
Impact of Compensation Management of Employees' Performance

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Abstract

Recruiting effective workers who prioritise the organization's success has become difficult for all organisations in today's modernised world. Compensation for staff workers based on performance, which serves as a motivator, is a challenge at the same time. The administration of remuneration and employee performance are strongly correlated. Wages and compensation, working hours, and organisational promotional policies are the factors that have an impact on employees' performance. Examining pay management, which is necessary to keep employees, is the aim of this study paper. This research paper's primary objectives are to examine pay management and related topics and determine how it affects workers' productivity. The best compensation and remuneration must be given to employees in a timely manner, according to the criteria. The need for attracting and keeping the best personnel would be satisfied by the generous salary. In light of this study article, the concept, necessity, and significance of pay management in enhancing employee performance have received the most attention. Data has been gathered from a variety of sources, including books, websites, and journals. The study explains the function of compensation management in various firms and comes to the conclusion that it is a crucial instrument in raising employee productivity by enhancing employee performance.

Keywords: *Employee performance, Compensation management, Remuneration, Organization*

Introduction

In order for the business to be able to recruit, retain, and motivate employees to perform well, compensation management can be defined as a method of compensating employees for the work they produce in an efficient and effective manner. An equitable cost structure, job evaluation, pay and salary survey, and benefit sharing are all part of the compensation management process, which aims to establish and maintain fair wages, salaries, and cost structures. It is well-known that this method of harmonising employer-employee relations involves giving them both monetary and non-monetary rewards. In order to improve employee performance and organisational success, compensation is a key component of human resource management. The performance of the working members is affected, either directly or indirectly, by compensation. Employees are given the impression that they are working in a better organisation that is helping them meet their needs

thanks to various components of remuneration. When a worker in a company feels safe and content in their position, they perform considerably better. Workers are a crucial resource for every business. These days, all organisations are very concerned about labour productivity. It is generally acknowledged that employees find important sources of competitive advantage for businesses.

In India, compensation or pay structures typically include the following elements.

1. Wage or Salary
2. Dearness Allowance
3. Incentives
4. Fringe benefits
5. Stock options
6. Travel/Meal/Housing Allowance

Relationship between compensation management and employees Performance:

Employee performance is directly or indirectly procured or pushed through motivation, which is only possible if that drive is connected to the achievement of personal goals. The performance of the people working in a company can be greatly improved with the help of motivation. Compensation management is the driving force behind the members' performance in accordance with standards. Employee satisfaction with the effective use of both monetary and non-monetary incentives, which make up the two primary components of compensation management, is high. The workers will remain loyal to the company and their performance will undoubtedly enhance if the organisation is effective in making their employees happy by implementing various compensation plans.

Literature Review

The compensation and benefits provided to employees are crucial factors that determine their motivation, job satisfaction, and loyalty towards the organization. Steel Authority of India Limited (SAIL) is one of the largest public sector steel manufacturers in India and has a robust compensation policy for its employees.

In recent years, several studies have been conducted to analyze the compensation policy of SAIL and its impact on employee performance and job satisfaction. Some of the key findings of these studies are discussed below. Rathore et al. (2019) conducted a study on the impact of compensation on employee satisfaction and engagement at SAIL.

The study revealed that employees who were satisfied with their compensation package were more engaged and committed to their work. The study recommended that SAIL should ensure that its compensation policy is aligned with industry standards and offers competitive salaries and benefits to its employees.

Another study conducted by Kumar and Shukla (2018) analyzed the impact of compensation on employee retention at SAIL. The study found that employees who were satisfied with their compensation were more likely to stay with the organization for a longer period. The study recommended that SAIL should review its compensation policy regularly and make necessary changes to attract and retain talented employees.

Objectives

- To research the methods of compensation management used in a company.
- To comprehend the many motivational aspects for employees.
- To determine the relationship between employee performance and compensation management.
- To examine how pay management has an effect on employees' performance.

Research Methodology

This study is descriptive in nature since it uses both primary and secondary sources to get the data, with the primary focus being on fact-finding research with sufficient interpretation. Secondary data were gathered for this project from a variety of government reports, and websites. Using SPSS to analyse the data and gather employee opinions on specific questions constitutes primary data.

