

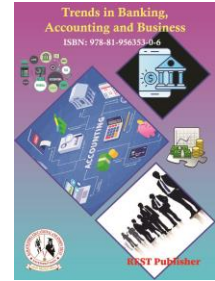


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## **A Study on Compensation Factors Influences Employee Performance in Jay Kay Engineering at Hosur**

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**Abstract:** *This project investigates the impact of compensation on employee performance at Jay Kay Engineering Services, a micro-enterprise in Hosur, Tamil Nadu. Established in 2015, the company specializes in manufacturing die casting products. The study aims to understand how various compensation factors, including salary and rewards, influence employee performance and satisfaction within the organization. Using a combination of primary data collected through questionnaires and secondary data, the research employs statistical tools such as ANOVA, chi-square analysis, and correlation to analyze the relationship between compensation and performance. The findings indicate that monetary incentives are crucial for enhancing employee productivity and job satisfaction, which in turn fosters stronger organizational commitment and reduces turnover rates. The study provides insights into the importance of a well-structured compensation strategy in maintaining a motivated and efficient workforce, offering practical guidelines for improving employee retention and overall organizational performance.*

### **1. INTRODUCTION**

Employee compensation is what give each worker in exchange for their work. It is a mix of wages and benefits. A compensation package can include salary, employee benefits, commissions, and stock options, but the right compensation for each employee will depend on several factors. It's important to offer fair and competitive pay to employees if want to attract and keep the best ones. That's why it's essential to understand the different types of pay packages. Employee compensation is important for organization if want to stand higher in business. We discuss the definition part of this blog above. We will go through the importance, types, and how it works. Compensation of employees (CE) is a statistical term used in national accounts, balance of payments statistics and sometimes in corporate accounts as well. It refers basically to the total gross (pre-tax) wages paid by employers to employees for work done in an accounting period, such as a quarter or a year. Compensation of employees is accounted for on an accrual basis; i.e., it is measured by the value of the remuneration in cash or in kind which an employee becomes entitled to receive from an employer in respect of work done, during the relevant accounting period – whether paid in advance, simultaneously, or in arrears of the work itself. This contrasts with other inputs to production, which are to be valued at the point when they are actually used. For statistical purposes, the relationship of employer to employee exists, when there is an agreement, formal or informal, between an enterprise and a person, normally entered into voluntarily by both parties, whereby the person works for the enterprise, in return for remuneration in cash or in kind. The remuneration is normally based on either the time spent at work, or some other objective indicator of the amount of work done.

### **2. OBJECTIVE OF THE STUDY**

The objective of the present study aims to understand how compensation and reward influence the performance of

employees.

To know the factors which increase the employee satisfaction in the organization.

To examine the relationship between employee compensation and their job satisfaction

To study the employee compensation in Jay Kay Engineering Services at Hosur

To analyse compensation benefits provided by the company.

To study employee satisfaction based on compensation

To suggest suitable guidelines to the company.

### **3. SCOPE OF THE STUDY**

Compensation management aims at attracting and retaining right personnel at right place in the organization time to time.

Motivates personnel for higher productivity.

Optimizes the cost of compensation by establishing productivity linked performance.

Achieve consistency both internal and external in compensating employees

To study the level of job satisfaction, working environment, employee compensation and employee retention in automobile industries.

The report is based on three main part of HR activities for the scope analysis on employee compensation to the company.

### **4. LITERATURE REVIEW**

Donald P. Sachwab (2019) examined effect of compensation on employee performance was substantially linked to performance and the outcomes offered by Valence pay and expectation. Lifetime earnings and the earnings associated with the salaries of employees. This theory also notes that cognitive capacity is an important indicator of work performance and compensation. Compensation as it were is a complex topic that has significant impact on organizational success, and for any organization to succeed, it must not look up to capital investment but to its employees as the fundamental source of improvement with the understanding that the human element and the organization are synonymous Brown et al., (2019) determine the relationship between organizational compensation decisions and job performance was studied and how businesses wage systems and pay scales contributes to resource quality, patient care results, and financial performance. He found that compensation factors have positive impact on employee performance in banking sector of Pakistan. Compensation includes direct cash payments, indirect cash payments in the form of employee benefits, incentives, rewards, to motivate employees to strive for higher levels of productivity. Thus, compensation includes all expenditures of valued resources by organizations for the employees, including managers and professionals Hamzah Mohammad A et al. (2019) stated that recruitment and selection and compensation were strongly associated with employee performance at the Malaysian Skills Institute (MSI). He found that priority should be given to employee benefits, resulting in increased job performance and a conflict-free work family climate. He determined that there was a good relationship compensation and reward in the county government of Nakuru on employee performance. He showed that compensation directly affects the performance of employees and work satisfaction, job satisfaction directly affects the performance of employees. Tung Thanh Do (2020) found that relationships between workplace spirituality (engaging work, sense of community), workplace environment, compensation and perceived job performance were solid, positive and meaningful. He research has found that HR practices: recruitment and selection, training and development, performance evaluation and compensation have a significant and important impact on the performance of workers through work satisfaction among members of the university faculty.

