

# THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

## A Study on Compensation Management at Sri Steel Industries Limited, Coimbatore

Uthra V.

Research Scholar, Bharathiar University, Coimbatore, India

### **Abstract:**

*In Today's Dynamic Economy, with increased corporate competition and the job uncertainty that follows hand in hand with mergers and acquisitions, it is becoming ever more important to offer employees a benefits package that they perceive to be of great value. Not only can benefits packages help to retain employees, they can help to attract qualified candidates to add to the workforce. The sound compensation system is hallmark of organization's success and prosperity. The success and stability of organization is measured with pay-package it provides to its employees. Compensation dissatisfaction can lead to absenteeism, turnover, job dissatisfaction, low performance, strikes and grievances. Majority of labor-management disputes relate to compensation.*

*The objectives of the study are to study the compensation management practices in the organization and also to identify the type of compensation and analyze the satisfaction of workers with regard to compensation. The study assumes the nature of descriptive research. The sample size considered for the study is 50. The respondents are the employees of Sri Steel Industries Limited, Coimbatore. The sampling technique used is Strata sampling. The data is collected from the sample through Questionnaire method. The statistical tools used for analysis are chi-Square and mean score. The mathematical tool used is percentage analysis. Findings reveal that it is found that most of the employees are satisfied with the compensation policy followed at their organization and they are also satisfied with the non-monetary benefits provided, basic pay, house rent allowance, dearness allowance, conveyance allowance, medical benefits provided, over time allowance, travelling allowance. The employees are dissatisfied with the leave rules laid. From the chi-square analysis it is observed that there is no relationship between the no of years service and giving equal part in decision making process and it is also observed that there is a significant relationship between the work performance of the employee and the kind of compensation. It is recommended that management can consider the pay revision at least once in every three years and as respondents are dissatisfied with the leave rules of the organization management can laid down the leave rules in consultation with the employees, if possible.*

### **1. Introduction**

Employees need to be compensated for their efforts based on volume of time or volume of production. Compensation refers to all forms of financial rewards received by employees. It arises from their employment. It occupies an important place in the life of the employee. It is a considerable cost to the employer. Compensation dissatisfaction can lead to absenteeism, turnover, job dissatisfaction, low performance, strikes and grievances. Majority of labor-management disputes relate to compensation.

*"Compensation refers to the extrinsic rewards that employees receive in exchange for their work. It is composed of the base wage or salary and incentives or bonuses and any benefits." - Byars and Rue.*

Compensation is a key factor in attracting and keeping the best employees and ensuring that the organization has the competitive edge in an increasingly competitive world. The Compensation Management component enables to differentiate between the remuneration strategies and those of competitors while still allowing flexibility, control and cost effectiveness. It provides a toolset for strategic remuneration planning that reflects the organization culture and pay strategies, and it empowers line managers within a framework of flexible budget control. Compensation Management allow to control bottom-line expenditures and offer competitive and motivating remuneration, be it fixed pay, variable pay, stock options, merit increases, or promotion – in other words, total compensation.

#### *1.1. Types of Compensation*

Compensation can be of two types. They are Direct or Indirect Compensation

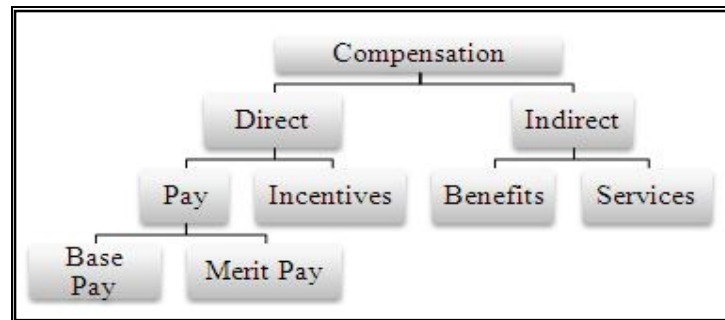


Figure 1: Types of Compensation

Source: *Dynamics of Human Resources Management*, Govind Ram Agrawal (Pg – 356)

**Direct compensation** is remuneration provided to employees in exchange for their labor and services. What makes it direct is that it is given to the employee without an intermediary. Under direct compensation there are two sub types of compensation.

- Pay: It consists of wages and salaries received for performing work. It can be base pay and merit pay based on job performance.
- Incentives: They are provided for higher performance. They can be piece wage, commission, bonus, profit sharing, stock option etc.

