Employer does not impose educational attainment on the clerical jobs such as travel agency counter staff. Some of the interviewed travel agency clerks finished vocational courses and some of them are not tourism related degree course graduates. Moreover, training is the most important part on the travel and tourism industry (Job Outlook for Travel Agents, 2013). As long as one is computer literate, attended trainings on Global Distribution System such as Via, Abacus and Amadeus, can understand and work the reservation system and knows how to book a plane ticket then individual can be a travel staff (Sageer, Rafat, Agawal, 2012).



**Table 3****Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Sex**

|                     | Sex    | N  | Mean   | Std. Deviation | Std. Error Mean | P-Value | Decision |
|---------------------|--------|----|--------|----------------|-----------------|---------|----------|
| <b>Benefits</b>     | Male   | 24 | 3.7153 | .80978         | .16530          | 0.112   | Accept   |
|                     | Female | 76 | 3.4737 | .76934         | .08825          |         |          |
| <b>Compensation</b> | Male   | 24 | 3.2083 | .97214         | .19844          | 0.089   | Accept   |
|                     | Female | 76 | 3.2368 | .93066         | .10675          |         |          |
| <b>Overall</b>      | Male   | 24 | 3.4618 | .78865         | .16098          | 0.098   | Accept   |
|                     | Female | 76 | 3.3553 | .78521         | .09007          |         |          |

**Table 4****Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Educational Attainment**

|                     |                | Sum of Squares | Df | Mean Square | F     | Sig. | Decision |
|---------------------|----------------|----------------|----|-------------|-------|------|----------|
| <b>Benefits</b>     | Between Groups | .342           | 1  | .342        | .557  | .457 | Accept   |
|                     | Within Groups  | 60.197         | 98 | .614        |       |      |          |
|                     | Total          | 60.539         | 99 |             |       |      |          |
| <b>Compensation</b> | Between Groups | 2.559          | 1  | 2.559       | 2.980 | .087 | Accept   |
|                     | Within Groups  | 84.151         | 98 | .859        |       |      |          |
|                     | Total          | 86.710         | 99 |             |       |      |          |
| <b>Overall</b>      | Between Groups | 1.193          | 1  | 1.193       | 1.963 | .164 | Accept   |
|                     | Within Groups  | 59.560         | 98 | .608        |       |      |          |
|                     | Total          | 60.754         | 99 |             |       |      |          |

### **Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Job Position**

Presented in Table 5 is the significance difference of the level satisfaction on compensation and benefits when grouped according to job position. Table 5 implies that there is no significant difference in the level of compensation and benefits of travel professionals according to job position. This means that travel professionals are moderately satisfied with the compensation and benefits they received.

Travel professionals were moderately satisfied because of the minimal provision of compensation and benefit. According to the survey on Compensation Policies and Practices (2003) it was found out that most of professional employees were not motivated by the pay system of their employer. In relation, customer service positions are being offered by low to average amount of compensation annually (Bureau of Labor Statistics, 2013) that particularly relies on commission and service charge (Lee, 2012). It also showed in Table 1 (Pg. 31) that most of the respondents are travel agency clerk that is why the results show moderate satisfaction.

### **Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Income**

Table 6 illustrates the level of significant difference in the level of compensation and benefit when analyzed according to income. The table shows that there is no significant difference in the level of compensation and benefits of travel professionals according to income.

**Table 5****Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Job Position**

|                     |                | Sum of Squares | Df | Mean Square | F     | Sig. | Decision |
|---------------------|----------------|----------------|----|-------------|-------|------|----------|
| <b>Benefits</b>     | Between Groups | 2.247          | 3  |             |       |      |          |
|                     | Within Groups  | 58.291         | 96 | .607        | 1.234 | .302 | Accept   |
|                     | Total          | 60.539         | 99 |             |       |      |          |
| <b>Compensation</b> | Between Groups | 7.045          | 3  | 2.348       |       |      |          |
|                     | Within Groups  | 79.665         | 96 | .830        | 2.830 | .042 | Accept   |
|                     | Total          | 86.710         | 99 |             |       |      |          |
| <b>Overall</b>      | Between Groups | 4.192          | 3  | 1.397       |       |      |          |
|                     | Within Groups  | 56.561         | 96 | .589        | 2.372 | .075 | Accept   |
|                     | Total          | 60.754         | 99 |             |       |      |          |

