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# An Analytical Study on Employees Compensation & Benefits of the Organization with Special Reference to Selected Textile Industries in Southern Region of Tamilnadu (India)

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**Abstract:** Current scenario compensating the employees according to the performance and which highly motivates them, the priority and right of employees.

*There is a strong link between compensation management and employee benefits. The paper is an effort to determine the relationship between compensation management and employee beneficial in garment industries. The variables which have impact on employee benefits are wages & salary, working hours and promotion system. The objective of this research paper is to analyze compensation management practices required to retain employees and maintain them. The main aim of this research paper is to study compensation management and related aspects and to know the impact of compensation management and employee get benefit in private sector in Tiruppur city.*

*The research paper makes use of structured questionnaire administered to the selected respondents for data collection has been done. The results revealed that there is positive relationship between compensation management and employee. The rank analysis showed that the factor which contributes more to the employee benefits in job security of employees whereas promotion system results in more satisfaction.*

**Keywords:** Compensation Management, Employee benefit, Wage and Salary, Promotion system, performance.

## I. INTRODUCTION

### A. Background of the Study

Human Resource Management (HRM) has never been as significant as it is today. Companies want to attract, retain and motivate brains to meet objectives. Today Humans are regarded as one of every company's assets so they need to be efficiently and effectively managed. One of the tools companies use to attract, retain and motivate its people is Compensation Management. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness.

### B. Types of Compensation

Direct Compensation is remuneration provided to employ 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.

- 1) *Pay:* It consists of wages and salaries received for performance work. It can be base pay and merit pay based on job performance.
- 2) *Incentives:* They are provided for the employee's benefit, but is not given directly to the employee. Under indirect compensation there are two performing work. It can be piece wage, commission, bonus, profit sharing, stock option etc.

Indirect compensations are provided for the employees benefit but is not given directly to the employee. Under direct compensation there are two types of compensation:

a) Benefits are the payments addition to pay. They can be

- i) *Pay For Time Not Worked:* paid vacation, holidays, leaves
- ii) *Protection Programs:* Pension, Gratuity, Insurance etc
- iii) *Executives Benefit:* Free Newspapers, telephone etc

- b) Service and Perquisites they increase employees wellbeing at on cost or significantly reduced cost to employees. They can be
  - i) Housing, transport, food
  - ii) Loans Children's, education expenses
  - iii) Discount on purchases, credit cards
  - iv) Social-culture recreational activities; club subscriptions.

*C. Job Evaluation*

Job evaluation is one of essence of compensation administration and the establishment of pay structure. Job evaluation uses the information collected through job analysis and systematically determines the value of each job in relation to all jobs within the organization. Job evaluation seeks to rank all the jobs in the organization and place them in a hierarchy that will reflect the relative worth of each and determines the organization's pay structure.