**Indirect compensation** is provided for the employees benefit, but is not given directly to the employee. Under indirect compensation there are two types of compensation

Benefits are the payments addition to pay. They can be

- Pay for time not worked: Paid vacation, holidays, leaves
- Protection Programs: Pension, gratuity, insurance etc
- Executive Benefits: Free Newspapers, telephone rental etc

Services and Perquisites: They increase employees wellbeing at no cost or significantly reduced cost to employees. They can be

- Housing, transport, food
- Loans, children's education expenses
- Discount on purchases, credit cards
- Social-cultural recreational activities; club subscriptions.

### 1.2.1. Objectives of Compensation Management

The following are the objectives of compensation management:

- An ideal compensation system will have positive impact on the efficiency and results produced by employees. It will encourage the employees to perform better and achieve the standards fixed.
- It will raise the morale, efficiency and cooperation among the workers. It, being just and fair would provide satisfaction to the workers.
- Sound Compensation/Reward System brings peace in the relationship of employer and employees, collective bargaining generally focus on compensation issues
- The perfect compensation system provides platform for happy and satisfied workforce. This minimizes the labor turnover. The organization enjoys the stability.
- The business organization can think of expansion and growth if it has the support of skillful, talented and happy workforce.
- The sound compensation system is hallmark of organization's success and prosperity. The success and stability of organization is measured with pay-package it provides to its employees.



Figure 2: Compensation Package

Source: *Dynamics of Human Resources Management* , Govind Ram Agrawal (Pg – 358)

### 1.2.2. Components of Compensation System

Compensation systems are designed keeping in mind the strategic goals and business objectives. Compensation system is designed on the basis of certain factors after analyzing the job work and responsibilities. Components of a compensation system are as follows:

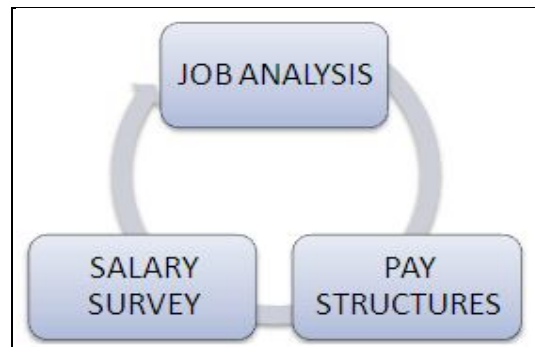


Figure 3: Components of Compensation

Source: *Dynamics of Human Resources Management* , Govind Ram Agrawal (Pg – 345)

### 1.3. Review of Literature

Anselmo L S Teng (2008)<sup>1</sup> conducted a study on “Risk and compensation management”, All enterprises, should learn from this lesson that, to maintain the sustainable growth of an entity, all compensation schemes should in future adequately reflect performance in the medium and long term as well. As a matter of fact, the compensation schemes for staff involved in the subprime bubble all had a common feature in that there were enormous rewards for deals but there was also a failure to impose penalty symmetrically when losses occurred. To put it in a nutshell, a viable compensation scheme should be well structured and be geared to the long term corporate target and strategy rather than short term profit.

Chad Mcdaniel (2010)<sup>2</sup> conducted a study on “Staying Competitive with Your Management Compensation Plan”, Management compensation plan is equally as important as the time you took to define your CRM strategy. Both employers and employees have common objectives that are trying to be achieved. Planning, communicating and modifying are the key ingredients to be successful .An effective CRM strategy will not succeed without the proper planning and implementation of compensation at the management level. Compensation models are difficult. Perfecting them takes time, patience, significant job modeling and fine-tuning. But, successful organizations have found a way to balance their overall priorities and time constraints. They have spent the upfront time in developing a communication model that allows real-time measurement, observation and feedback on the relevancy and success of their compensation plans.

Gerald M. Levinson, Phil Bruen and Cissy Grebowski (2002)<sup>3</sup> conducted a study on “Compensation & Benefits Management”, In Today’s Dynamic Economy, with increased

<sup>1</sup> Anselmo L S Teng, “Risk and compensation management”, International Journal of Manpower, Volume.1 Issue.32, June 2008, pp. 2-5.

<sup>2</sup> Chad Mcdaniel, “Staying Competitive with Your Management Compensation Plan “ The International Journal of Human Resource Management , Volume.2, Issue .4, July 2010 pp.491-525.

<sup>3</sup> Gerald M. Levinson, et.al., “Compensation & Benefits Management ”, Management Research News, Volume.18, Issue.1, November 2002, pp 119-121.

corporate competition and the job uncertainty that follows hand in hand with mergers and acquisitions, it is becoming ever more important to offer employees a benefits package that they perceive to be of great value. Not only can benefits packages help to retain employees, they can help to attract qualified candidates to add to the workforce.

