

A STUDY ON EMPLOYEE COMPENSATION IN KERATECH PVT LTD IN KERALA

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ABSTRACT

If you pick the right people and give them an opportunity to spread their wings and put compensation as a carrier behind it, you almost don't have to manage them." The aim of this study is to build an understanding regarding the study the Compensation Management system in the company. So understanding of it will help in terms of identifying the importance of Compensation from the perspective from HR. Now a day in the area of globalization organization are entered into the company and giving competition to local players in terms of capturing market share as well as giving competitions in terms of getting best HR from their competitors from the labor market. So here researchers have tried to find out the role of compensation management in terms of attracting the talent from the market, try to identifies the components that are offered in the industry & lastly to find out the relationship between compensation management & productivity of an employee

Keywords: Compensation, satisfaction, productivity

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.

Importance of employee compensation

Even though it's important to stay within budget, offering competitive and desirable compensation to employees is important. It is because can use it to find and hire the best people, make them more loyal to company, and cut down on employee turnover.

It's also a good idea to look over employees' pay as they work for the company. By giving competitive raises and bonuses for hard work, can make employees happier, encourage them to do their best, and improve company's overall reputation.

Various types of employee compensation

There are three main types of compensation: • Fixed incomes, • Variable incomes, • Benefits. But even within these broad categories, employees may get different compensation.

Base Pay

When a company calls a salary a "base salary," it usually includes both a fixed and variable income. Most jobs that pay a base salary also pay some variable compensation on top of the base salary. This compensation could be based on how much each employee, each department, or company sells. Base salary is very common in jobs like sales, where the base pay is usually low, and the employee can make more money by making more sales.

Bonuses

A bonus is a set amount or a certain percentage based on a goal or objective that was met. Individuals could receive bonuses if they completed predetermined objectives. One key distinction between bonuses and commissions is that bonuses are typically added to an employee's base compensation. Some companies give bonuses based on a percentage of how well the company did. Bonuses based on performance evaluations are common in jobs where the employee can't meet a specific goal. Individual bonuses can also be based on performance, where an employee gets a certain percentage of a bonus based on their annual performance review.

Profit Sharing

Profit-sharing is a type of bonus that employees get based on how well the company did and how much money it made in a year or quarter. Profit-sharing is usually a percentage of the period's profit split among eligible employees. Each person's bonus from profit sharing will differ when it gets to each employee and is negotiated as part of an employee compensation package.

Commissions

A commission-based salary is paid to an employee based on some form of activity on the part of the employee, and it is an agreed-upon rate. Sales frequently determine commissions.

Overtime

Pay Employees who work more than 40 hours a week are paid extra. This kind of compensation isn't always popular because it's hard to keep track of workers who aren't paid by the hour. People who work by the hour have to punch in and out; if they work more than hours, they get paid more. Technically, overtime rules should also apply to salaried employees, but since their time isn't tracked, most salaried workers don't get overtime pay.

Stock Options

Company stock options are one method a business can use to pay its employees. The use of stock options is viewed as a desirable technique to motivate employees to work hard for the benefit of the business without having to hand out cash. Employees may receive specific company stock as compensation if the company is publicly traded.

Components of Employee Compensation:

Base Salary: The fixed payment an employee receives regularly, typically on a monthly or bi-weekly basis.
Bonuses and Incentives: Additional financial rewards based on performance metrics, meeting goals, or completing projects.

Stock Options and Equity:

For certain companies, particularly startups, offering equity in the business can be a form of long-term compensation, encouraging employees to stay invested in the company's growth.
Non-Monetary Compensation: These include flexible work hours, recognition programs, training opportunities, and professional development, all of which enhance employee engagement.
Benefits Associated with Employee Compensation Health Insurance: One of the most valued benefits, providing employees with access to medical, dental, and vision care.
Retirement Plans: Offering employees long-term financial security through 401(k) or pension plans.

Paid Time Off (PTO):

Vacation days, sick leave, and holidays ensure work-life balance and prevent burnout.
Wellness Programs: Initiatives that promote physical and mental well-being, such as gym memberships, mental health support, or wellness workshops.
Parental Leave: Providing paid time off for new parents fosters family-friendly work environments.
Educational Assistance: Some companies invest in employees' further education or skills development, increasing loyalty and retention.

1.2 Statement of the Problem

Employee compensation is one of the most important factors influencing employee satisfaction, motivation, productivity, and retention in any organization. A fair and competitive compensation system helps organizations attract qualified employees and maintain a committed workforce. However, when employees perceive compensation as inadequate, inequitable, or not linked to their performance, it may lead to dissatisfaction, reduced morale, lower productivity, absenteeism, and increased employee turnover. In the manufacturing sector, employee compensation plays a vital role in ensuring workforce stability and organizational effectiveness. As organizations operate in a highly competitive environment, it becomes necessary to design compensation policies that meet employee expectations while supporting organizational objectives.

