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A STUDY ON COMPENSATION MANAGEMENT WITH REFERENCE TO T V SUNDRAM IYENGAR & SONS PRIVATE LIMITED

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ABSTRACT

The project work entitled A STUDY ON COMPENSATION MANAGEMENT with specific reference to T V SundramIyengar & Sons Private Limited. The study is intended to evaluate the compensation management system. Compensation management deals with initiating, designing, formulating, and implementing total compensation package that must be designed for the employees. Even though the basic concept of compensation deals with earning a means of living by doing some work, compensation is viewed differently by different persons of an organization such as employer, employee and society. All of them have different views of compensation.

The nature of compensation deals with the monetary gains, so that the employees are satisfied with his/her worth. The main objective of compensation management is to recruit the talented persons and also it help to increase employee's satisfaction. The research design used for the study was descriptive research. The data was collected by using the questionnaire. The sample size taken for the study was 100. The type of sampling technique used for the study was simple random sampling. The statistical tools like chi-square test, correlation, ANOVA and percentage analysis were used to analyze the data. Based on the data analysis it was found that many of them are satisfied with the payroll along with working condition.

INTRODUCTION

Compensation management is the payment paid in the form of hourly wages or annual salaries combined with benefits such as insurance, vacation, etc. that can positively or negatively affect an employee's work performance. Compensation management has become one of the issues both for employees and employers around the world due to its importance. Naturally, employees want to get more remuneration for their work as where employers want

to pay as minimum as they can. So regarding the compensation there is a conflict between employees and employers in many of the organizations.

Compensation is the remuneration an employee receives for his or her contribution to the organization. It occupies an important place in the life of employee. His or her standard of living, status in the society, motivation, loyalty and productivity depend upon the remuneration he or she receives. For the employer too, employee compensation is significant because of its contribution to the cost of

production. The HR specialist has a difficult task of fixing wages and wage differentials acceptable to employee and their leaders. Remuneration is another term synonymously used with the compensation.

COMPANY PROFILE



T V SundramIyengar & Sons, established in 1911, is the holding company of the TVS group and is the largest automobile corporate dealer in India. The service focused company provides employment to over 10000 people with revenue of around INR 8000 Crores. It operates through three divisions, viz., TVS, Sundram Motors and Madras Auto Service. Being the trading and distribution arm of the group, the business activities of TVS & Sons include dealerships for Automobile vehicles, sales & service of products for special applications like Construction & Material handling. The company manages Joint Ventures in Sri Lanka and Bangladesh for automobile distribution, dealership business through its subsidiary company in South Africa and vehicle servicing business in Saudi Arabia.

The Dealership Business focuses on sales and distribution of commercial vehicles, utility & sports utility vehicles, passenger cars representing various automobile vehicle manufacturers such as Ashok Leyland, General Motors, Honda, Mahindra & Mahindra, Mahindra Navistar, Mercedes Benz, Renault, Volkswagen and off highway equipment manufactured by Escorts, JLG, Ingersoll Rand and Pal Finger. The company has more than 150 outlets and sells over 60,000 vehicles and service reporting exceeds 600,000 vehicles per annum. TVS & Sons also has two subsidiary companies that include TVS Logistics Services Limited – India's leading third party logistics service provider and TVS Automobile Solutions Limited – India's largest after-market service provider for passenger cars, which also operates the brand MyTVS.

NEED FOR THE STUDY

The aim of the study was to know the employee compensation management at T V SundramIyengar & Sons Private Limited. The need for the study arises to know whether the employees are satisfied with the

compensation benefits. Employee compensation is the integral part of human resource management which helps to motivating the employees and improving organizational effectiveness. An idle compensation management system will help an organization to enhance the performance of its employees and create a more engaged workforce that's willing to go the extra mile for the organization.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVES

- ❖ To study the employee compensation management system with reference to T V SundramIyengar & Sons private Limited.

SECONDARY OBJECTIVES

- ❖ To know the compensation management practices and policies of the organization.
- ❖ To identify the factors affecting compensation management system.
- ❖ To identify the satisfaction level of employees related to the existing compensation plan.
- ❖ To provide suggestion about the compensation package of T V SundramIyengar & Sons private Limited.

SCOPE OF THE STUDY

The scope of this project is to study of the compensation management strategies and to evaluate the performance of employee on their work. Compensation is the valuation of worth, quality or merit. Compensation structure, also known as remuneration, is a method by which the job performance of an employee is valued or qualified. It is the most important management tool helpful in attracting and retaining the best employees.

REVIEW OF LITERATURE

Bob, N. (2011). Making employees suggestions Count, *Journal of personnel management* 17; 20 -41. Bob (2011) Compensation processes are based on Compensation Philosophies and strategies and contain arrangement in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation.

Pearce, L.(2010). Managerial compensation based on organization performance, *Journal of industrial Relation*,52:3-28. Pearce (2010) Compensation implies having a compensation structure in which the employees who perform better are paid more than the average performing employees.