However, with more and more companies putting together customized benefits for their employees, they might be asking what type of benefits can our company offer to truly set us apart from the competition almost everyone expects an employer to maintain a retirement plan of some sort.

J. Bruce Cochrane(2005)<sup>4</sup> conducted a study on “Making Sense of Workers Compensation Market Swings”, Workers compensation market cycles provide buyers with a roadmap to making sound insurer choices. The natural shakeout in insurers following a decline in rates weeds out the weak players. This is an opportune time to discern the overachievers among the remaining players; it is these insurers who are best equipped to help employers manage their workers compensation risk over the long haul, through up cycles, down cycles, and in between. Workers compensation is not a commodity. While the minimization of premium may be the end goal for most employers, the most effective and long-lasting means to that end is to find an insurer that can be an effective steward of the employer’s workers compensation experience. Based on studies originating from the behavioural sciences and compensation as they correlate to motivation, achievement, expectancy, equity, etc., they have been examined, for the most part, from a theoretical point of view. The result has yielded mixed results it is perceived that incentive compensation plans can be a successful motivator of employee performance, in spite of the theory that may not correlate with plan success, and conflicting reports based on the comparison of plan objectives with theoretical research. The theory and research developed to date do provide some foundation for the limitation of compensation plans, given that several key success factors must be addressed for any organization: communication, reward value, size, consistency and its relationship to performance. Other findings are more optimistic, however.

Trevor, J (2008)<sup>5</sup> conducted a study on “Can compensation be strategic? A review of compensation management practice in leading multinational firms”, Compensation is a key element of the employment relationship and, in addition to being the single greatest operating cost for many organizations, it has been advocated by some recently as a tool for enhancing organizational performance and sustained competitiveness.

Contemporary approaches to compensation emphasize the importance of aligning employee behaviors to the strategic direction of the organization.. In exploring the use and effectiveness of strategic compensation in leading organizations, the findings of the study that forms the basis for this paper reveal that many organizations experience profound managerial difficulties when attempting to use compensation strategically. As a result, realised compensation practice often reflects neither what was desired strategically nor intended as policy. Often reflecting a poor fit for the organization, negative outcomes of strategic compensation systems include high costs, a greater administrative burden and industrial conflict manifest in a demotivated and disengaged workforce.

Steven H. Appelbaum and Loring Mackenzie (1999)<sup>6</sup> conducted a study on “Compensation: pay for performance”, In an ever more competitive business environment, both locally and globally, many companies today are attempting to identify innovative compensation strategies that are directly linked to improving organizational performance. Reward systems, and incentive compensation in particular, have been described in theory and in practice.

#### *1.4. Statement of the Problem*

In Today’s Dynamic Economy, with increased corporate competition and the job uncertainty that follows hand in hand with mergers and acquisitions, it is becoming ever more important to offer employees a benefits package that they perceive to be of great value. Not only can benefits packages help to retain employees, they can help to attract qualified candidates to add to the workforce. The sound compensation system is hallmark of organization’s success and prosperity. The success and stability of organization is measured with pay-package it provides to its employees. Compensation dissatisfaction can lead to absenteeism, turnover, job dissatisfaction, low performance, strikes and grievances. Majority of labor-management disputes relate to compensation. This has motivated the researcher to undertake a study on the topic “A Study on Compensation Management at Sri Steel Industries, Coimbatore.

#### *1.5. Objectives of the Study*

- To study the compensation management practices in the organization.
- To analyze the satisfaction of workers with regard to the various types of compensation.
- To analyze the relationship between the number of years of service and their opinion regarding equal participation of employees in compensation decision, and the relationship between the age of the respondents and the kind of compensation they prefer.

<sup>4</sup> J. Bruce Cochrane, “Making Sense Of Workers Compensation Market Swings ”, The Journal of Workers Compensation, Volume.14, Issue.3, July 2005, pp. 89-92.

<sup>5</sup> Trevor, J., " Can compensation be strategic? A review of compensation management practice in leading multinational firms ", Journal of Applied human resource, Volume.29, Issue.2, October 2008, pp.29 – 37.

<sup>6</sup> Steven H. Appelbaum and Loring Mackenzie.,” Compensation: pay for performance?”, A Journal of Economy and Society, Volume.38, Issue.2, October 1999, pp. 11-19.

### 1.6. Scope of the Study

The study is conducted among the employees of Sri steel industries limited. It also aims to analyse the satisfaction of the workers and the type of compensation that influence the people.

