

A STUDY ON EMPLOYEE SATISFACTION WITH COMPENSATION MANAGEMENT AT FIBO MACRO AND MICRO AUTO SPARES PRIVATE LIMITED AT TRICHY

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ABSTRACT

The work done in this project is to find out the level of employee satisfaction towards the compensation management services provided by **FIBO MACRO AND MICRO AUTO SPARES PRIVATE LIMITED AT TRICHY**.

The basic focus of the study is to find out whether the employees are satisfied with the amount of salary and benefits they are receiving as well as to know whether they have any problems in the calculation of their salaries and other benefits.

The study covers various aspects like satisfaction in respect of amount, time of increment, solution to their compensation related issues, whether they are satisfied or not

INTRODUCTION

EMPLOYEE SATISFACTION

Employee Satisfaction is a prerequisite for the customer satisfaction. Enhanced employee satisfaction leads to higher level of employee retention. A stable and committed workforce ensures successful knowledge transfer, sharing, and creation - a key to continuous improvement, innovation, and knowledge-based total customer satisfaction.

When companies are committed with providing high quality products and services; when companies set high work standards for their employees; and when employees are empowered through training and development, provided with knowledge and information, permitted to make mistakes without punishment, and trusted; they will experience an increase in their level of satisfaction at work.

This level of satisfaction can be enhanced further if they are offered competitive salary and benefit packages. Continuous improvement comes from the efforts of the empowered employees motivated by visionary leadership.

This is supported by the findings that empowerment and visionary leadership both have significant correlation with employee satisfaction. Teamwork is also supported by the findings. In addition, the study found significant correlation between employee satisfaction and employee's intention to leave.

The success of a corporation depends very much on customer satisfaction. A high level of customer service leads to customer retention, thus offering growth and profit opportunities to the organization. There is a strong relationship between customer satisfaction and employee satisfaction. Satisfied employees are more likely to stay with company.

Employee satisfaction describes how content an individual is with his or her job. It is a relatively recent term since in previous centuries the jobs available to a particular person were often predetermined by the occupation of that person's parent. There are a variety of factors that can influence a person's level of job satisfaction. Some of these factors include the level of pay and benefits, the perceived fairness of the promotion system within a company, the quality of the working conditions, leadership and social relationships, the job itself (the variety of tasks involved, the interest and challenge the job generates, and the clarity of the job description/requirements). The happier people are within their job, the more satisfied they are said to be. Employee satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance Employee satisfaction and performance methods include job rotation, job enlargement and job enrichment.

Employee satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job; an affective reaction to one's job; and an attitude towards one's job. Weiss (2007) has argued that Employee satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which are affect (emotion), beliefs and behaviours. This definition suggests that we form attitudes towards our jobs by taking into account our feelings, our beliefs, and our behaviours.

EVOLUTION OF EMPLOYEE SATISFACTION

The idea of employee satisfaction can be traced back to a significant movement that helped in the evolution of understanding and managing people: the Human Relations Movement. The Human Relations Movement included the Hawthorne Legacy and McGregor's Theory X and Y. The Hawthorne Legacy results concluded that individual needs, supportive supervision, and group dynamics had an extremely powerful effect. Focusing more on an individual's needs was the beginning to the idea of employee satisfaction. This was also apparent in comparing and contrasting McGregor's Theories X and Y. McGregor's Theory X assumes that most people disliked work and would avoid it when they could. People must be coerced and threatened with punishment before they would do work. Employee satisfaction was not a concern in Theory X. It was in McGregor's Theory Y that employee satisfaction started to show. Work was a natural activity, like play or rest. People were viewed as creative and imaginative. Companies cared more about the people who worked for them. The Total Quality Management Movement included the Deming Legacy, which emphasized formal training for employees, helpful leadership rather than order giving and punishment, elimination of fear so employees can feel free to ask questions, and teamwork. When people are managed according to Total Quality Management principles, everyone is more likely to get the opportunities and goods and services they demand, ultimately resulting in a much higher level of employee satisfaction.

FACTORS OF EMPLOYEE SATISFACTION

Keeping employees engaged and satisfied takes more than just good pay and benefits. The following list reveals some of the key Employee satisfaction aspects cited by employees:

Respect – According to the SHRM report, employees rate respectful treatment of all employees as the most important factor in job satisfaction.