Research methodology is a way of solving research problems. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by researcher in studying his/her research problems along with logic behind them. Researchers not only know how to develop certain test, how to apply particular technique but they also need to know which of the method are relevant and which are not. All this means that it is necessary for the researchers to design a separate methodology undertaken by him or her. HRM research can be defined as the systematic design, collection, analysis and reporting the data and findings solution to specific human situation facing the company data or may be derived from several sources. Data can be classified as:- 1. Primary data 2. Secondary data

Research Design:

The research design used in the project report on employee's compensation at SAIL is a cross-sectional survey design. The survey is administered at a single point in time, and data is collected from a large sample of employees across different locations and departments within the company.

The survey questions are designed to capture both objective and subjective measures of employee compensation, including salary levels, bonuses, benefits, and perceptions of fairness and equity.

The qualitative research design used in the project report on employee's compensation at SAIL is a single-case study design. The case study focuses on the compensation system at SAIL, and the interviews are conducted with a select group of employees and managers who are familiar with the system. The interviews are semi-structured, allowing for both open-ended and closed-ended questions to be asked to gather a comprehensive understanding of the perceptions of the compensation system. The findings from the interviews are analyzed thematically to identify the key themes and patterns in the respondents' perspectives.

PRIMARY DATA:-

Primary data are those data, which are collected a fresh and for the first time, and thus happen to be original in character. The primary data is collected during the course experiment in an experimental research. We can obtain the primary data either through observation or through direct communication with respondent.

The method of collecting data in the primary method is:

1. Questionnaires

SECONDARY DATA

The secondary data on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process. The researcher must be very careful while using the secondary data; he must make a little study to isolate the suitable and unsuitable data. The secondary data may be sufficient to solve the problem. Secondary data helps to plan the collection of primary data in case it becomes necessary. We shall therefore discuss secondary data first and then take up primary data. Business firms always have as greater deal of secondary data within them sales statistic constitute the most important component of secondary data in marketing and the researcher used it extensively.

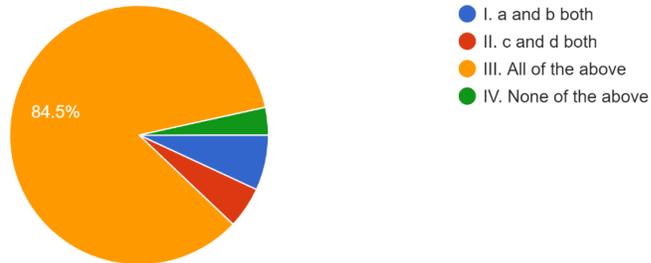
The different methods for collecting the secondary data is :

1. Company website

Data Analysis

1. Type of leave benefits available ----- a. Sick leave b. Maternity leave c. Paid leave d. Casual leave

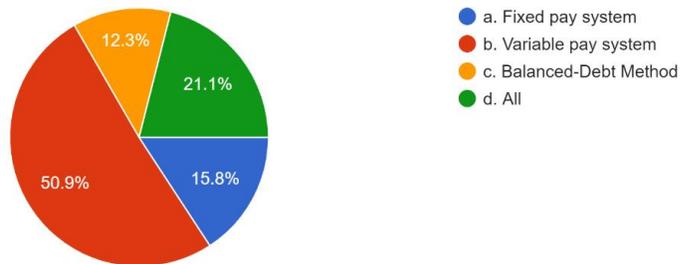
58 responses



Maximum number of employees agrees that they get almost every type of leaves mentioned above.

6. Which type of compensation payment system do you prefer?

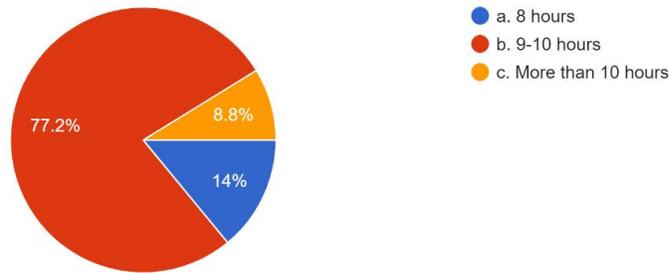
57 responses



The employees prefer Variable-pay-system type of compensation.