### 1.7. Methodology

- **Type of Research:** The type of research used in this project is descriptive in nature. Descriptive research is essentially a fact finding research related largely to the present, abstracting generations by cross sectional study of the current situation.
- **Sample Size:** The study has used large sampling size. The data have been collected from 50 respondents.
- **Sample method:** Strata sampling technique was used to collect the data from the total 200 employees. In this study the population of 200 is divided into segment or strata and a certain number of units are selected from each strata. The population is divided into 5 strata and 10 units is selected from each strata.

$$n_i = (N_i / N) n$$

Ni-Strata size

N-Population

n-Sample size

$$n_i = (40/200) * 50 = 10 \text{ samples for each strata}$$

No of strata-5

$$\text{Sample size} = 10 * 5 = 50 \text{ samples}$$

- **Tools for Analysis:** The mathematical and statistical tools used in this study are Chi – Square, Mean score and Percentage analysis,

### 1.8. Limitations

- The observation of the study is done for a period of 6 weeks.
- The findings of the study cannot be generalized for any industry as the problems of workers vary from industry to industry.

## 2. Data Analysis And Interpretation

Age(in years)	No. of Respondents	Percentage
20-30	28	56
30-40	16	32
40-50	4	8
50-58	2	4
Total	50	100

Table 1: Distribution of respondents on the basis of age

Source: Primary data.

From the above table it can be inferred that most of the respondents (56%) belong to the age group of 20-30 years followed by 32% of respondents in the age group of 30-40 years category

Gender	No. of respondents	Percentage
Male	40	80
Female	10	20
Total	50	100

Table 2: Distribution of respondents on the basis of gender

Source: Primary data

From the above table it can be inferred that majority of the respondents (80%) are male.

Income(in Rs)	No. of Respondents	Percentage
<10,000	6	12
10,000-20,000	39	78
20,000-30,000	5	10
Total	50	100

Table 3: Distribution of respondents on the basis of their income

Source: Primary data

From the above table it can be inferred that majority of the respondents (78%) are in the income group of Rs 10000-20000.

No of years of service	No. of Respondents	Percentage
<2	15	30
2-4	21	42
>4	14	28
Total	50	100

Table 4: Distribution of respondents on the basis of number of years of service  
Source: Primary data.

It can be inferred from the above most of the respondents (42%) have 2-4 years of service

Equal part in compensation decision	No. of Respondents	Percentage
Strongly agree	21	42
Agree	23	46
Disagree	6	12
Total	50	100

Table 5: Respondents Opinion on equal part in compensations decisions  
Source: Primary data.

It is understood from the above table that most of the respondents(46%) agree that the employees should be given equal part as the employer in the compensation decision.

Satisfaction	No. of Respondents	Percentage
Highly satisfied	6	12
Satisfied	21	42
Dissatisfied	13	26
Highly Dissatisfied	10	20
Total	50	100

Table 6: Satisfaction with regard to compensation policy  
Source: Primary data

It is understood from the above table that most of the respondents(42%) of the respondents are satisfied with the compensation policy followed in the organization.

Equal pay for work of equal value	No.of Respondents	Percentage
Yes	20	44
No	22	40
Sometimes	7	14
May be	1	2
Total	50	100

Table 7: Respondents opinion on the equal pay for their work  
Source: Primary data

From the above table it can be understood that most of the respondents(44%) agree that they are given equal pay for work of equal value.

Satisfaction level	No.of Respondents	Percentage
Highly satisfied	19	38
Satisfied	21	42
Dissatisfied	7	14
Highly dissatisfied	3	6
Total	50	100

Table 8: Satisfaction with regard to non-monetary benefits provided  
Source: Primary data

From the above table it can be understood that most of the respondents (42%) are satisfied with the non-monetary benefits provided, followed by 38% of the respondents who are highly satisfied with the non-monetary benefits provided to them.

Benefits expected	No.of Respondents	Percentage
House loan	11	22
Incentives	14	28
Vehicle Loan	3	6
All the above	22	44
Total	50	100

Table 9: Respondents expectation from the employer  
Source: Primary data

Most of the employees(44%) expect house loan,incentives and vehicle loan benefits from the employer

Employee view towards retaining merit employees	No.of Respondents	Percentage
Strongly agree	35	70
Agree	10	20
Disagree	3	6
Strongly disagree	2	4
Total	50	100

Table 10: Ability to retain merit employees  
Source: Primary data

It can be inferred from the above table that majority of the employees(70%) strongly agree that the compensation policy followed in the organization is capable of retaining merit employees.

Employee opinion regarding motivation	No.of Respondents	Percentage
Strongly agree	24	48
Agree	20	40
Disagree	5	10
Strongly disagree	1	2
Total	50	100

Table 11: Respondents' opinion regarding the motivation at work place  
Source: Primary data

Most of the respondents (48%) strongly agree that the organization is able to motivate the employees to perform better.