Dr. Navita Nathani , Dr. Simranjeet Kaur Sandhar & Anindita Chakraborty, “ Impact of Employee Satisfaction with Compensation on Employee Motivation”, *Vishwakarma Business Review*: (pp. 79 – 87), Year : July 2010. The main objective of compensation administration are to design a cost-effective pay structure that will attract, motivate and retain competent employees and that will also be viewed as fair by these employees. The purpose of this study is to bring out the importance and impact of effective compensation, which can satisfy the employee, so as to attract, retain and motivate them. This research was an attempt to find out the relationship of employee satisfaction with compensation and employee motivation.

Faheem Ghazanfar, Shuai Chuanmin , Muhammad Mahroof Khan & Mohsin Bashir, “ A Study of Relationship between Satisfaction with Compensation and Work Motivation”, *International Journal of Business and Social Science*: Vol. 2 No. 1 (pp. 120 -131), Year: January 2011. The current study while applying the theoretical framework based on expectancy theory examined the relationship between satisfaction with compensation and work motivation. The dimensions i.e. fixed pay, flexible pay, and benefits were examined with regard to satisfaction with compensation. The main findings of the study were: 1) satisfaction with compensation can be factor of work motivation. 2) flexible pay is not a motivating factor in the jobs which the employees were holding. 3) benefits do not have a significant impact on work motivation.

Armstrong, M (2005). *A Handbook of Human Resources management practices*. UK: Kogan 3 page, 986 p. Armstrong (2005) stated that compensation management is an integral part of human resources management approach to productivity improvement in the organization. It deals with the design, implementation and maintenance of compensation system that are geared to the improvement of organizational, team and individual performance.

Brown, A. (2003). *Reward strategies*, *Journal of personnel management* 1; 17-29. Brown (2003) sees compensation as a return in exchange between their employees and themselves as an entitlement for being an employee of the organization, or as a reward for a job well done. Employees' pay does not depend solely on the jobs they hold.

RESEARCH METHODOLOGY

Descriptive research design is adopted for the study. The data required for the study has been collected from the questionnaire method (primary source). This study is based on the survey conducted in T V Sundram Iyengar & Sons Private Limited, Chennai. 100 sample were collected on convenient sampling method. The information related to their demography and compensation management system in the organization were very much required to attain the objectives. To have a meaningful analysis and interpretation of various data collected correlation and ANOVA were made for this study.

LIMITATIONS

- ❖ Sample size was limited and they could not take into account of all the employee in organization for the study.
- ❖ The information provided may be biased.
- ❖ Due to time constraint data cannot collected effectively.

CORRELATION ANALYSIS

Null hypothesis: There is no relationship between age of a respondent and compensation pay mix.

Alternative hypothesis: There is exist relationship between age of a respondent and compensation pay mix.

Table showing correlation analysis between overall age of a respondent and compensation pay mix:

Correlations

		age of the respondent	compensation paymix
age of the respondent	Pearson Correlation Sig. (2-tailed) N	1 100	.906** .000 100
compensation paymix	Pearson Correlation Sig. (2-tailed) N	.906** .000 100	1 100

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

Result:

At 1% level of significance, the correlated value must be greater than zero, therefore H_0 is rejected. There is a correlation between age of a respondent and compensation pay mix.

ONE WAY ANOVA

Null hypothesis: There is no significant difference between experience of the respondents and income of the respondents.

Alternative hypothesis: There is significant difference between experience of the respondents and income of the respondents.

Table showing experience of the respondents and income of the respondents

ANOVA

Income of the respondent

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	43.659	3	14.553	43.253	.000
Within Groups	32.301	96	.336		
Total	75.960	99			

RESULT:

The difference between the two variable of the significant value must be less than 0.05. Therefore H_0 is accepted. Hence there is no significant difference between experience of the respondents and income of the respondents.

SUGGESTION

Based on the data collection through the questionnaire and interaction with the officers of T V SundramIyengar & Sons Private Limited the following suggestion are made for consideration:

- ❖ The organization can ensure the provision of good welfare packages that will encourage and promote employee performance.
- ❖ Psychological and self-actualization needs of employee may be properly identified and accordingly these needs should be satisfied using various motivational techniques.

- ❖ Improvement in compensation have to be made for new project completion to act as support function.
- ❖ The employee expected for more compensation benefit even though the organization paid with competitive compensation in comparison to another organization.

CONCLUSION

The study analyses about the compensation management of employee in T V SundramIyengar & Sons Private Ltd. Employees are integral part of the human resources 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 and essential for the running the organization.

Compensation constitutes the largest part of the employee retention process. The employees always have high expectations regarding their compensation packages. So providing an attractive compensation package plays a critical role in retaining the employees. From the hypothesis tested, the result shows that there is a significant relationship between age of the respondent and compensation pay mix. This shows that compensation pay mix depends on the age of the respondent. From the study, it is found that majority of employee are satisfied with their payroll along with working condition.

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