

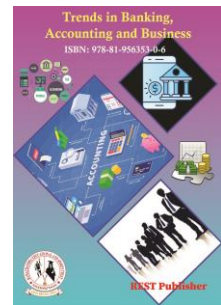


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Study on Compensation Management with Reference to Avs Constructions at Hosur City

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Abstract: Compensation management is a pivotal aspect of human resource management, directly influencing employee motivation, satisfaction, and organizational performance. This study examines the multifaceted nature of compensation management, focusing on its components, effectiveness, and impact on employee behavior and organizational outcomes. Utilizing a mixed-methods approach, we conducted surveys and in-depth interviews with HR professionals and employees from various sectors to obtain a holistic view of compensation practices. Quantitative data from structured questionnaires identify key components of effective compensation management, including salary structure, benefits, bonuses, and performance incentives. Findings reveal that competitive and equitable compensation packages are crucial in attracting and retaining top talent. Qualitative insights further illuminate how transparency, fairness, and alignment with organizational goals enhance the perceived value of compensation. The study also explores the relationship between compensation management and employee performance, demonstrating that well-structured compensation plans lead to higher job satisfaction, increased productivity, and lower turnover rates. Conversely, inadequate compensation practices can result in dissatisfaction, reduced morale, and higher attrition.

Keywords: Compensation Management, Employee Compensation, Pay Structure, Incentive Systems, Salary Administration, Benefits Management, Total Rewards.

1. INTRODUCTION

If the abilities of employees have been developed to the point where they meet or exceed job requirements, it is now appropriate that they be equitably compensated for their contributions. The factors affecting the determination of equitable compensation are many, varied and complex. And management must come to some decision concerning the basic wage or salary. To motivate improved performance on the job many systems of variable compensation have been devised and finally organizations have developed numerous ways of providing supplementary compensation in the form of fringe benefits. An incentive or reward can be anything that attracts a workers attention and stimulates him to work. An incentive programme is most frequently built on monetary rewards but may also include a variety of non-monetary rewards. The term reward has been used both in the restricted sense of participation and the widest sense of financial motivation. The concept of reward implies the increased wiliness or motivation to work and not the capacity to work. Compensation and Rewards detemination may have one or more objectives, which may often be in conflict with each other. The objectives can be classified under four broad headings. The first is equity, which may take several forms. They include income distribution through narrowing of inequalities, increasing the wages of the lowest paid employees, protecting real wages (purchasing power), the concept of equal pay for work of equal value compensation management strives for internal and external equity. Internal equity requires that, pay be related to the relative worth of a job so that similar jobs get similar pay. External equity means paying workers what comparable workers are paid by other firms in the labor market. Even compensation differentials based on differences in skills or contribution are all related to the concept of equity.

Efficiency, which is often closely related to equity because the two concepts are not antithetical.

2. SCOPE OF THE STUDY

compensation management encompasses a comprehensive examination of the organization's compensation structures, policies, and practices to ensure they align with industry standards and organizational goals. This study will analyze current compensation practices, including salary, benefits, incentives, and bonuses, to evaluate their effectiveness in motivating and retaining employees. It will assess the competitiveness of compensation packages in the market, ensuring the organization can attract and retain top talent. The study will also examine the fairness and equity of the compensation system, identifying any potential biases or disparities. Additionally, the study will explore the relationship between compensation and employee performance, satisfaction, and productivity, providing insights into how compensation impacts overall organizational performance. Legal compliance with labor laws and regulations will be scrutinized to avoid potential legal issues. Finally, the study will identify areas for improvement and recommend strategies for developing a more effective and efficient compensation management system that supports the organization's strategic objectives and enhances employee engagement and satisfaction.

3. OBJECTIVE OF THE STUDY

Analyze Current Compensation Practices: Examine the existing compensation structures, policies, and practices within the organization.

Assess Market Competitiveness: Evaluate how the organization's compensation packages compare to industry standards and market rates.

Identify Compensation Drivers: Determine the key factors that influence compensation decisions, such as job roles, performance, tenure, and market conditions.

