

## EMPLOYEE PERCEPTION ON COMPENSATION STRUCTURE PRACTICED IN ELECTRONIC INDUSTRY

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### ABSTRACT:

This Study is about Employee perception on Compensation structure practiced in data patterns. Compensation Management is an integral part of the management of the organization. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation in HRM refers to all the monetary and non-monetary rewards an organisation provides to its employees in exchange for their work. This can include base salary, bonuses, commissions, benefits, and other perks. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction. The objective of this study is to analyze the employee satisfaction towards monetary and non-monetary compensation and to analyze whether compensation structure is based on performance of the employee. The findings of this study is that employees accepted the organization's effort in providing benefits and compensation to the employees. From the result of this study, it is inferred that there is no correlation between compensation necessary to stay long term and individual performance necessary for compensation structuring. This study on based on survey of the employees it is suggested that Monetary types of compensation with competitive industry standards will make the employees more satisfied, Providing employees with structured compensation makes them to stay long term in the organization and Performance of employees can be conducted quarterly to increase productivity, By this analyzation employees can be recognized and rewarded. Based on the overall findings of the present study, it can be concluded that employees prefer monetary compensation like bonus, incentives, rewards and also non-monetary compensation like medical claim, health insurance. The current compensation package available in this industry has a positive effect on employees.

**Keywords:** Compensation, claims, Monetary, bonuses, Non-Monetary.

### INTRODUCTION:

Compensation Management is an integral part of the management of the organization. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction. To be effective, the managers must appreciate the value of competitive pay, their human resources, and have an investment view of payroll costs. It is of prime importance for an organization to maintain pay levels that attract and retain quality employees while recognizing the need to manage payroll costs. The literal meaning of compensation is to counter-balance. In the case of human resource management, compensation is referred to as money and other Benefits received by an employee for providing services to his

employer. Money and benefits received may be in different forms-base compensation in money and various benefits, which may be associated with employee's service to the employer like provident fund, gratuity, insurance scheme and any other payment which the employee receives or benefits he enjoys in lieu of such payment. "Compensation includes direct cash payments, indirect payments in the form of employee benefits and incentives to motivate employees to strive for higher levels of productivity" Compensation is a tool used by management for a variety of purposes to further the existence and growth of the company.

#### **OBJECTIVES OF THE STUDY:**

- To study employee perception towards compensation policies.
- To find out the types of compensation being given to employees.
- To analyze the employee satisfaction towards monetary and non-monetary compensation.
- To suggest organization to improve compensation.

#### **REVIEW OF LITERATURE**

**Mitesh Mukeshbhai Mali, Vaishali Vishwanathan Pillai (2020) A Study on Compensation Management towards Employees Satisfaction at Spectrum Dyes & Chemical PVT, LTD** In this research paper there is a various variables responsible for Employees satisfaction like organization development factors, job security factors, work task Factors, policies of compensation and benefit factor and opportunities which give satisfaction to employee such as promotion and career development. This research paper also deals the various ways by which one can Improve employee satisfaction. 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

In Depth analysis is done though using Questionnaire. A research is conducted to know the factors effecting on job satisfaction among industries of Palsana. Primary and secondary data is used in this research. Primary source of data collection is used though. Questionnaire and secondary data is used though different articles. A descriptive questionnaire was used which Consist of 23 questions. 101 questionnaires were analyzed by using SPSS analytical variable. Job satisfaction is taken as dependent variable and pay, recognition, promotion opportunity and meaningful work is taken as independent variables.

**Jenil Patel ,Vaishali Pillai (2022) A Study on Employees Satisfaction toward Compensation** Employee satisfaction in one key metric that can help determine the overall health of an organization, which is why many organization employ regular Surveys to measure employee satisfaction is used interchangeably with employee engagement; however, while engagement is one factor influencing Overall satisfaction and the two are not the same.

The problem statement of the study is to identify employee satisfaction towards compensation, Employee perception towards the company compensation policy, employee expectations from the company in terms of compensation and other benefits. The information is important for company employees who wish to become and remain competitive in a tight labour market. The data are collected by the primary data to study the employee satisfaction towards compensation and secondary data is to examine the relationship between employee compensation and their job satisfaction and also to know the factors which increase the employee satisfaction in the organization. The research design used in the study is exploratory, descriptive design. Data are collected through questionnaire. The sampling method is probability sampling method. The sample

size of the respondents are 72 employee. Statistical tools such as table, chart, and diagram through the SPSS and Excel application.

**S. Aishwarya, Y Suryanarayana Murthy (2023) Exploring Compensation Management Strategies: A Comprehensive Analysis Across Diver**, This study goes into the complicated world of compensation management strategies and how they affect employee success and Happiness in a wide range of fields. The study aims to give a more complete picture of the difficulties and subtleties connected with pay practices by looking at different industries, including banks, manufacturing, digital marketing, insurance, and Pharmaceuticals. Using both quantitative and qualitative methods, the study aims to find patterns, trends, and the best ways to Handle pay that affect employees' job satisfaction and the general performance of the company.