7. What is the average working duration/hours of an employee?

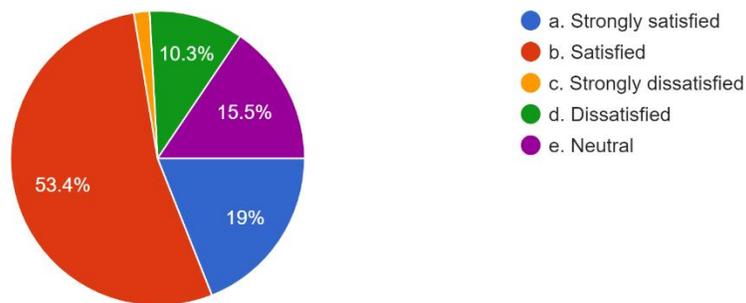
57 responses



Maximum number of employees agree that the working hour/duration should be 9-10 hours.

9. How do employees feel about their professional development at SAIL?

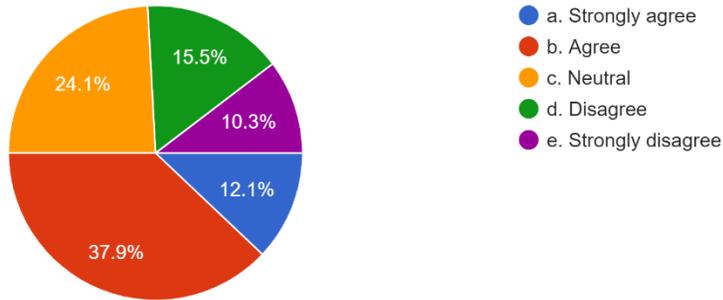
58 responses



The above data's responses from employees says that SAIL employees are satisfied with their professional development at SAIL.

10. Do you agree that the system is convenient than adopting a fixed timing to work?

58 responses



Minimum number of employees agree that the system is convenient than adopting a fixed timing to work.

Frequencies

Statistics

	1. Type of leave benefits available	2. SAIL provides insurance scheme for employees and their family	3. SAIL provides frequent medical checkup for employees	4. Does the retirement benefits provided by SAIL to its employees are beneficial for them?	5. Does the bonus scheme at SAIL satisfy its employees	6. Which type of compensation payment does you prefer?	7. What is the average working duration/hour of employee?	8. Does SAIL offer any yearly bonus?	9. How do employees feel about their professional development at SAIL?	10. Do you agree that the system is convenient than adopting a fixed timing to work?
Valid	58	57	58	58	58	58	58	58	58	58
Missing	1	2	1	1	1	1	1	1	1	1
Mean	1.2759	5.1930	5.2414	5.2241	5.3966	8.5345	11.3276	5.1724	15.3276	19.4655
Median	1.0000	5.0000	5.0000	5.0000	5.0000	9.0000	11.0000	5.0000	14.0000	19.0000
Mode	1.00	5.00	5.00	5.00	5.00	9.00	11.00	5.00	14.00	19.00

Correlations

Correlations

	1. Type of leave benefits available	2. SAIL provides insurance scheme for its employees and their family	3. SAIL provides frequent medical checkup for the employees	4. Does the retirement benefits provided by SAIL to its employees are beneficial for them?	5. Does the bonus scheme at SAIL satisfy to employees?	6. Which type of compensation system do you prefer?	7. What is the average working duration/hours of an employee?	8. Does SAIL offer yearly bonus?	9. How do employees feel about their professional development at SAIL?	10. Do you agree that the system is convenient than adopting a fixed timing to work?	
1. Type of leave benefits available	Pearson Correlation Sig. (2-tailed) N = 58	.798** .000 57	.685** .000 58	.545** .000 58	-.017 .899 58	.138 .300 58	.761** .000 58	.846** .000 58	-.034 .803 58	.183 .170 58	
2. SAIL provides insurance on scheme for its employees and their family	Pearson Correlation Sig. (2-tailed) N = 57	.798** .000 57	.650** .000 57	.476** .000 57	-.040 .769 57	.276* .037 57	.728** .000 57	.826** .000 57	-.035 .794 57	.021 .876 57	
3. SAIL provides frequent medical checkup for the employees	Pearson Correlation Sig. (2-tailed) N = 58	.685** .000 58	.650** .000 57	1 .000 58	.663** .000 58	-.045 .735 58	.234 .077 58	.541** .000 58	.703** .000 58	.010 .939 58	.239 .071 58
4. Does the retirement benefits provided by SAIL to its employees are beneficial for them?	Pearson Correlation Sig. (2-tailed) N = 58	.545** .000 58	.476** .000 57	.663** .000 58	1 .922 58	-.013 .019 58	.307* .000 58	.511** .000 58	.521** .000 58	.045 .739 58	.228 .086 58

