

A STUDY ON EMPLOYEE COMPENSATION IN PALMETTO INDUSTRIES INDIA PRIVATE LIMITED, PUDUCHERRY.

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Abstract:

Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction. An ideal compensation management system will help you significantly boost the performance of your employees and create a more engaged workforce that's willing to go to the extra mile for your organization. Such a system should be well – defined and uniform and should apply to all levels of the organization as a general system. Plus you'll enjoy clearer visibility into individual employee performance when it comes time to make critical compensation planning decisions. With effective compensation management you'll also enjoy clearer visibility into individual employee performance when it comes time to make critical compensation planning decisions. With effective compensation management you'll also enjoy clearer visibility into individual employee performance when it comes time to make critical compensation planning decisions. These performance appraisals assist in determining compensation and benefits, but they are also instrumental in identifying ways to help individuals improve their current positions and prepare for future opportunities. Human resource is the most vital resource for any organization. It is responsible for each and every decision taken, each and every work done and each and every result. Employees should be managed properly and motivated by providing best remuneration and compensation as per the industry standards. The lucrative compensation will also serve the need for attracting and retaining the best employees.

Key words: Recruitment, job performance, job satisfaction

INTRODUCTION OF THE TOPIC

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.

Not only in practice but also in theory the debate on what determines executive pay levels and structures is still ongoing there are various used to explain executive pay, however the field is still dominated by the perfect contracting approach of agency theory as introduced by Jensen and Mackling [1976]. This suggests that executive pay is an instrument to alleviate agency problems that is to render executive pay is an instrument to align the interests between shareholders and management [Bebchuk and fried]

The project entitled a study on compensation management in **Palmetto Industries India Pvt. Ltd.** The study is analysis what are all the compensation provide for employees and Descriptive researched design in chosen to put the back as they are primary data was collected of 100 employees. Relevant book websites and official reports of the company are used to collect secondary data, the collected data are analysed through tabulation and statistical tools like percentage analysis, chi-square test and rank correlation analysis the study focuses on manager, executive and work in Palmetto Industries India Pvt. Limited.

REVIEW OF LITERATURE

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.

Armstrong (2005) Compensation Management is concerned with the formulation and implementation of strategies and Policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organization.

Hewitt (2009). Compensation Management as the name suggests, implies having a compensation structure in which the employees who perform better are paid more than the average performing employees. This encourages top-performers to work harder and helps to build a competitive atmosphere in the organization

STATEMENT OF THE PROBLEM

Employee compensation is one of the most critical problems in the organisations today. One of the most challenging processes that can drive sales performance is the management of sales compensation plans. Poor compensation management can lead to inefficient customer targeting, sales of the wrong products or services, and heavy discounting all of which result in lower revenue and margins because sales behaviors are not aligned with company objectives.

There is also a clear need for developing and instituting a more equitable method for evaluating the safety performance of contractors. To accomplish this goal, the research team felt a review of the organisation was needed to identify best practices and to use these practices in formulating guidelines for improved employee's compensation management and contractor evaluation. All participants in the organisation (employees, owners and contractors) stand to benefit from any improvements.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

- To study on compensation management in Palmetto Industries India Pvt. Limited.

SECONDARY OBJECTIVES

- To know the compensation system of the company.
- To study whether fair wage system is being followed in the organization.
- To identify the employee level of wage system.
- To estimate the employee compensation given to them.
- To frame better compensation system of organization.

NEED OF THE STUDY

- This study facilitates the management to improve their organization efficiency.
- It helps to identify the better compensation system to be provided for the employees.
- It will be useful to motivate the employees by providing appropriate monetary benefits.

SCOPE OF THE STUDY

- In the present context of the study the compensation management plays a vital role in deciding the performance of the organization.

This study certainly covers all areas of employee compensation system which facilitate the management to improve the structure of benefit management so as to improve the moral of the employee.

METHODOLOGY

Primary Data

Questionnaires are prepared and personal interview was conducted. Most of the structure interview method was undertaken. The questions are consisted of the multiple choices the interview was conducted in English as in Tamil proper care was taken to frame the interview schedule in such a manner it should be easily understood in view of educational level of employees.