### **5. RESEARCH METHODOLOGY**

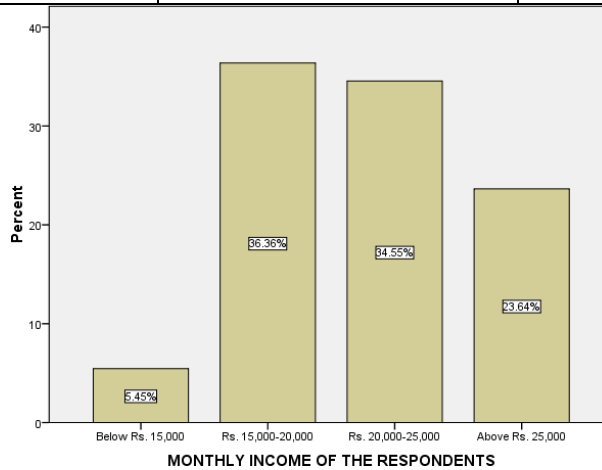
Research methodology is a way to systematically solve research problems. Various steps adopted by a researcher in studying the research problem along with the logic. The project work entitled "A study on compensation factors

influences employee performance in Jay Kay Engineering Services at Hosur”.

### 6. DATA ANALYSIS

Simple percentage analysis  
 Monthly income of the respondents

MONTHLY INCOME	NO. OF	PERCENTAGE
Below 15,000	6	5.5%
15,000-20,000	40	36.4%
20,000-25,000	38	34.5%
Above 25,000	26	23.6%
<b>TOTAL</b>	<b>110</b>	<b>100.0%</b>



### Chi-Square Tests

	Value	d f	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.888E2 <sup>a</sup>	12	.000
Likelihood Ratio	177.865	12	.000
Linear-by-Linear Association	81.647	1	.000
N of Valid Cases	110		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is 1.42

### 7. FINDINGS

1. Majority 60.9% of the respondents are male.
2. Majority 43.6% of the respondent are in the age group between 30-35 years.
3. Majority 30.0% of the respondents are UG qualification.
4. Majority 82.7% of the respondent are married.
5. Majority 36.4% of the respondent are earn Rs.15,000-20,000.
6. Majority 44.5% of the respondents are operator.
7. Majority 42.7% of the respondents are experienced in 1-5 years.

8. Majority 77.3% of the respondents are agreed with company provide bonus to employees

## 8. SUGGESTIONS

The organization need to develop and implemented strategies of provide the effective compensation and benefits to increase the level of employee performance. Adjust a real wage system in accordance with the established wage structure by process and evaluate the information from labour market and internal policies of the organization. In addition, future studies should try to cover a larger geographical area and to compare the result received from different country and educational organization of different size. This will ensure a broad spectrum of respondent and show how the geographical location and size of an organization has an influence on employee level performance such as private sector of educational institution.

## 9. CONCLUSION

Compensation management is one of the strategies used by businesses to draw in, keep, and inspire their workforce. In order to properly manage an organization and achieve its objectives, compensation is necessary. The motivation of employees and, ultimately, their performance are closely related to compensation. Employee performance is influenced equally by financial and non-financial pay. Each person prioritizes a different form of pay according to their age and responsibilities. A person will prioritize non-financial remuneration if he or she has few obligations and is primarily focused on their career; yet, if they have many family obligations, they would prioritize money pay. Regardless, both forms of pay have a role in encouraging workers to deliver greater work depending on the circumstance.

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