A mixed-methods research methodology will be used to Address the research objectives of investigating compensation Management systems across various sectors. ie: To guarantee representation from every industry sector, a stratified random sample approach will be used. Survey data will be analyzed using Statistical software, such as SPSS. To find patterns and relationships, regression analysis, correlation research, and Descriptive statistics will be employed. To identify important themes, obstacles, and best practices, focus group and interview data Will be subjected to thematic analysis

**Randolph Watkins, Patricia Fusch (2022) Employee Monetary Compensation and Employee Job Satisfaction**, The purpose of the present study is to understand if there is a relationship between the rate of employee monetary compensation and employee job satisfaction. It is known employee job satisfaction is related to employee motivation, performance, retention, and other factors which are beneficial to the employee and the employer.

This study used a quantitative method with a correlational design. This study utilized the Minnesota Satisfaction Questionnaire and demographic questions as an online questionnaire with Survey Monkey and LinkedIn. The sample consisted of N = 129 employees of Fortune 500 companies within the United States of America. Utilizing Spearman's rank-order correlation employee overall job satisfaction resulted in  $\rho = 0.290$ , employee extrinsic job satisfaction resulted in  $\rho = 0.227$ , and employee intrinsic job satisfaction resulted in  $\rho = 0.325$  all demonstrating a positive relationship with employee rate of monetary compensation.

**Dr. Kiran Kumar Thoti (2022) An Empirical Study on Compensation Management Practices in Digital Marketing Company**, Compensation management is often referred as salary and wage administration. Human resource management department designs compensation policy. Organizations can be competitive if they update their compensation package according to market conditions. Standard human resource policy gives high priority for better compensation package. The parameters considered while designing compensation management are job responsibilities, experience, company budget and job market. Human resource managers design compensation strategy through scorecard. Pay equity can be attained with competitive compensation package. The research was conducted to the employee working in hyderabad digital marketing companies. The hypotheses were tested using chi square test, ANOVA & other statistical testing tools.

It is casual research with convenient sampling. The sample size for this study is 120 and they have been Selected from different shifts and different branches of digital Marketing company. employees have participated in this survey and they have given their opinion through rating scale.

## **RESEARCH METHODOLOGY**

### **RESEARCH DESIGN:**

A research design is a set of decisions that makes up the plan specifying the methods and procedures for collecting and analyzing the needed information.

### DESCRIPTIVE RESEARCH:

Descriptive Research design has been followed to conduct the research study. Descriptive method is used as a research methodology for making a brief study about the compensation. Thus, descriptive study was intended only to investigate the extent to which perception of employee towards compensation from a holistic perspective in its natural settings. Hence, the convenient research designs considered suitable for this study was descriptive study.

### SAMPLING DESIGN

#### a) TOTAL POPULATION:

The overall Total Population of organization is 200.

#### b) SAMPLING SIZE:

A Sample Size of 90 Respondents has been selected for this research.

#### c) SAMPLING METHOD:

The entire group from which a sample is chosen is known as sampling unit. The research data was collected from employees of DATA PATTERNS (India) LTD. The method used in this research is simple random sampling.

### STATISTICAL TOOLS

#### Independent Sample T-TEST

Table - 1

	Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
	F	Sig	Sig	t	df	Sig(2-tailed)	Mean Difference	std. Error Difference	Lower	Upper
Compensation_fairness	Equal Variances assumed	3.605	.061	-2.213	88	.030	-.553	.250	-1.049	-.056
	Equal Variances not assumed			-1.897	20.772	.072	-.553	.291	-1.159	.054

#### Null hypothesis (H0):

There is no significant difference between gender of the employees and their perception towards fairness of compensation distribution across different roles in organization and gender.

#### Alternate hypothesis (H1):

There is significant difference between gender of the employees and their perception towards fairness of compensation distribution across different roles in organization and gender.

#### RESULT:

The result of t- test indicate that the t- value is -2.213 and the significance value is 0.061 which is greater than 0.05. Hence H0 is Accepted.

#### INFERENCE:

From the result, it is inferred that there is no significant difference between gender of the employees and their perception towards fairness of compensation distribution across different roles in organization and gender.

### CHI-SQUARE TEST

#### Null hypothesis (H0):

There is no association between current employment status and types of compensation employees receiving.

#### Alternate hypothesis (H1):

There is association between current employment status and types of compensation employees receiving.

Table - 2

	Value	df	Asymptotic Significance (2-Sided)
<b>Pearson Chi-Square</b>	10.889 <sup>a</sup>	12	.538
<b>Likelihood Ratio</b>	12.781	12	.385
<b>Linear-by-Linear Association</b>	.002	1	.962
<b>N of Valid Cases</b>	90		

### RESULT:

The result of chi-square test indicates that the p- value is 10.889 and the significance value is 0.538 which is greater than 0.05. Hence H0 is accepted.