Secondary Data

Secondary data needed for conducting this research work were collected from brochures of the company and employee profile book internet and various journals etc.

SAMPLE UNIT

The sample unit was employees of Palmetto Industries India Pvt. Limited, Chinnakalapet, Puducherry

SAMPLE SIZE

Nearly 100 samples taken in Palmetto Industries India Private Limited, Chinnakalapet, Pondicherry.

LIMITATIONS OF THE STUDY

- Due to the short-term period. I am unable to furnish all the details.
- Somebody refused to give information.
- Information is not given properly by the respondents

- Lack of support from the management side while data collection due to their policy of maintaining secrecy.

DATA ANALYSIS AND INTERPTATION

TABLE :1

CHI – SQUARE TEST

REWARDS& AWARDS Vs BONUS

	REWARDING SYSTEM		
	YES	NO	Total
REWARD & AWARD	52	48	100
BONUS	88	12	100
Total	140	60	200

Tools – Chi – Square

H_0 : There is no relationship between the views given by the respondents regarding reward & award

H_1 : There is a relationship between the views given by the respondents regarding bonus

Note: O_i = Observed Frequency

E_i = Expected Frequency.

CHI –SQUARE TEST ANALYSIS

Observed Frequency (O_i)	Expected Frequency (E_i)	$(O_i - E_i)$	$(O_i - E_i)^2$	$\frac{\sum(O_i - E_i)^2}{E_i}$
52	70	-18	324	4.62
48	30	18	324	10.8
88	70	18	324	4.62
12	30	-18	324	10.8
TOTAL				30.84

$$\text{Chi-square } \chi^2 = \frac{\sum(Oi - Ei)^2}{Ei}$$

Calculated value : = 30.84

Level of Significance = n-1

$$= 4-1$$

$$= 3$$

Degrees of Freedom = 5%

Table Value = 7.81

Calculated Value > Table Value

Null Hypothesis is rejected

.Inference : There is no significant relationship between employee reward and award Vs bonus.

TABLE: 2

CORRELATION ANALYSIS

Extra allowances are provided by the organisation. Vs

Salary income providing system.

X	Y	dx = x - \bar{x}	dy = y - \bar{y}	dx²	dy²	Dxdy
42	24	22	4	484	16	88
16	36	-4	16	16	256	64
12	2	-8	-18	64	324	144
28	20	8	0	64	0	0
2	18	-18	-2	324	4	36
100	100	0	0	952	600	332

$$\begin{aligned} r &= \frac{(\sum dx dy)}{\sqrt{\sum dx^2 \times \sum dy^2}} \\ &= \frac{332}{\sqrt{952 \times 600}} \\ &= \frac{332}{\sqrt{571200}} = \frac{332}{755.7} \\ r &= 0.434 \end{aligned}$$

Inference:

Correlation co-efficient is highly positive, so it can be interpreted that relationship opinion about respondents extra allowance and salary income. It is highly correlated.

FINDINGS OF THE STUDY

- From the above table indicates that 64% of the respondents are belongs to the age group of above 30 years, 32% of the respondents are belongs to the age group of 25 – 30 and 4% of the respondents are belongs to the age group of 18 – 25.
- The above table infers that 92% of the respondents are Male and 8% of the respondents are Female.
- From the above table 68% of the respondents are having higher secondary qualification level, 16% of the employees are having graduate and 16% of the employees are having diploma qualification

SUGGESTIONS OF THE STUDY

- The management increases the reward system to the employees by suitable methods.
- The extra allowance such as over time, incentive may be provide to the good performance.
- The bonus may be enhancing so as to improve the level of satisfaction.

CONCLUSION

By this research trainee had enough experience in studying the compensation system in the organizations it suggested that there is a need to improve the structure of

compensation management which includes the salary, allowances, bonus, incentive payment which will facilitate to improve performance of the organization in term to achieve the desired goal of the organization. If the management upgrades the present system of compensation definitely it will lead the entire team of the organization.

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