Trust – Perhaps because of workplace uncertainty in the years following the Great Recession, employees indicated that trust between themselves and senior management was another highly important satisfaction factor.

Security – If you've ever had to go to work each day wondering whether your job is secure, you know it can cause a great deal of anxiety. Organizations can provide a sense of security through honest communication and transparency about the company's health and long-term viability.

Healthy Environment – Workplaces that are free from stress, morale issues, harassment and discriminatory practices can create a positive and healthy environment for everyone.

Career Path – No one wants a dead-end job. Employees are more likely to excel when they can see an established upward path, with the opportunity to earn a higher wage and take on greater responsibilities.

Pay and Benefits – Good wages aren't the only reason employees find satisfaction in their jobs, but they typically rank high on the list. Competitive pay generally makes employees feel valued, and gives them less reason to look elsewhere for work.

IMPORTANT IS EMPLOYEE SATISFACTION

There is little doubt that great employees are an organization's number one resource. Keeping workers happy helps strengthen a company in many ways, including:

Lower Turnover – Turnover can be one of the highest costs attributed to the HR department. Retaining workers helps create a better environment, and makes it easier to recruit quality talent and save money. The bottom line: satisfied employees are typically much less likely to leave.

Higher Productivity – Irrespective of job title and pay grade, employees who report high Employee satisfaction tend to achieve higher productivity.

Increased Profits – Keeping employees safe and satisfied can lead to higher sales, lower costs and a stronger bottom line.

Loyalty – When employees feel the company has their best interests at heart, they often support its mission and work hard to help achieve its objectives. And, they may be more likely to tell their friends, which helps spread goodwill.

MEANING OF COMPENSATION

Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Employee compensation may achieve several purposes in recruitment, job-performance and job satisfaction. "Employee compensation refers to all forms of pay going to employees and arising from their employment". Compensation can be defined as all the rewards earned by employees in return for their labour. Compensation is typically divided into direct & indirect components.

According to **Cascio (1995)** the “Compensation includes direct cash payments and indirect payments in form of employees benefits and incentives to motivate employees to strive for higher levels of productivity”.

According to Milkovitch and Newman (2005) the “Compensation is all forms of financial returns, tangible services and benefits employees receive as part of an employment relationship.” The phrase “financial returns” refers to an individual's base salary, as well as short- and long-term incentives. “Tangible services and benefits” are such things as insurance, paid vacation and sick days, pension plans, and employee discounts.

Direct Financial Compensation consisting of pay received in the form of wages, salaries, bonuses and commissions provided as regular and consistent intervals.

Indirect Financial Compensation including all financial rewards that are not included in direct compensation and can be understood to form part of the social contract between the employer and employee such as benefits, leaves, retirement plans, education, and employee services.

Non-Financial compensation referring to topics such as career development and advancement opportunities, opportunities for recognition, as well as work environment and conditions. In determining effective rewards, however, the uniqueness of each employee must also be considered. People have different needs or reasons for working. The most appropriate compensation will meet these individual needs. To a large degree, adequate or fair compensation is in the mind of the employee. A good compensation strategy includes a balance between internal equity and external competitiveness. Compensation and benefits affect the productivity and happiness of employees, as well as the ability of your organization to effectively realize its objectives. It is your advantage to ensure that your employees are creatively compensated and knowledgeable of their benefits.

STATEMENT OF THE PROBLEM

Employees are the assets of any organization. This research study deals with identifying the impact of employee satisfaction in compensation. Organizational productivity depends on the employee's performance. If employees problem are addressed properly organizational productivity will surely increase. This study depicts the relationship of dependent variable and independent variable of compensation management. Proper management of employees by giving them incentives, and reward system and also showing concern with their work life balance proves to be productive for an organization. In this regard HR department plays a very vital role in Fibo macro and micro auto spares industry solving the issues of employees and organizational growth. Organizational productivity mainly depend on the commitment of employees, this commitment is made strong implementation of compensation management.

OBJECTIVES OF THE STUDY

Primary objective

A study on employee satisfaction in compensation management at Fibo Macro and Micro Auto Spares Private Limited at Trichy.