*D. Job Evaluation Method*

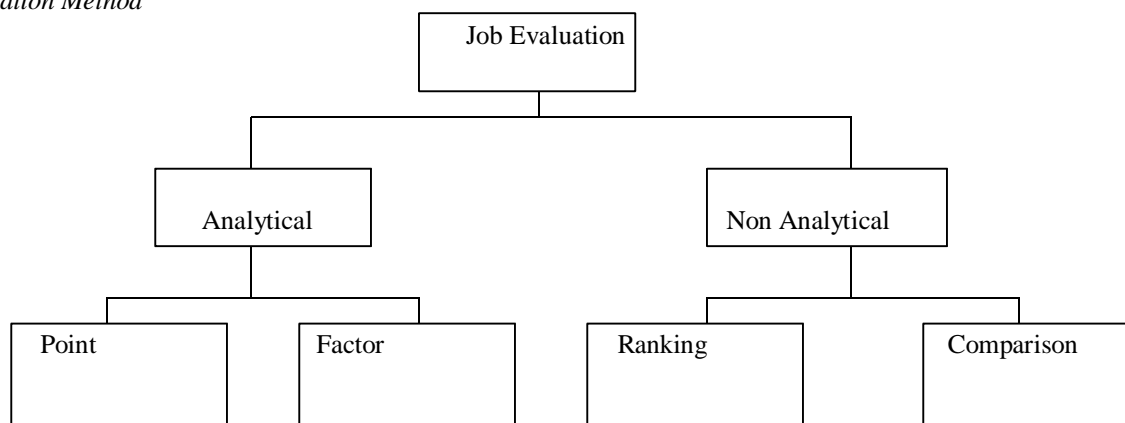


Figure: Job Evaluation Method

*E. Establishing Pay Structure*

Once the job evaluation is completed, its data become the nucleus for the development of the organization's pay structure. This mean establishing pay rates or ranges that are compatible with the ranks, classifications or points arrived at through job evaluation. The pay structure can be determined through following process:

*F. Wage Survey*

Wage survey is the systematic gathering of factual information on pay practices from comparable firms within or outside the industry. The gathered information gives an idea of the standard market practices which are used to set the actual wage level. The data can be generated or the organization can collect the data through secondary source such as publications, research firms or organization can generate the data through primary source.

*G. Performance Based Evaluation Measure*

It always tries to give the better service to their customers. As for this they tries to find out the best employees compare with their rival companies. The HRD of singer not only provide training to the employees but also goes for measurement of the performance before and after training. HRD goes for two types of methods:

- 1) Post-training performance method
- 2) Pre-post training performance method

According to the post-training performance method HRD evaluate the training programs based on how well employees can perform their job in the position, provides to after training. Under pre-post training performance method HRD of evaluate the training programs based on the difference in performance before and after training.

*H. Compensation System*

It is a big issue to compensate the employees because each and every employee has some extra capabilities which make him/her different from the other employees as well as reducing the lacking that make him/her away from the race of reward system. For making a fair compensation system, HRD of Singer follows some factors of the employees. Those are:

- 1) *Mental Efforts* : Intelligence, memory, verbal expression, specialized
- 2) *Physical Efforts*: Height, weight, strength, working hours
- 3) *Skills*: Experience, training, education, ability to perform the given task
- 4) *Responsibilities*: How much the employee responsible to perform the job, how willful he/she is?

All this above factors are considered while the HRD are going to compensate any employees. His past (if has) and present records of the works are evaluated for making a fair compensation package.

## II. OBJECTIVE OF THE STUDY

### A. Broad Objective

To know about the Employee compensation & Benefit management system.

### B. Specific Objective

- 1) To know the compensation & Benefit management system of garment industries.
- 2) To know the employee satisfaction level of garments with the company's existing compensation & Benefit system.
- 3) To identify the problem of compensation & Benefit management system of the employees in garment industries.
- 4) To provide the necessary recommendation about the compensation & Benefit package of garment industries.

## III. METHODOLOGY OF THE STUDY

- 1) *Population and Sample*: Among all the employees in garment industries are selected as a sample for this study, 300 employees has been selected as a respondents.
- 2) *Sources of Data*: Among primary and secondary source of data most of the data has been collected from the primary source- Face to face conversation with the manager and the officials.
- 3) *Analysis*: In the analysis part tabular and graphical analysis has been done using SPSS tools.

## IV. LIMITATIONS OF THE STUDY

- A. Sometimes it will be difficult to find out the actual situation inside the garments.
- B. Employees may not be provided proper information about compensation system of the organization.
- C. The topic is actually a confidential matter for some company. That's why is may be hamper us to prepare a good report.
- D. Sometimes companies don't want to disclose their internal operations. If that will happen it may be hampering to prepare an accurate compensation system.