Change in compensation policy	No.of Respondents	Percentage
Yes	31	62
No	19	38
Total	50	100

Table 12: Respondents' opinion regarding changing compensation policy according to the living standards  
Source: Primary data

.Majority of the employees (62%) feel that the company changes the compensation policy according to the change in economy, change in the price level etc.

View regarding compensation package	No.of Respondents	Percentage
Underpaid	15	30
Equal Pay	35	70
Total	50	100

Table 13: Respondents' opinion on the compensation package  
Source: Primary data

Majority of the employees(70%) feel that the compensation package in the organization is equal with those in the industries.

Performance based compensation	No. of Respondents	Percentage
Strongly Agree	39	78
Agree	11	22
Total	50	100

Table 14: Respondents' opinion on the employee performance with regard to the compensation package  
Source: Primary data

Majority (78%) of the respondents strongly agree that compensation package should be performance based.

Kind of compensation	No.of Respondents	Percentage
Monetary	22	44
Rewards	14	28
Motivation	10	20
Holiday Package	4	8
Total	50	100

Table 15: Respondents' preference towards the kind of compensation  
Source: Primary data

From the above table it can be inferred that most of the employees(44%) expect monetary benefits from the organization followed by 28% of the respondents who expect rewards.

Opinion towards attracting the employees by compensation	No.of Respondents	Percentage
Yes	36	72
No	14	28
Total	50	100

Table 16: Respondents' opinion towards attracting the employees by compensation  
Source: Primary data

From the above table it can be inferred that majority of the employees(72%) agree that the compensation policy attracts and retain the employees

Benchmarking the Compensation	No.of Respondents	Percentage
Strongly agree	17	34
Agree	27	54
Disagree	6	12
Total	50	100

Table 17: Respondents' opinion towards benchmarking the compensation against other organization  
Source: Primary data

From the above table it can be inferred that most of the employees(54%) accept that their organization is benchmarking their salary against the other organization

Opinion towards employees attrition rate and compensation.	No.of Respondents	Percentage
Agree	2	4
Disagree	28	56
Strongly Disagree	20	40
Total	50	100

Table 18: Respondents opinion towards employees attrition rate and compensation  
Source: Primary data

From the above table it can be inferred that most of the employees(56%) feel that the employees don't quit their job in need of better compensation



Opinion towards linking the performance	No.of Respondents	Percentage
Individual	13	26
Both	28	56
Organization	9	18
Total	50	100

Table 19: Respondents opinion towards linking the performance  
Source: Primary data

From the above table it can be inferred that most of the employees(56%) feel that the pay should linked to the performance of both organization and individual.

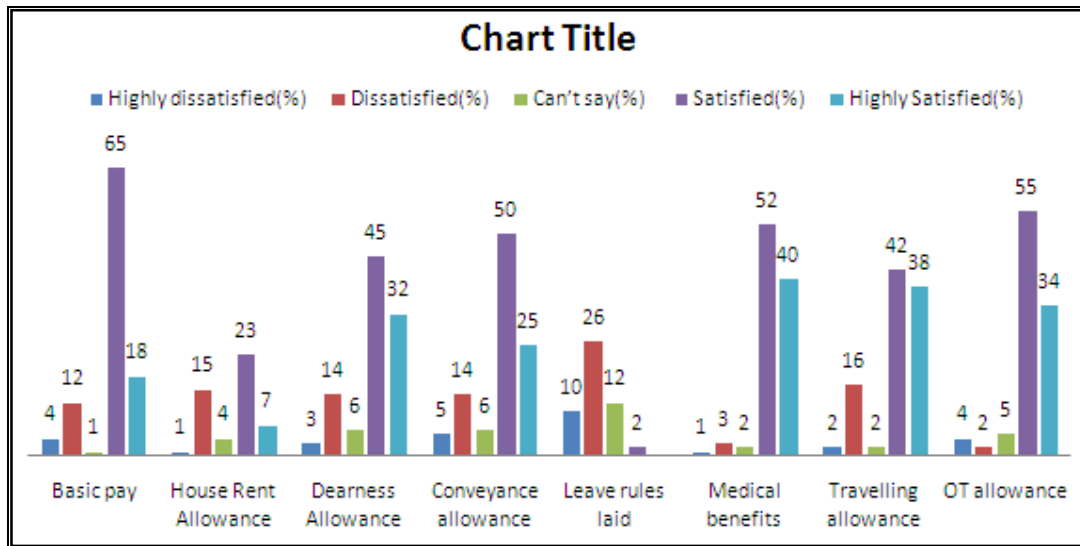


Figure 4: Respondents' satisfaction with regard to compensation policies

From the above it is inferred that majority of the respondents(65%) are satisfied with the Basic pay,23% are satisfied with the house rent allowance,45% are satisfied with the dearness allowance,50% are satisfied with the conveyance allowance,26% are dissatisfied with the leave rules laid, 52% are satisfied with the medical benefits and 55% are satisfied with the OT allowance.