At Keratech (P) Limited, employees may have varying perceptions regarding salary, incentives, allowances, bonuses, welfare benefits, and other compensation-related practices. Differences in employee expectations and organizational compensation policies may influence job satisfaction and overall work performance. Therefore, it is essential to assess whether the existing compensation system effectively meets employee needs and contributes to organizational success. The problem addressed in this study is to examine the effectiveness of the employee compensation system at Keratech (P) Limited, identify employees' level of satisfaction with the compensation provided, and determine the impact of compensation on employee motivation, performance, and retention. The study also seeks to identify areas where improvements can be made to enhance employee satisfaction and organizational productivity.

Research Problem

"To analyze the employee compensation practices and evaluate the level of employee satisfaction with the compensation system at Keratech (P) Limited, Kerala, and to identify measures for improving compensation

policies to enhance employee motivation and organizational performance."

1.3 OBJECTIVES OF THE STUDY

- The objective of the present study aims to understand how compensation and reward influence the performance of employees.
- To study the employee compensation in Keratech (p) Ltd at Kerala.
- To analyse compensation benefits provided by the company.
- To study employee satisfaction based on compensation
- To suggest suitable guidelines to the company.

1.4 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 the industries.
- The report is based on three main parts of HR activities for the scope analysis on employee compensation to the company.

1.5 LIMITATIONS OF THE STUDY

1. The study has to be completed within a stipulated time period and hence time was a major constraint. 2. Reluctance of concerned person to spend enough time for answering the questions was considered to be another major constraint. 3. The sample size is restricted due to time constraints.

4. Due to prejudice, respondents might have given false information which leads to a biased conclusion.

2. 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 performance and compensation towards Keratech (p) Ltd with reference to Kerala".

RESEARCH DESIGN

The research design constitutes the blue print for the collection, measurement and analysis of data. There are types of research design; they are exploratory research design, experimental research design and descriptive and diagnostic research design. The research had adopted descriptive research design for the study.

SAMPLING DESIGN

A sample is a subset from the total population. It refers to the techniques or the procedure to the research would adopt in selecting items for the sample (i.e) the size of the sample. This includes the list of 110 respondents.

SAMPLING METHOD

Sampling method utilized was convenience sampling. Data Collection Method A descriptive research was undertaken to the study of the problem. The study is descriptive in nature. Descriptive research is those which are concerned with describing the characteristics of a particular individual of a group. The descriptive research describes the demographic characteristics of the respondents.

SOURCES OF DATA

Primary Data It was collected through questionnaire further this data, are processed and tabulated using graphs the tables were analyzed

and the finding has been drawn accordingly. Secondary Data It refers to a special kind of ratio, it is used to make comparison between two or more series of data, since the percentage reduce everything to a common base and there by allow meaningful comparison be made.

STATISTICAL TOOLS APPLIED

1. Simple percentage analysis
2. Chi-square analysis
3. Correlation

Simple Percentage Analysis

This method is used to compare two or more series of data, to describe the relationship or the distribution of two or more series of data. Percentage analysis test is done to find out the percentage of the response of the response of the respondent. In this tool various percentage are identified in the analysis and they are presented by the way of Bar Diagrams in order to have better understanding of the analysis. No. of respondents

Simple percentage =
 X 100/ Total No.
 of respondents

Chi-Square Analysis

The Chi- square test is one of the simplest and most wickedly used non-parametric tests in statistical work. The quantity χ^2 describes the magnitude at the discrepancy between theory and observation.

Chi – square test $(O - E)^2 / E = \sum (O - E)^2 / E$
 Observed Frequency, E = Expected Frequency

In generated expected frequency for any cell can be calculated from the following equation. $RT * CT / N = E$
 CT = Expected frequencies, RT = The Row Total for the Row containing the cell CT =

The Column Total for the Column containing the cell, N = The total number of observation. The calculated value at Chi-square. Is compacted with the table value χ^2 given degrees of freedom at a creation specific level of significance. If at the stated level the calculated value χ^2 is more than the table value of χ^2 , the difference between to be significant, otherwise it is insignificant.

