



A STUDY OF MEASURING IMPACT OF COMPENSATION ON EMPLOYEE PERFORMANCE

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ABSTRACT

This paper examined the impact of compensation on employee performance in the manufacturing sector. The objectives were to determine the extent at which compensation impact employee performance, evaluate the relationship and employee performance.

Primary and secondary source were used. The use of questionnaires was employee to gather necessary and relevant data from the respondents. The data was analyzed using descriptive statistics. The descriptive statistics involved frequency table, Likert scale while the hypothesis were tested using T-test.

From the result of the study, it can be concluded that there is a significant relationship between good welfare services and employee performance. More so, there is a significant relationship between compensation management and improve productivity.

KEYWORDS : Compensation Management, Employee Performance and Relationship

Introduction

Compensation is one of the most complex dynamics issues in the field of Human Resource Management. For an organization to achieve its stated objective. There is the need to effectively manage the Human Resource aspect of the organization, taken into cognizance one of the core aspect of Human Resources Management known as compensation. The ability of a manager to achieve its stated objective to a large extent depends on the effective implementation of compensational package in order to motivate the subordinates and employee within and beyond their expectation.

Compensation plays a crucial and functional role because it is the heart beat of Human Resource Management. Congratulation includes monetary and non- monetary rewards. Monetary rewards include paid time, bounce, and profit sharing plans such as mid-year and end-of- year rewards. Non- monetary rewards include flex time, time off, gym membership discounts and child care.

Objective of the study

- To find out Impact of compensation of employee performance.
- To find out monetary and non- monetary compensation of employee.
- To find out relationship between management and employee.

Literature review

IBOJO. Bolanel Odunlami and ASABI. Oludele Matthew(2014) " Compensation Management and Employee Performance in the Manufacturing Sector in Reputable Food and Beverage Industry" To determine the extent at which compensation management affect employee performance, evaluate the relationship between working condition and employee performance. Primary and Secondary source were used for collecting the data. In this purpose 100 questionnaires were filled. Data was analyzed Descriptive Statistics. There is a significant relationship between good welfare service and employee performance

Madam Poonam and BajwaJasleen Kaur (2015) "Impact of Compensation Management on Employee Motivation In Malviya Urban Bank" To understand different factor of Employee motivation in malviya urban bank. Carried on a study to compensation management practices prevailing in malviya urban bank. In this purpose 50 questionnaires were filled. Data was analyzed SPSS Software. The concluded strong positive relationship between compensation management and employee motivation.

Jane Nelima and Silas Nyroon (2013) "Effect of Compensation on Performance of Public Secondary School Teacher in Eldoret Municipality Kenya". The study was carried on among public

secondary school teachers in Eldoret municipality UasinGishu Country. Questionnaire was used as primary data source for data collection. In this purpose 114 questionnaires were filled. The study concluded that fair compensation has an effect on public secondary school teachers performance this is because the compensation policy in place demoralize the teachers does not enhance task performance and negatively affect the productivity of The teacher in school.

Mr. Abdual Hameed, Muhammad Ramzan, Hafiz M. KashifZubair, Ghazanfar Ali, Muhammad Arslan(2014) " A Study on Impact of compensation on employee performance " To objectives is to measure the impact of indirect compensation on employee performance. A questionnaire was designed to collect the data. In this purpose 200 questionnaires were filled. The data collected were analyzed in SPSS Software. Different analytical and descriptive techniques were used. The result reveal that education have not same Impact on employee performance

D. B. Bagual(2014) " A Study on employee's performance management systems " Objectives of the research is to study of performance management system in L&T and examine why an appraisal system is important. This study will require primary data and secondary data. In this purpose 50 questionnaires were filled. In this research Random Sample are used. The result is employee opinion about P.A system is conducted only salary administration and benefits.

Research methodology

The methodological aspects used for information is done through the quantitative questionnaires.