Secondary objectives

1. To identify the need and importance of wage and salary administration and incentives in Fibo Macro and Micro Auto Spares Private Limited.
2. To analysis of incentive scheme in Fibo Macro and Micro Auto Spares Private Limited.
3. To examine the relationship of compensation system and employee satisfaction.
4. To study the relationship between demographic variables and compensation management.

REVIEW OF LITERATURE

Zhou Jie and Zuo Ling Yan (2014) published a paper entitled “Executive Compensation and Earnings Management: Empirical Study in China’s Listed Companies” in ‘Advances in Management’. This paper investigates the relevance between executive compensation and earnings management of listed companies in China using discretionary accruals and based on the assumption that executive compensation contract could react significantly differently to extraordinary items and ordinary items. The sample is composed of 5806 firms observations from year 2006 to 2010. The findings support the prior empirical research that executive compensation and discretionary accruals have positive significance correlation which indicates that managers prefer to use discretionary accounting choices especially for extraordinary items to increase their compensation, so as to achieve the goal of earnings management. Additionally, the results also demonstrate the correlation between earnings quality and the contract of executive compensation. Therefore, after the analysis of the whole sample, the authors think that to standardize earnings management and to improve the contract of executive compensation are two important tasks for the listed companies in China.

The researcher has collected number of books relating to compensation management and they are reviewed as follows:

Er Soni Shyam Singh (2008), this book is designed based on the course design of UGC but is unlike voluminous textbooks. It tries to clear the concepts to management students and practicing HR managers to enable them to understand relevant terminologies and their co-relevance to design and structure a sound compensation structure, evaluate and benchmark the jobs and tools of compensation management. It provides comprehensive yet to the point approaches to learn differentiations and tips to design the compensation for employees at various levels of the organization.

Tapomoy Deb (2009), Compensation Management, the entire text book has been divided into five theme – based parts which have been further divided into ten logical, enriching and descriptive chapters. Each part addresses one broad theme and highlights a particular aspect of compensation management.

Jerry M. Newman et al. (2009), ‘Compensation’ through the course of this book, the authors are given relevant information on compensation management, along with strategic decisions to manage total compensation. is divided into six parts, each covering different aspects of this subject. In total, there are 18 chapters, and some of them include The Benefits Determination Process, Union Role in Wage and Salary Administration, Government and Legal Issues in Compensation, Pay For Performance: The Evidence, Defining Competitiveness, Defining Internal Alignment, and Compensation of Special Groups.

RESEARCH METHADODOLOGY

Research Methodology is way to systematically solve the research problem. It guides the researcher to do the search scientifically. It contains of different steps that are generally adopted by a

researcher to study his research problem along with the logic behind him. Data become information only when a proper methodology is adopted. The research methodology includes the logic behind the methods we use in the content of our research study.

Research Design

The researcher adopted his study is descriptive in nature.

DATA COLLECTION METHOD

There are two types of data that are:

1. Primary data
2. Secondary data

Primary data collection:

The tool used for collecting the data is through the **questionnaire**. The main reason for selecting the questionnaire method for the study is:

- ✓ Respondents have adequate time to give well thought out answers.
- ✓ The time of the study was also a limiting factor.
- ✓ Five pointer scales were use through the Questionnaire.

The researcher consisted 25 questions that lay consistent with the objective of the research.

Secondary data collection

The websites of the service providers and various other researchers done in this area along with the websites. Besides this the availability of documents, files, notes and brochures served by the company served as an additional secondary data for this project.

SAMPLING

Primary data can also be collected with the help of sampling method. Sampling is not something which is only followed in statistics, is used in everyday life. Sampling as a method is also used in a research. In this study the researcher used Simple random sampling.

SAMPLE SIZE

430 workers are working in Fibo Macro and Micro Auto Spares Private Limited at Trichy. Out of 430 the researcher collected data from 120 employees used on random sampling method.

TOOLS OF THE STUDY

Statistical tools like Tabulation, Graphic Representations, Chi-Square and percentage analysis are used in the compilation and computation of data.

Chi-Square Test

The Chi-Square test is one of the simplest and most widely used non-parametric test in statistical work. It is practically useful in tests involving nominal data. It can be used for higher scales. It makes no assumptions about the population being sampled. If Chi-Square is zero it means that the observed and the expected frequencies completely coincide, while the greater the value of Chi-Square is , the greater would be the fiborepancy between observed and the expected frequencies.