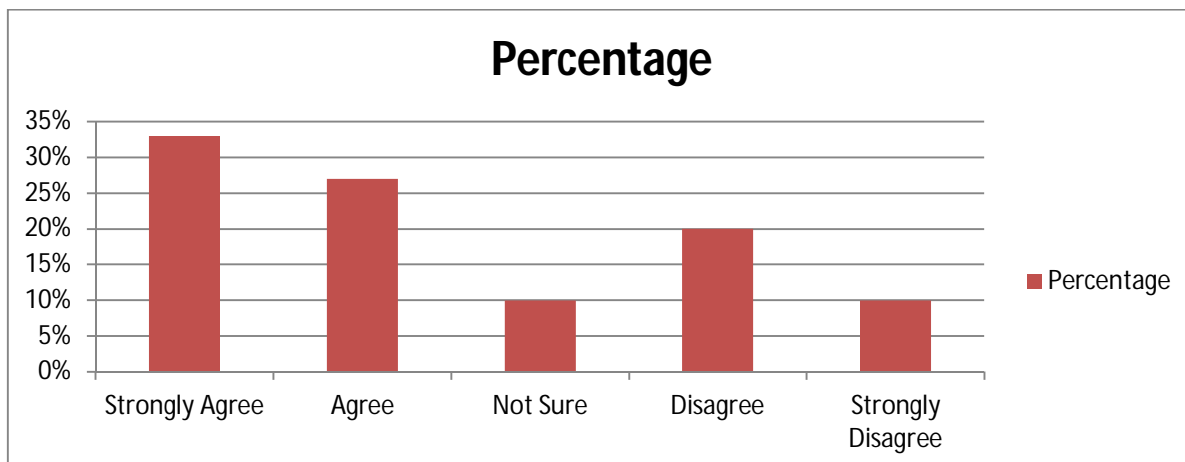
## V. ANALYSIS & INTERPRETATION OF DATA

- A. Human Resource management department is very active in this organization.

Table No: 1.5.1

Description	Respondents	Percentage
Strongly agree	8	27%
Agree	7	24%
Not Sure	6	20%
Disagree	5	16%
Strongly disagree	4	13%
Total	30	100%

Chart No.1.5.1



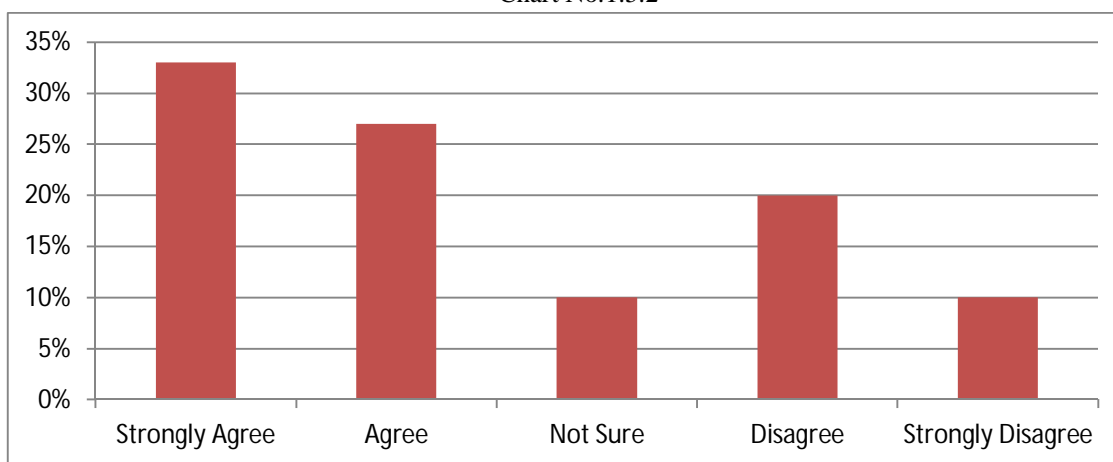
1) *Interference:* From the above table and graph represents that 51% employees are strongly agree with that the HR department of this organization is active, 20% employees have no comments about it and remaining 29% employees are disagree with the activity of HR.