5. Does the bonus scheme satisfy employees?	Pearson Correlation Sig. (2-tailed)	-.017	-.040	-.045	-.013	1	.026	.026	.003	.032	-.187
6. Which type of compensation system do you prefer?	Pearson Correlation Sig. (2-tailed)	.899	.769	.735	.922		.845	.845	.981	.811	.159
7. What is the average working duration/ hours of employee?	Pearson Correlation Sig. (2-tailed)	.58	.57	.58	.58	.58	.58	.58	.58	.58	.58
8. Does SAIL offer a yearly bonus?	Pearson Correlation Sig. (2-tailed)	.138	.276*	.234	.307*	.026	1	.198	.127	-.125	-.193
9. How do employees feel about their professional development at SAIL?	Pearson Correlation Sig. (2-tailed)	.300	.037	.077	.019	.845		.136	.340	.348	.147
10. Do you agree that the system is convenient than adopting a fixed timing to work?	Pearson Correlation Sig. (2-tailed)	.58	.57	.58	.58	.58	.58	.58	.58	.58	.58
	Pearson Correlation Sig. (2-tailed)	.761**	.728**	.541**	.511**	.026	.198	1	.708**	-.038	.134
	Pearson Correlation Sig. (2-tailed)	.000	.000	.000	.000	.845	.136		.000	.777	.315
	Pearson Correlation Sig. (2-tailed)	.58	.57	.58	.58	.58	.58	.58	.58	.58	.58
	Pearson Correlation Sig. (2-tailed)	.846**	.826**	.703**	.521**	.003	.127	.708**	1	.020	.121
	Pearson Correlation Sig. (2-tailed)	.000	.000	.000	.000	.981	.340	.000		.879	.366
	Pearson Correlation Sig. (2-tailed)	.58	.57	.58	.58	.58	.58	.58	.58	.58	.58
	Pearson Correlation Sig. (2-tailed)	-.034	-.035	.010	.045	.032	-.125	-.038	.020	1	.162
	Pearson Correlation Sig. (2-tailed)	.803	.794	.939	.739	.811	.348	.777	.879		.224
	Pearson Correlation Sig. (2-tailed)	.58	.57	.58	.58	.58	.58	.58	.58	.58	.58
	Pearson Correlation Sig. (2-tailed)	.183	.021	.239	.228	-.187	-.193	.134	.121	.162	1
	Pearson Correlation Sig. (2-tailed)	.170	.876	.071	.086	.159	.147	.315	.366	.224	
	Pearson Correlation Sig. (2-tailed)	.58	.57	.58	.58	.58	.58	.58	.58	.58	.58

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

* . Correlation is significant at the 0.05 level (2-tailed).

Conclusion

The investigation in the research article contributes to the conclusion that employee job satisfaction is significantly influenced by motivation. Yet, managing compensation, or having appropriate compensation practises, is one of the key factors in motivating employees. The findings also shown how effectively managed compensation plans have a direct impact on employees' motivation levels. It is crucial for organisations to implement policies for successful compensation management that will project and encourage employee performance. Workers must be fairly compensated in order to achieve above and beyond expectations because they are an essential component of human resources management.

As a result, it can be claimed that compensation management is a topic that is crucial and essential for the operation and management of the organisation. Effective pay policies are required in order to retain personnel since there is a substantial association between management of compensation and increased productivity. In a similar vein, there is a large relationship between management of compensation and staff retention. In conclusion, there is a relationship between pay management and employee performance, which suggests that effective compensation management must be planned, implemented, and controlled in order for people to perform at their best.

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