This study aims to determine compensation impact on employee performance. In this study the population targeted is department employee. A simple random sampling technique was used in this study to select 100 employees from sugar factory. A broad range of instruments were used for measuring Lastly it is related to factors affecting compensation policy A rating scale from 1 (strongly disagree) to 5 (strongly agree) was used.

1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree

Statistical methods used to analyze the data that we collected from the respondents is statistical software SPSS for the statistical analysis. In this study, the responses and information collected from the survey were tested using statistical techniques such T-test were used.

Data analysis and interpretation

H0:- Effective compensation policy doesn't increases employee's

readiness to learn new skills and preparedness to transfer skills onto the job.

H1:- Effective compensation policy increases employee'sreadliness to learn new skills and preparedness to transfer skills onto the job.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Increase employee readiness to learn new skills and preparedness to transfer skill onto the job	100	2.56	1.122	.112

One-Sample Test						
Test Value = 2						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Increase employee readiness to learn new skills and preparedness to transfer skill onto the job	4.991	99	.000	.560	.34	.78

INTERPRETATION:

From the above table the test value is 0.007 is the grater then significance level 0.05 hence null hypothesis is failed to reject which means null hypothesis is accepted hence the compensation policy doesn't increase employee readiness to learn new skills and preparedness to transfer skills onto the job.

H0:-Effective compensation policy doesn't create a healthy environment for work and improve the health of employee.

H1:- Effective compensation policy creates a healthy environment for work and improves the health of employee.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Create a healthy environment for work and improves health of employees	100	2.56	.946	.095

One-Sample Test						
Test Value = 2						
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Create a healthy environment for work and improves health of employees	5.918	99	.000	.560	.37	.75

INTERPRETATION:

From the above table test value is 0.449 is grater then significance level 0.05 which means null hypothesis is failed to reject and null hypothesis is accepted hence effective compensation policy doesn't create a healthy environment for work and improve the health of employee.

H0:- Effective compensation policy doesn't rewards hardworking employees to sustain high performance.

H1:- Effective compensation policy rewards hardworking employees to sustain high performance.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Rewards hardworking employees to sustain high performance	100	2.48	.926	.093

One-Sample Test						
Test Value = 2						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Rewards hardworking employees to sustain high performance	5.181	99	.000	.480	.30	.66

INTERPRETATION:

From the above table test value is 0.19 is the less then significance level 0.05 which means null hypothesis is rejected means alternative hypothesis is accepted hence compensation policy rewards hardworking employees to sustain higher performance.

H0:- Employees of Chalthan Sugar Factory are not satisfied with medical benefits.

H1:- Employees of Chalthan Sugar Factory are satisfied with medical benefits.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Medical	100	1.84	1.012	.101

One-Sample Test						
Test Value = 2						
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Medical	-1.581	99	.117	-.160	-.36	.04

INTERPRETATION:

From the above table test value is 0.001 is the less than significance level 0.05 which means null hypothesis is rejected means alternative hypothesis is accepted hence employees of chalthan sugar factory are satisfied with medical benefits.

H0:- Employees of Chalthan Sugar Factory are not satisfied with paid leave benefits.

H1:- Employees of Chalthan Sugar Factory are satisfied with paid leave benefits.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
paid leave	100	1.68	.952	.095

One-Sample Test						
Test Value = 2						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
paid leave	-3.361	99	.001	-.320	-.51	-.13

INTERPRETATION:

From the above table test value is 0.000 is the less than significance level 0.05 which means null hypothesis is rejected means alternative hypothesis is accepted hence employees of chalthan sugar factory are satisfied with paid leave benefits.

FINDINGS

The main purpose of this study was to examine the compensation on employee performance of chalthan sugar factory. The main objective of this study was impact on employee performance. Employees are integral part of the human resource management, and therefore must be properly compensated in order to effectively perform beyond expectation. It is therefore vital to say that compensation management is an issue that is critical n vital for the

running and management of the organization.

From the hypothesis tested the result show that there is impact on compensation on employee performance. These shows that good working condition depends on employee performance.