### INFERENCE:

From the result, it is inferred that there is no association between current employment status and types of compensation employees receiving.

### ONE WAY ANOVA

#### Null hypothesis (H0):

There is no significant difference between age group and satisfaction of employees in compensation.

#### Alternate hypothesis (H1):

There is significant difference between age group and satisfaction of employees in compensation.

Table - 3

Compensation_Satisfaction	Sum of Squares	df	Mean Square	F	Sig
<b>Between Groups</b>	6.814	3	2.271	2.944	0.37
<b>Within Groups</b>	66.342	86	.771		
<b>Total</b>	73.156	89			

### RESULT:

The result of one-way ANOVA test indicates that the f- value is 2.944 and the significance value is 0.037 which is less than 0.05. Hence H0 is rejected.

### INFERENCE:

From the result, it is inferred that there is significant difference between age group and their satisfaction of employees in compensation.

### CORRELATION

#### Null hypothesis (H0):

There is no correlation between compensation is tied to individual performance and employees are adequately rewarded for their high performance in organization.

#### Alternate hypothesis (H1):

There is correlation between compensation is tied to individual performance and employees are adequately rewarded for their high performance in organization.

Table - 4

		Individual Performance	HighPerformers_Rewarded
Individual_Performance	Pearson Correlation	1	.517
	Sig. (2-tailed)		.000
	N	90	90
HighPerformers_Rewarded	Pearson Correlation	.517	1
	Sig. (2-tailed)	.000	
	N	90	90

#### FINDINGS

- From the above analysis it is found out that 80% of the respondents are male staff and 20% of the respondents are female.
- From the above analysis it is found out that 35.6% respondents belong to the age group 20 to 25, 26.7% respondents belong to the age group 26 to 30, 17.8% respondents belong to the age group to 31 to 35 and 20% respondents are above age 35.
- From the above analysis it is found out that 61.1% respondents are full time employee, 16.7% respondents are contractual employee, 16.7% respondents are temporary employee and 5.6 % respondents are freelance employee working in the company.
- From the above analysis it is found out that 54.4% respondents chosen bonus, 5.55% respondents chosen stock options, 7.77% respondents chosen profit sharing, 5.55% respondents chosen medical claim, 7.77% respondents chosen commission, 15.5% respondents chosen rewards and recognition and 3.33% respondents chosen health insurance in type of receiving compensation.
- From the above analysis it is found out that 32.2% of respondents chosen strongly agree, 37.8% of respondents chosen agree, 23.3% of respondents chosen neutral, 5.6% of respondents chosen disagree and 1.1% of respondents chosen strongly disagree in determining that targets and goals are required to receive performance-based compensation.
- From the above analysis it is found out that 35.6 % of respondents chosen very fair, 34.4% of respondents chosen fair, 22.2% of respondents chosen neutral and 7.8 % of respondents chosen unfair in determining the fairness of compensation within the organisation.
- From the above analysis it is found out that 43.3% of respondents chosen very satisfied, 36.7% of respondents chosen satisfied, 13.3% of respondents chosen neutral and 6.7% of respondents chosen dissatisfied in determining the satisfaction level of compensation package.
- From the above analysis it is found out that 28.9% of respondents chosen strongly agree, 44.4% of respondents chosen agree, 15.6% of respondents chosen neutral, 10% of



respondents chosen disagree and 1.1% of respondents chosen strongly disagree in determining that high performers are rewarded with compensation.

### SUGGESTIONS

- Most of the employees prefer additional benefits when compared to base salary.
- Monetary types of compensation with competitive industry standards will make the employees more satisfied.
- Providing employees with structured compensation makes them to stay long term in the organization.
- Performance of employees can be conducted quarterly to increase productivity, by this analyzation employees can be recognized and rewarded.

### CONCLUSION:

Employees' perception is affected by different factors including employees' demographic characteristics, age of the employees, job, experience, base salary etc. It depends not only on the financial compensation and benefits but also on the non-financial benefits like leave, insurance, medical facility etc. Compensation practices can be intellectually and emotionally charged. Based on the overall findings of the present study, it can be concluded that employees prefer monetary compensation like bonus, incentives, rewards and also non-monetary compensation like medical claim, health insurance. The current compensation package available in Data patterns has positive effect on employees. Compensation is strategic to the organization's goals and thus should be able to ensure employee satisfaction, employee retention, employee development and better organizational performance. From the result of the study, the findings showed that there are positive significant relationships among salary, bonus, Insurance and benefits. It is concluded that organizations that have better compensation systems cum policies in place put a very positive impact on their employees' productivity thereby committing them to the organization and such will be less likely to leave the organization. Because of the strong relationship between the components of compensations packages, performances are affected positively which is a strong predictor of employee retention. Developing policies and strategies to attract, satisfy, retain and motivate employees encourages top performers to work harder and helps build a competitive atmosphere in the organization as it supports the achievement of business objectives.

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