Link Compensation to Performance: Investigate the relationship between compensation strategies and employee performance, motivation, and productivity.

Examine Equity and Fairness: Assess the fairness and equity of the compensation system, ensuring that there is no discrimination or bias in pay practices.

Evaluate Employee Satisfaction: Measure employee satisfaction with current compensation packages and understand their perceptions and attitudes towards the compensation system.

Impact on Employee Retention and Recruitment: Analyze how compensation affects employee retention rates and the organization's ability to attract top talent.

Cost-Benefit Analysis: Conduct a cost-benefit analysis of the current compensation practices to ensure they are financially sustainable and deliver value to the organization.

4. LITERATURE REVIEW

Bob (2011) Compensation processes are based on Compensation Philosophies and strategies and contain arrangement in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation.

Bob (2011) This constitutes measuring job values, designing and maintaining pay structures, paying for performance, competence and skill, and providing employee benefits. However, compensation management is not just about money. It is also concerned with that non-financial compensation which provides intrinsic or extrinsic motivation.

Anyebe(2003) This work however is limited to financial compensation in Anambra State Civil Service as a recent study has shown that pay is the driving force for seeking employment in the Civil Service.

Armstrong (2005) stated that compensation management is an integral part of human resources management approach to productivity improvement in the organization. It deals with the design, implementation and maintenance of compensation system that are geared to the improvement of organizational, team and individual performance.

Pearce (2010) Compensation implies having a compensation structure in which the employees who perform better

are paid more than the average performing employees.

Armstrong (2005) Compensation Management is concerned with the formulation and implementation of strategies and Policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organization.

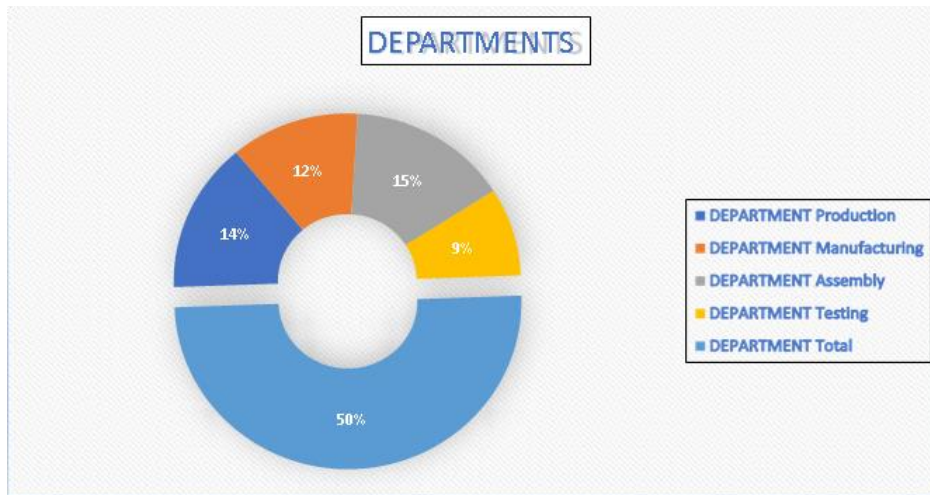
5. RESEARCH METHODOLOGY

Research Methodology compensation management in AVS CONSTRUCTIONS or any specific company typically involves a structured research methodology that combines qualitative and quantitative approach. It includes Literature Review, Data collection.

6. DATA ANALYSIS

Percentage Analysis
Department

	Particular	No of respondents	Percentage
Department	Production	29	29%
	Manufacturing	24	24%
	Assembly	30	30%
	Testing	17	17%
	Total	100	100%