**Table 6****Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Income**

|                     |                | Sum of Squares | Df | Mean Square | F     | Sig. | Decision |
|---------------------|----------------|----------------|----|-------------|-------|------|----------|
| <b>Benefits</b>     | Between Groups | 3.488          | 3  | 1.163       |       |      |          |
|                     | Within Groups  | 57.051         | 96 | .594        | 1.956 | .126 | Accept   |
|                     | Total          | 60.539         | 99 |             |       |      |          |
| <b>Compensation</b> | Between Groups | 1.334          | 3  | .445        |       |      |          |
|                     | Within Groups  | 85.376         | 96 | .889        | .500  | .683 | Accept   |
|                     | Total          | 86.710         | 99 |             |       |      |          |
| <b>Overall</b>      | Between Groups | 2.003          | 3  | .668        |       |      |          |
|                     | Within Groups  | 58.751         | 96 | .612        | 1.091 | .357 | Accept   |
|                     | Total          | 60.754         | 99 |             |       |      |          |

this means that travel professionals do not vary in their satisfaction to compensation and benefits when analyzed by the level of income. They are moderately satisfied with the compensation and benefits they received which is only enough to pay for their necessity and expenses.

The income of most travel professionals range from 5,000 – 10, 000 which only supply enough for personal and necessity expenses of an individual who is single. In interview conducted among agents, the compensation they received cannot supply the daily needs of individuals who were married and have children. Moreover, there tax was deducted before the employee received the salary.

### **Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Length of Service**

Presented in Table 7 is the level of significant difference in the level of compensation and benefit when analyzed according to length of service. The table shows that there is no significant difference in the level of compensation and benefits of travel professionals according to the length of service. This means that travel professionals do not vary in their satisfaction towards compensation and benefits according to length of service.

Mayhew (2014) stipulated that length of service is not a factor to increase the salary and wages of the employee as authenticated by a travel counter staff stating that there is no promotion on how long an employee rendered service to the employer, increasing of salary and promotion will always depend on the employers work plan. Therefore there is no increment

on the compensation and benefits the travel agents receive which resulted to their moderate satisfaction.

### **Significant Difference in the Level of Compensation and Benefits of Travel Professionals According to Training**

The Table 8 illustrates the level of significant difference in the level of compensation and benefits when analyzed according to training. The table shows that there is no significant difference in the level of compensation and benefits of travel professionals according to training. This means that travel professionals with different trainings do not differ in their satisfaction towards compensation and benefits.

It is true that the objective of the training is to improve the employability of workers (de – Miguel, et.al., 2011). Employees with most numbers of training are more knowledgeable to the reservation system (Jones, et.al.,2004). Thus, employers provide trainings to the employees in order to be productive but it does not necessary affect the salary of the employee according to training attended (Nickels, 2009).

**Table 7**

**Significant Difference in the Level of Compensation and Benefits of  
Travel Professionals According to Length of Service**

|                     |                   | <b>Sum of<br/>Squares</b> | <b>Df</b> | <b>Mean<br/>Square</b> | <b>F</b> | <b>Sig.</b> | <b>Decision</b> |
|---------------------|-------------------|---------------------------|-----------|------------------------|----------|-------------|-----------------|
| <b>Benefits</b>     | Between<br>Groups | 3.488                     | 3         | 1.163                  |          |             |                 |
|                     | Within<br>Groups  | 57.051                    | 96        | .594                   | 1.956    | .126        | Accept          |
|                     | Total             | 60.539                    | 99        |                        |          |             |                 |
| <b>Compensation</b> | Between<br>Groups | 1.334                     | 3         | .445                   |          |             |                 |
|                     | Within<br>Groups  | 85.376                    | 96        | .889                   | .500     | .683        | Accept          |
|                     | Total             | 86.710                    | 99        |                        |          |             |                 |
| <b>Overall</b>      | Between<br>Groups | 2.003                     | 3         | .668                   |          |             |                 |
|                     | Within<br>Groups  | 58.751                    | 96        | .612                   | 1.091    | .357        | Accept          |
|                     | Total             | 60.754                    | 99        |                        |          |             |                 |