B. The current compensation system of garment is satisfactory.

Table No:1.5.2

Description	Respondents	Percentage
Strongly agree	9	30%
Agree	8	27%
Not Sure	4	13%
Disagree	6	20%
Strongly disagree	3	10%
Total	30	100%

Chart No:1.5.2



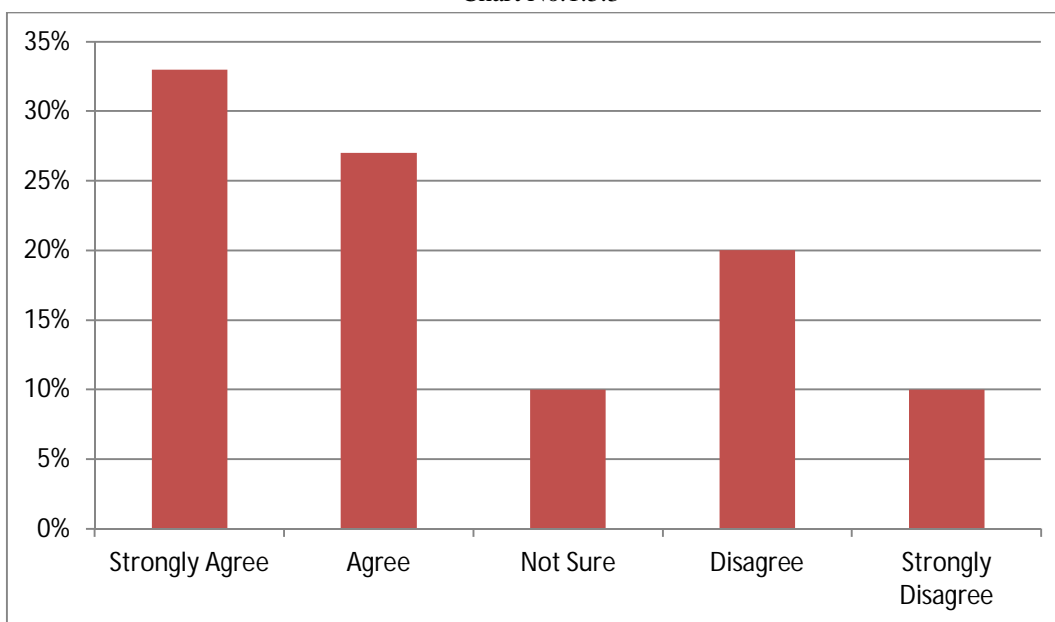
1) *Interference:* From the above table and graph represents that 57% employees are strongly agree with the existing compensation system is satisfied the employees of the organization, 13% employees not aware about existing compensation system and remaining 30% employees are disagree with the compensation system.

C. Employees have a positive reaction about the compensation system in the organization.

Table No: 1.5.3

Description	Respondents	Percentage
Strongly agree	10	33%
Agree	8	27%
Not Sure	3	10%
Disagree	6	20%
Strongly disagree	3	10%
Total	30	100%

Chart No:1.5.3



1) *Interference:* From the above table and graph represents that 60% employees are strongly agree with employees have positive opinion about compensation system, 10% employees have no opinion and remaining 30% employees are disagree with the compensation system.

## VI. CONCLUSIONS

From the findings of this study, it can be concluded that effective compensation system enhances employee commitment. When employees perceive that the policies in place encompasses their welfare, performance will be enhanced through commitment to work and intention to leave the organization will be drastically reduced. The subject of compensation poses a critical challenge for the workforce. This is a threat to the achievement of organization; objective as human capital is already the sure way of achieving them. A fairly designed compensation system will have a positive impact on performance outcomes and enhance the commitment levels of employees.

## VII. RECOMMENDATIONS

The following recommendations are provided for high performance based on the finding of this study: This study found that compensation system and benefits has a significant relationship with employees commitment. It is therefore recommended that:

- A. Appropriate and equitable compensation policy should be designed to facilitate increased employees commitment.
- B. The policy should be assessable to all/potential employees



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