Revision of the pay scale	No.of Respondents	Percentage
1-3 yrs	40	80
4-6 yrs	10	20
Total	50	100

Table 20: Respondents, expectation towards revision of the pay scale  
Source: Primary data

From the above table it can be inferred that majority of the employees(80%) expect that their pay scale should be revised within 1-3 years.

Stock plan option	No.of Respondents	Percentage
Yes	-	-
No	50	100

Table 21: Stock option plan  
Source: Primary data

Majority of the respondents have stated that the company have not provided stock options to employees.

Opinion towards reward system	No.of Respondents	Percentage
Monetary	9	18
Both	41	82
Total	50	100

Table 22: Respondents' opinion towards the reward system  
Source: Primary data

Majority of the employees(82%) agree that the company provided both monetary and non-monetary reward system

Basis of increase in salary	No.of Respondents	Percentage
Performance	23	46
Tenure	17	34
Behavior	10	20
Total	50	100

Table 23: Basis of increase in the salary  
Source: Primary data

Most of the employees(44%) feel that their compensation increased on the basis of their performance.

### 3. Chi Square Analysis

This part of analysis deals with the relationship between the number of years of service and their opinion regarding equal participation of employees in compensation decision and age of the respondents and the kind of compensation they prefer.

#### 3.1. Hypothesis 1

- H0: There is no significant relationship between the number of years of service of the respondents and their opinion regarding equal participation of employees in compensation decision.
- H1: There is significant relationship between the number of years of service of the respondents and their opinion regarding equal participation of employees in compensation decision.

Number of years of service	Equal part in decision making process			Total
	Strongly Agree	Agree	Disagree	
<2	5	7	3	15
2-4	10	11	0	21
>4	6	5	3	14
Total	21	23	6	50

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.295 <sup>a</sup>	4	.258

Table 24: Relationship between the number of years of service and their opinion regarding equal participation of employees in compensation decision

From the above table it is observed that the p value is  $>0.05$  so null hypothesis is accepted. So there is no relationship between the number of years of service of the respondents and their opinion regarding equal participation of employees in compensation decision.

#### 3.2. Hypothesis 2

- H0: There is no significant relationship between the age of the respondents and kind of compensation they prefer.
- H1: There is significant relationship between the age of the respondents and kind of compensation they prefer.

Age of the employees (in years)	Kind of compensation preferred by employees				Total
	Monetary	Rewards	Motivation	Holiday package	
20-30	12	7	5	4	28
30-40	8	5	3	0	16
40-50	1	2	1	0	4
50-58	1	0	1	0	2
Total	22	14	10	4	50

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.055 <sup>a</sup>	9	.734

Table 25: Relationship between the age of the respondents and the kind of compensation they prefer

From the above table it is observed that the p value is  $>0.05$  so null hypothesis is accepted. So there is no relationship between the age of the respondents and the kind of compensation they prefer.

#### 4. Conclusion

Compensation must motivate the employees to contribute their best and it must be fixed as per their needs and aspirations and should be based on their merit. There is need for innovative tools and techniques and strategies in compensation management that customize the individual needs of the employees for ensuring better productivity and performance at the workplace. To summarize, the need to regularly carry out detailed compensation reviews both within or without, and with full support and commitment from the top is essential. Openness and transparency are important to the managers in the very sensitive and personal issue of management remuneration, and therefore policies and practices should match. The remuneration and the system have to be, and seen to be, fair and just, non bureaucratic and dynamic, and which dealt with human feelings and necessary speed, still remain competitively attractive.