Correlation

There are several different correlation techniques. The survey systems optional statistics module includes the most common type, called the person or product moment correlation. The latter is useful when you want to look at the relationship between two variables while removing the effect of none or two other variables. Like all statistical techniques, correlation is only appropriate for certain kinds of data. Correlation works for quantifiable data which numbers are meaningful, usually quantities of some sort. It cannot be used for purely categorical data, such as gender, brands purchased, or favourite colour.

$$\sum XY / \sqrt{(\sum X^2)(\sum Y^2)} = r \text{ CHI-SQUARE TEST}$$

NULL HYPOTHESIS

Ho – There in no significant relationship between age group of the respondents and relationship between compensation received and performance.

ALTERNATIVE HYPOTHESIS Ha –There in a significant relationship between age group of the respondents and relationship between compensation received and performance

Case processing summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age group of the respondents * relationship between compensation received and performance	110	100.0%	0	.0%	110	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.888E2 ^a	12	.000
Likelihood Ratio	177.865	12	.000
Linear-by-Linear Association	81.647	1	.000
N of Valid Cases	110		

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

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	1.000	.000	23.445	.000
Measure of Agreement	Kappa	. ^c			
N of Valid Cases		110			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Kappa statistics cannot be computed.They require a symmetric 2-way table in which the values of the first variable match the values of the second variable.

RESULT:

The significant value (1.42) is > greater than the P value (0.000). Hence null hypothesis is accepted so there is no significant relationship between age group of the respondents and relationship between compensation received and performance

TABLE NO 4.25 CORRELATION

The table shows that the relationship between designation of the respondents and satisfaction level of essential compensation.

Correlations			
		DESIGNATION OF THE RESPONDENTS	SATISFACTION LEVEL OF ESSENTIAL COMPENSATION
DESIGNATION OF THE RESPONDENTS	Pearson Correlation	1	.913 ^{**}
	Sig. (2-tailed)		.000
	N	110	110
SATISFACTION LEVEL OF ESSENTIAL COMPENSATION	Pearson Correlation	.913 ^{**}	1
	Sig. (2-tailed)	.000	
	N	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

NONPARAMETRIC CORRELATIONS

Correlations		
	DESIGNATIO N OF THE RESPONDEN TS	SATISFACTI ON LEVEL OF ESSENTIAL COMPENSAT ION

Kendall's tau_b	DESIGNATION OF THE RESPONDENTS	Correlation Coefficient	1.000	.861**
		Sig. (2-tailed)	.	.000
		N	110	110
	SATISFACTION LEVEL OF ESSENTIAL COMPENSATION	Correlation Coefficient	.861**	1.000
		Sig. (2-tailed)	.000	.
		N	110	110
Spearman's rho	DESIGNATION OF THE RESPONDENTS	Correlation Coefficient	1.000	.916**
		Sig. (2-tailed)	.	.000
		N	110	110
	SATISFACTION LEVEL OF ESSENTIAL COMPENSATION	Correlation Coefficient	.916**	1.000
		Sig. (2-tailed)	.000	.
		N	110	110
**. Correlation is significant at the 0.01 level (2-tailed).				

RESULT

This is a positive correlation. There are relationships between designation of the respondents and satisfaction level of essential compensation.

3 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 agree with company provide bonus to employees
9. Majority 29.1% of the respondent are receive incentives bonus from the company.
10. Majority 27.3% of the respondents are provide bonus according to fixed compensation.
11. Majority 85.5% of the respondent are agree with company provide health insurance
12. Majority 43.6% of the respondent are feeling good about health insurance policy

13. Majority 30.0% of the respondent is feeling provident fund is good.

14. Majority 74.5% of the respondent are agree with company providing retirement plan to employee

15. Majority 34.5% of the respondents are provide swing time retirement plan.

16. Majority 71.8% of the respondent are represent by union.

17. Majority 89.1% of the respondents are said provident fund is non-exempt

18. Majority 37.3% of the respondents are provide first rank to recognition for achievement

19. Majority 33.6% of the respondents said company offer goodwill to the employee

20. Majority 30.0% of the respondents are having very good relationship between compensation and performance.

21. Majority 32.7% of the respondents are feeling very good about compensation.

22. Majority 30.0% of the respondents are executive compensation of salary. 23. Majority 20.9% of the respondents are said easy computation

TOOLS FINDINGS

•The significant value (1.42) is > greater than the P value (0.000). Hence null hypothesis in accepted so there in no significant relationship betweenage group of the respondents and relationship between compensation received and performance.

•This is a positive correlation. There are relationships between designation of the respondents and satisfaction level of essential compensation.

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.

•Companies should strive to make their compensation systems transparent, fair, and competitive to increase motivation and job satisfaction among employees.

•Additionally, companies should consider offering more personalized approaches to salary compensation, providing opportunities for skill development and training, and setting clear performance metrics for employees to track their progress.

•These measures can help to better align salary compensation with individual performance and improve employee performance in the long run.

3. 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.