**Table 8**

**Significant Difference in the Level of Compensation and Benefits of  
Travel Professionals According to Training**

|                     | <b>Training<br/>attended</b> | <b>N</b> | <b>Mean</b> | <b>Std.<br/>Deviation</b> | <b>Std.<br/>Error<br/>Mean</b> | <b>P - Value</b> | <b>Decision</b> |
|---------------------|------------------------------|----------|-------------|---------------------------|--------------------------------|------------------|-----------------|
| <b>Benefits</b>     | Male                         | 92       | 3.5489      | .75655                    | .07888                         | 0.214            | Accept          |
|                     | Female                       | 8        | 3.3333      | 1.07644                   | .38058                         |                  |                 |
| <b>Compensation</b> | Male                         | 92       | 3.2772      | .89507                    | .09332                         | 0.108            | Accept          |
|                     | Female                       | 8        | 2.6875      | 1.26754                   | .44814                         |                  |                 |
| <b>Overall</b>      | Male                         | 92       | 3.4130      | .74432                    | .07760                         | 0.191            | Accept          |
|                     | Female                       | 8        | 3.0104      | 1.14299                   | .40411                         |                  |                 |

## Chapter 4

### SUMMARY, CONCLUSIONS AND RECOMMENDATION

This chapter contains the summary of the major findings of the study, and at the same time, the pertinent conclusions and proposed recommendations for implementation.

The study was conducted in order to determine the satisfaction of travel agents on compensation and benefits in Davao City. There were 100 respondents requested to answer the questionnaire. The study made use of descriptive survey research to determine the satisfaction when analyzed by sex, educational attainment, job position, income, length of service and training. The research was conducted from August – September 2014.

#### Summary of Findings

The major findings of this research are summarized as follows:

1. Majority of respondents are female. Most of the respondents are college graduates followed by college undergraduate and the least is high school. In terms of job position, most of the respondents are travel agency clerk followed by travel consultants and junior counter staff. In terms of income most of the respondents earned 5,000-10,000. In length of service there are 68% respondents working for 1-5 years and lastly most of the respondents have attended trainings which are 92%.

2. Travel professionals are moderately satisfied on compensation (3.51) according to timeliness of salary (3.80), provision of commission pay (3.54),

received basic salary and wages (3.73), tenure (3.54), holiday incentives (3.47) and adequateness of salary (3.30). Travel professionals are also moderately satisfied on benefit (3.22) in terms provision of either SSS or Pag-Ibig (3.80), provision of health insurance (3.13). However travel professionals are relatively satisfied on provision on insurance protection (2.96) because some of employers do not provide this benefit.

3. There is no significant difference in the level of satisfaction on compensation and benefits when analyzed according to sex, educational attainment, job position, income, length of service and income.

## **Conclusion**

On the basis of foregoing findings of the study the following conclusion are drawn.

1. Majority of respondents were female and most of whom were college graduates, specifically most of them are travel agency clerks that earns 5,000-10,000 pesos on which they rendered 1 year to 5 years in service and they had attended trainings.

2. Travel professionals are barely satisfied or moderately satisfied with the salary they received.

3. The demographic profile of travel professionals does not lead to significant differences in the level of satisfaction towards compensation and benefits.



## Recommendations

Based on the conclusion, the following recommendations are offered:

1. Travel professionals may accept the reality in working with travel agency that it only provides minimum wage of compensation.
2. Travel agency employers may explain the compensation and benefits scheme of the business in order for the employee to be aware on the salary protocol impose other ways of satisfying their employees such as office Christmas party, Christmas gift, bonuses and the like.
3. Working in a travel agency such as travel agency clerk is not a high compensated income. Tourism practitioners may mind the experience working in the travel agency that practice their acquired knowledge on Global Distribution System, reserving and booking airline ticket, creating tour packages, quoting, tour guiding, assisting clients in document processing such as NSO, VISA and passporting. However, there is a benefit traveling in different places that requires travel professionals to attend such as convention and product updates with free accommodation, food and transportation. Tourism practitioners should see to it that they had attended trainings on Global Distribution System or reservation system and National Certification II of TESDA on tour guiding to be qualified as one of the front liners of tourism industry. Also it is good to undertake Department of Tourism (DOT) certification on tour guiding so that when travel agency operators needs tour guide for their booked tours, the agency will provide tour guides for them.

4. The future researchers may continue undertaking further studies in travel and tourism industries particularly on salary and wages of travel professionals in Davao City in order to help tourism management students and various proprietors to understand the importance of employee's satisfaction.

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