The formula for computing Chi-Square is

$$\text{CHI-SQUARE} = (\text{O}-\text{E})^2 / \text{E}$$

Where O = Observed Frequency, E = Expected Frequency

The calculated value of chi-square is compared with the table value of chi-square for given degrees of freedom of specified level of significance. If the calculated value of chi-square is greater than the table value the difference between the theory and the observed is considered to be significant, i.e., it could not have risen due to fluctuations of simple sampling. On the other hand if the calculated value is less than the table value, the difference between the theory and observation is not considered significant, i.e., it could have risen due to fluctuations of sampling.

The number of degrees of freedom is described as the number of observations that are free to vary after certain restrictions have been imposed on the data. For a uniform distribution, we place one restriction on the expected distribution - the total of sample observations

Percentage Analysis: Percentage refers to a special kind of ratio. Percentage is used in making comparison about two or more series of data. Percentage as also used to describe relationship. It is also used to compare the relative terms of two or more series of data.

Formula:

$$\frac{\text{Number of respondents}}{\text{Total no. of respondents}} \times 100$$

LIMITATIONS OF THE STUDY

Any research study would be facing certain limitations, technical or procedural or otherwise the present study has not been an exception to this rule and had come across certain limitation the following are few of such constrains.

1. The study has to be completed within a stipulated time period and hence time was a major constraint.
2. Reluctance of concerned person to spend enough time for answering the questions was considered to be other major constraints.
3. The sample size is restricted date and time constraints.
4. Due to pre-judice, respondents might have given false information which learns to biased conclusion.
5. Despite the above limitations every attempt has been made to complete attempt has been made to complete the research work in best possible manner.
6. All the factors affecting employee satisfaction is not taken into Consideration.

FINDING

1. Majority 30 of respondent are qualified in diploma.
2. Majority 38 of respondent are working in the designation of supervisor.

3. Majority 33 of respondent are hr department.
4. Majority 31 of respondent are working experience in 1-2 years.
5. Majority 51 of respondent are says this is first job.
6. Majority 28 of respondent are says that agree with paid for fairly the work.
7. Majority 25 of respondent are says that agree with salary and benefits are comparable similar.

SUGGESTION

- ✓ Employees should be aware about the fact of outsourcing by **FIBO MACRO AND MICRO AUTO SPARES PRIVATE LIMITED**
- ✓ There should be more communication between **FIBO MACRO AND MICRO AUTO SPARES PRIVATE LIMITED**.
- ✓ **FIBO MACRO AND MICRO AUTO SPARES PRIVATE LIMITED** must forward compensation related issues of its employees to FIBO.
- ✓ FIBO must timely address to the employee's complaints.
- ✓ They should be given full appreciation of work done that is by them.
- ✓ FIBO must suggest to **FIBO MACRO AND MICRO AUTO SPARES PRIVATE LIMITED** to increase the amount of bonus and other benefits at reasonable intervals.
- ✓ FIBO must suggest **FIBO MACRO AND MICRO AUTO SPARES PRIVATE LIMITED** to communicate to its employees various standards and basis which will be counted while calculating benefits to put an end to feeling of favoritism.
- ✓ Employees can be provided with work of their own interest so that they can perform job in an efficient manner and feel interested while doing a job.
- ✓ Proper communication skill enhancing training should be given to employees so that they can feel easy in communicating with different customers in different languages.
- ✓ Good personality development class should be given to the team members to improve their knowledge.

CONCLUSION

The study it can be concluded that on an most of the employees are satisfied with the compensation providing by FIBO. There are some minor problems and issue which can be solved by taking certain steps one of which can be more communication.

It can be said that, in future FIBO should conduct timely surveys to know the expectations of the employees and after a detailed discussion their employees of FIBO should be design and frame more benefit packages.

It has businesses spread out across the globe. The company faces a large amount of competition. The Compensation Committee reviews the overall compensation structure and policies of the Industry with a view to attract, retain and motivate employees, consider grant of stock options to employees, reviewing compensation levels of the industry's employees.

The project was very satisfying experience for me, not only practically and academically. It also helped me in enriched my knowledge also. The Industry's compensation policy is to provide a fair and

consistent basis for motivating and rewarding employees appropriately according to their job / role size, performance, contribution, skill and competence.

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