

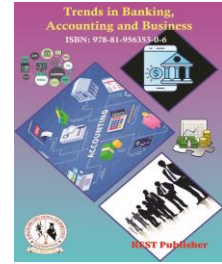


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## A Study on Compensation Management with Reference to AVS Constructions at Hosur

\*N. Aswiya, Sridhar R

Adhiyamaan college of Engineering (Autonomous), Hosur, Tamil Nadu, India.

\*Corresponding Author Email Id: [aswiyaniyaz25@gmail.com](mailto:aswiyaniyaz25@gmail.com)

**Abstract:** Compensation management is a critical aspect of human resource management that involves the strategic planning and implementation of reward systems to attract, motivate, and retain employees. This abstract provides an overview of the fundamental principles, objectives, and components of effective compensation management. Compensation management tools are utilized by organizations to ensure that their compensation systems are efficient, fair, and competitive. These tools help manage various aspects of compensation, including salary planning, performance-based pay, benefits administration, and compliance. The study is quantitative in nature. Descriptive research design has been adopted for the present study. Convenience sampling method has been used. A structured questionnaire was used to gather the primary data from 100 employees from AVS constructions. The statistical tools used for data analyzing is chi-square, one-way Anova and Pearson correlation coefficient 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 product, 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 completer and more practical.

**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 determination may have one or more objectives, which may often be in conflict with each other. The objectives can be classified under four broad headings.

### 2. OBJECTIVES OF 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.

### **3. 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.

### **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.

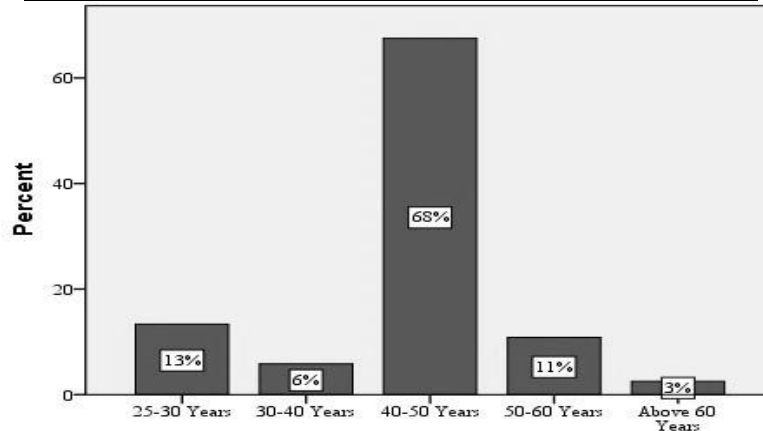
### **5. RESEARCH METHODOLOGY**

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**

**TABLE 1.** Experience of the respondents

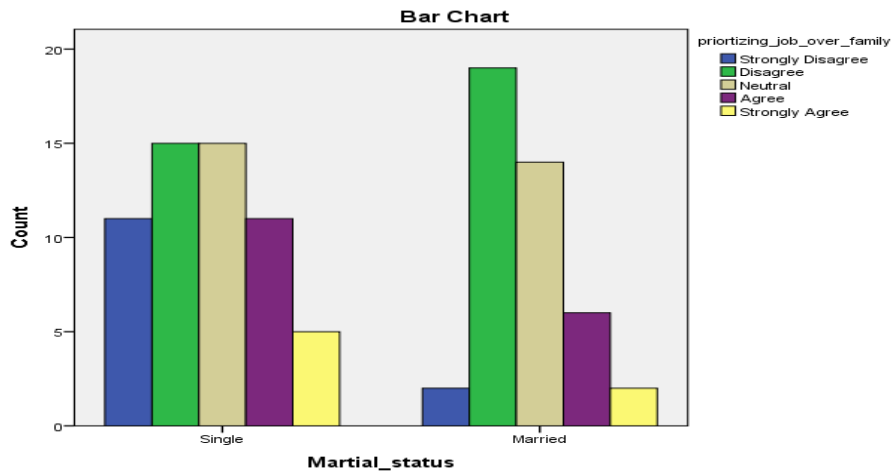
Experience	No. of Respondents	Percentage
0-1 Years	31	25.8
3-5 Years	27	22.5
5-8 Years	51	42.5
More than 8 Years	11	9.2
Total	120	100.0



**TABLE 2.** Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	7.683 <sup>a</sup>	4	.104
<b>Likelihood Ratio</b>	8.220	4	.084
<b>Linear-by-Linear Association</b>	.009	1	.923
<b>N of Valid Cases</b>	100		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 3.01.



## 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 33.33% of the employees prefer Personality Development, 16.67 % of the employees prefer Health Care, 20% prefer Financial Enhancements, 16.67 % prefer Stress Management, and 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 an 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 an 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 product, 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 into some practical knowledge and made my education completer and more practical.

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