#### 5. Results and Discussion

##### 5.1. Respondents Demographic Profile

- Majority (88%) of the respondents are below 40 years of age
- Majority of the respondents (80%) are male
- Majority of the respondents (78%) are in the income group of Rs 10000-20000.
- Most of the respondents (42%) have 2-4 years of service

##### 5.2. Respondents opinion on the compensation policy

- Most of the respondents(46%) agree that the employees should be given equal part as the employer in the compensation decision.
- Most of the respondents(44%) agree that they are given equal pay for work of equal value.
- Most of the respondents (42%) are satisfied with the non-monetary benefits provided, followed by 38% of the respondents who are highly satisfied with the non-monetary benefits provided to them.
- Most of the employees(44%) expect house loan, incentives and vehicle loan benefits from the employer
- Majority of the employees(70%) strongly agree that the compensation policy followed in the organization is capable of retaining merit employees.
- Most of the respondents (48%) strongly agree that the organization is able to motivate the employees to perform better.
- Majority of the employees (62%) feel that the company changes the compensation policy according to the change in economy, change in the price level etc.
- Majority of the employees(70%) feel that the compensation package in the organization is equal with those in the industries.
- Majority (78%) of the respondents strongly agree that compensation package should be performance based.
- Most of the employees(44%) expect monetary benefits from the organization followed by 28% of the respondents who expect rewards.
- Majority of the employees(72%) agree that the compensation policy attracts and retain the employees
- Most of the employees(54%) accept that their organization is benchmarking their salary against the other organization
- Most of the employees(56%) feel that the employees don't quit their job in need of better compensation
- Most of the employees(56%) feel that the pay should linked to the performance of both organization and individual.
- Majority of the respondents(65%) are satisfied with the Basic pay,23% are satisfied with the house rent allowance,45% are satisfied with the dearness allowance,50% are satisfied with the conveyance allowance,26% are dissatisfied with the leave rules laid,52% are satisfied with the medical benefits and 55% are satisfied with the OT allowance.

- Majority of the employees(80%) expect that their pay scale should be revised within 1-3 years.
- Majority of the respondents have stated that the company have not provided stock options to employees.
- Majority of the employees(82%) agree that the company provided both monetary and non-monetary reward system
- Most of the employees(44%) feel that their compensation increased on the basis of their performance

### 5.3. *Chisquare Test*

- According to the chi-square analysis it is observed that there is no relationship between the number of years of service of the respondents and their opinion regarding equal participation of employees in compensation decision.
- According to the chi-square analysis it is observed that there is no relationship between the age of the respondents and the kind of compensation they prefer.

### 5.4. *Recommendations*

- Respondents expect that their pay-scale should be revised in 1-3 years time period. Management can consider the pay revision atleast once in every three years.
- Respondents are dissatisfied with the leave rules of the organization. Management can laid down the leave rules in consultation with the employees,if possible.

## 6. Appendix

### Questionnaire

Dear Sir/Madam,

I am Uthra.V, conducting this entitled survey “**A Study on Compensation Management in Sri Steel Industries**” as a part of my research work. I request you to kindly fill up the following questionnaire, giving your free opinion. The given information will be kept confidential and used for academic purpose only. I will be thankful for your positive response.

1. Name .....

2. Age of the employee

- a) 20-30 years
- b) 30-40 years
- c) >40-50 years
- d)50-58 years

3. Gender

- a) Male
- b) Female

4. Income(per month) in Rs

- a) <10,000
- b) 10,000-20,000
- c) 20,000-30,000
- d)>30,000

5. Number of years of service: ( )

- a) <2 years
- b) 2-4 years
- c) >4 years

6. Are you satisfied with the Compensation Policy being followed in your organization? ( )

- a) Highly satisfied
- b) Satisfied
- c) Dissatisfied
- d) Highly Dissatisfied

7. Do you think that the employees should be given an equal part as the employer in Compensation decisions? ( )

- a) Strongly Agree
- b) Agree
- c) Disagree
- d) Strongly disagree

8. Do you feel your organization justifies your contribution by giving you equal pay for work of equal value? ( )

- a) Yes
- b) No
- c) Sometimes
- d) May be

9. Are you satisfied with the Non-monetary benefits provided to you? ( )  
 a) Highly satisfied                      b) Satisfied  
 c) Dissatisfied                              d) Highly Dissatisfied
10. Which of the following do you expect from your employer apart from the benefits provided to you? ( )  
 a) House loan                              b) Incentives  
 c) Vehicle loan                            d) All the above
11. Is your organization able to retain merit employees by providing them better compensation benefits than its competitors?  
 a) Strongly agree                          b) Agree                                      ( )  
 c) Disagree                                  d) Strongly disagree
12. Do you think that your organization is able to motivate the employees to perform better by giving them performance based rewards? ( )  
 a) Strongly agree                          b) Agree  
 c) Disagree                                  d) Strongly disagree
13. Does the company change the compensation policy as per the changing living standards? ( )  
 a) Yes    b) No
14. What do you think about your compensation package compared favorably with those in your industry? ( )  
 (a) Overpaid                                (b) Underpaid                              (c) Equal Pay
15. Do you think the company should pay compensation according to employee's performance? ( )  
 a) Strongly agree                          b) Agree  
 c) Disagree                                  d) Strongly disagree
16. What kind of compensation you prefer. ( )  
 a) Monetary                                b) Rewards  
 c) Motivation                               d) Holiday packages
17. Does the compensation paid by your company allow to attract and retain the best employees? ( )  
 a) Yes    b) No
18. Does your company benchmark your compensation against other similar organizations? ( )  
 a) Strongly agree                          b) Agree  
 c) Disagree                                  d) Strongly disagree
19. Do you think the employees in your company quit to find better job elsewhere for a better compensation? ( )  
 a) Strongly agree                          b) Agree  
 c) Disagree                                  d) Strongly disagree
20. To what extent, you are satisfied with the compensation policies at Sri Steel (Please mark the appropriate option.)