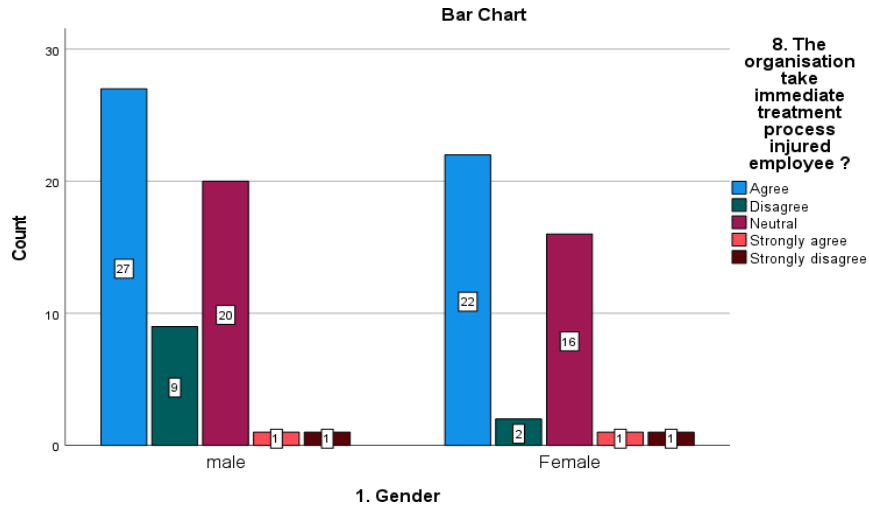


Chi-Square Test

Difference between Gender with respect to Health and safety

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.924 ^a	4	.571
Like lihood Ratio	3.204	4	.524
Linear-by-Linear Association	.002	1	.960
N of Valid Cases	100		

a.5cells (50.0%) has expected count less than 5. The minimum expected count is .84.



7. FINDINGS

1. From the study it was found that, almost 90 % of the associates are highly engaged with the company both intellectually & emotionally.
2. According to the respondents 86% of the associates feel the birthday bashes celebration is entertaining, 50% of the associates attend the birthday bashes celebration regularly and 76% of the associates prefer increased entertainment programs.
3. The study found that 80% of the associates have opted excellent for the external agencies giving a presentation/seminar at AVS, 76% of the associates agree the external agencies had the ability to hold the interests of the audience.
4. In the study the topics preferred by the associates are as follows
5. 33.33% of the employees prefer Personality Development,
6. 16.67 % of the employees prefer Health Care,
7. 20% prefer Financial Enhancements,
8. 16.67 % prefer Stress Management, and
9. 13.33 % prefer Individual Social Responsibility

8. SUGGESTIONS

From the overall study it is proved that most of the associates are highly engaged with the organization; however the associates have fewer problems with the engagement activities, those problems can be rectified by using the following measures so that employees can develop ownership of their goals, targets, and milestones, and enhance their contributions to the company and increase their impact. To have a perfect response for the birthday bash celebration the organization can increase the entertainment programs with more number of games, puzzle solving, riddles & also may distribute gifts. As the associates are very much interested in External agencies giving presentations/seminars at AVS, the organization can recognize their preferred topics and made them feel that their contribution was important and to believe their values were mirrored by those espoused by senior management. The team HR can maintain the same regular intervals for town hall meetings & skip level meetings to ensure a healthy relationship amongst the associates & employers Finally the organization can increase the engagement activities like hiring a team- building expert and arrange a one-day retreat, create an anonymous feedback mechanism, Provide feedback and guidance every now & then, provide them with various services to help them balance their work and family lives to understand the associates and to engage all the employees more actively than the present level.

9. CONCLUSION

If a organization wants is development it has to every all any sector of an organization. There is always a scope

for development in the organization. Every organization must take the benefit of this scope. AVS Constructions with a high reputation and a customer profile that includes some of the best names in the business. AVS Constructions knows that in this competitive world of quota free access, winners would be decided based on their international competitiveness and product quality. In the generally prevailing uncertainties and impending liberalization of quota regimes the design team again played a pivotal role in changing the perception of AVS Constructions as a typically Asian supplier with increased customer contacts, collaborative working method. This is an optimistic hint of future expansion of Human Resource Management and production department of Classic Shirts garments. From the study it is also clear to us that which products, what commodities are used by these customers. So, finally I will say that this Project at AVS Constructions. Compensation Management Practices under the Human Resource Department has enlarged my theoretical knowledge of Master of Business Administration in to some practical knowledge and made my education more complete and practical.

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