Factors	Highly Dissatisfied	Dissatisfied	Can't Say	Satisfied	Highly Satisfied
1. Basic Pay					
2. HRA(House Rent Allowance)					
3. DA(Dearness Allowance)					
4. Conveyance allowances					
5. Leave Rules					
6. Medical Benefits					
7. Other Allowances (Tea, Magazine, project, Computer allowances etc.)					
8. Travelling Allowance Rules/Leave Travel Concession/Transfer Benefits					
9. Overtime wages and duties extended					

21. Do you think that pay should be linked to performance of the individual or organisation? ( )

- a). Individual    b). Both    c). Organization

22. How often should the Pay Scales be revised? ( )

- a). 1-3years                      d). 11-15 years  
b). 4-6 years                      e). More than 15 years  
c). 7-10 years

23. Does your company offer stock options to employees? ( )

- a) Yes                              b) No

24. Is the Reward system in your organization ( )

- (a) Monetary    (b) Non monetary    (c) Both

25. On what basis does your organization increase your salary? ( )

- (a) Performance                      (b) Tenure  
(c) Behavior                              (d) No idea

## 7. References

1. Anselmo L S Teng ,”Risk and compensation management”, International Journal of Manpower Volume: 1 Issue32, June 2008,pp. 2-5
2. Chad Mcdaniel, “Staying Competitive with Your Management Compensation Plan “  
The International *Journal of Human Resource Management* ,Volume 2, Issue 4, July 2010,pp 491-525  
Susan J. Stabilet ,”Motivating Executives: Does Performance-Based Compensation Positively Affect Managerial Performance?”, U. Pa. Journal of Labor And Employment Law, Volume 22,Issue 1, December 1999,pp 418-424.
3. Derek Rollinson, et.al,” Compensation management practices”, Journal of Applied human resource, Volume 25,Issue 4, April 2001,pp 75-79.
4. Gerald M. Levinson, et.al, " Compensation & Benefits Management ", Management Research News, Volume 18 Issue 1,November 2002,pp 119-121
5. J. Bruce Cochrane , “Making Sense Of Workers Compensation Market Swings " The Journal of Workers Compensation”, Volume 14,Issue 3,July 2005,pp 89-92
6. Mary Ellen Carter, Luann J. Lynch .,”The relation between executive compensation and earnings management”,International Journal of Human Resource Management,Volume.7,Issue.1,April 2008,pp 45-56
7. Steven H. Appelbaum and Loring Mackenzie,” Compensation: pay for performance?”, A Journal of Economy and Society, Volume 38,Issue 2,October 1999,pp 11-19
8. Trevor, J " Can compensation be strategic?A review of compensation management practice in leading multinational firms ", Journal of Applied human resource, Volume 29 Issue 2,October 2008, pp.29 – 37
9. Vivian J. Hajnal et.al, “Compensation Management: Coherence between Organization Directions and Teacher Needs”, Journal of Educational Administration, Volume 31 Issue: 1, November 1993, pp 32-37.
10. <http://www.human-resources.utas.edu.au/benefits-and-conditions/pay-rates-and-allowances>
11. <http://business.mapsofindia.com/india-market/foundry.html>
12. <http://www.2dix.com/document-pdf/research-project-on-compensation-management-pdf.php>
13. <http://www.emeraldinsight.com/search.htm?st1=compensation+management&ct=all&ec=1&bf=1>
14. <http://www.tandfonline.com/toc/rijh20/current>
15. <http://www.articlesbase.com/human-resources-articles/5-tips-to-effective-compensation-management>
16. <http://www.scribd.com/doc/36971580/Literature-Review-Compensation-of-the-Top-Management-and-Its-Strategic-and-Ethical-Perspective-Articles-Only>
17. <http://www.shrm.org/hrdisciplines/compensation/Articles/Pages/2011Salaries.aspx>
18. <http://humanresources.about.com/od/glossary/c/g/compensation.htm>