

**“A STUDY ON THE EFFECT OF COMPENSATION MANAGEMENT ON
EMPLOYEE PERFORMANCE WITH REFERENCE TO AUTOKAST LTD,
CHERTHALA, ALAPPUZHA”
PROJECT REPORT**

Submitted in partial fulfilment of the requirement for the award Degree

MASTER OF BUSINESS ADMINISTRATION



University of Calicut

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2020-2022**

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UNIVERSITY OF CALICUT
BONAFIED CERTIFICATE

Certified that this paper report “A STUDY ON THE EFFECT OF COMPENSATION MANAGEMENT ON EMPLOYEE PERFORMANCE WITH REFERENCE TO AUTOKAST LTD, CHERTHALA, ALAPPUZHA” is a bonafied work of Ms. ROHITHA MATHEW (YPAUMBA048) who carried out this project work.

Place: Pongam, Koratty East

Date:

Prof. Dr. Jacob P M
DIRECTOR, NBS

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BONAFIED CERTIFICATE

Certified that this paper report “A STUDY ON THE EFFECT OF COMPENSATION MANAGEMENT ON EMPLOYEE PERFORMANCE WITH REFERENCE TO AUTOKAST LTD, CHERTHALA, ALAPPUZHA” is a bonafied work of Ms. ROHITHA MATHEW (YPAUMBA048) who carried out this project work.

Place: Pongam, Koratty East

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Assistant Professor, NBS

Company's certificate

DECLARATION

I, Rohitha Mathew, hereby declare that the Project Report entitled “**A STUDY ON THE EFFECT OF COMPENSATION MANAGEMENT ON EMPLOYEE PERFORMANCE WITH REFERENCE TO AUTOKAST LTD, CHERHALA, ALAPPUZHA** ” has been prepared by myself and submitted to the University of Calicut in partial fulfillment of requirements for the award of the Master of Business Administration is a record of original work done by me under the supervision of Ms. Jis Jose of Naipunnya Business School, Pongam, Koratty East, Thrissur.

Place: Pongam, Koratty East

Date:

Rohitha Mathew

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Place: Pongam, Koratty East

Date:

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CHAPTER – I

INTRODUCTION

1.1 INTRODUCTION

One of the foremost intricate and dynamic challenges within the world of human resource is compensation management. Effective management of the business's human resources is critical for a corporation to accomplish its stated goals. Taken into consideration compensation management is the key component of resources management. The potential of a manager to accomplish the stated objectives to a very extent depends on the effective of compensational packages so as to motivate the subordinates and employees within and beyond their expectation. The term compensation as a substitute word for wages and salaries is of recent origin. Pay or compensation represents an exchange between the employee and the organization. Compensation should be fair, irrespective of economic consideration. The modern definition of compensation, however, considers both intrinsic and extrinsic components of compensation.

One of the fundamental tasks in Human Resources Management is Compensation Management. It is a complex task that occurs periodically, demand accuracy and must not be delayed. Compensation Management requires integrating employees' processes and information with business process and strategies to achieve optimal organizational goals and objectives. This can be attributed to the fact that Compensation Management is an essential tool to "integrate individual efforts with strategic business objectives by encouraging employees to do the right things with ever improving efficiency".

Compensation is the critical factor of consideration for employees, as well as the lesson that merits evaluation from the businesses. The study discovers that the compensation system will positively affects job satisfaction. To avoid inability to retain talents after layoff, enterprises are suggested to provide excellent skill-based compensation, position-based compensation and performance-based compensation for existing talents within the organization, so that these talents will be paid with attention and obtain higher job satisfaction.

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Motivating and retaining good performers is an important priority of any organization. Companies cannot retain talent with high salaries alone. They also need to develop compensation packages that address the real and perceived needs of employees. It includes, making provisions for short- and long-term incentives, stock options, assistance in achieving financial goals, favorable tax incentives, and assistance with lifestyle requirements of employees. This underlines the need of strategic compensation design.

The relationship between employers and their employees, and the organization and its shareholders is expected to be mutually reciprocal. The employer expects employees to give their best in the areas of monitoring their performance, learning to develop themselves, adhere to rules and regulations in the performance of their assigned duties to increase productivity. They also expect their employees to be innovative and take initiative and address problems on their own. Employees on the other hand are also looking up to the employer or management to provide the necessary tools and equipment they need to work with and also get fair compensation for the work they do and the other services they provide.

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work employee relation by providing monetary and non-monetary benefits to employees. Compensation and Welfare measures are an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness.

It is a visible incontrovertible fact that effective implementation of favorable compensation management won't only aid in stabilizing and retaining employees but also helps in reducing labor turnover within the organization. Employees' compensation will be seen as all kinds of financial returns and tangible benefits that employees receive as a part of an employment relationship. It will be remarked because the totality of the financial and non-financial rewards an employee

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receives reciprocally for his/her labor or services. Compensation management refers to the method of building the structure of wages level for the varied positions designing incentive systems, setting individual wages and incentives within the established structures. It is an integral part of human resources management that affects the performance of employees because it establishes the degree of relationship between employer and also the employee. The basic and main purpose of every organization is to coordinate the effort of many people towards the achievement of a common goal.

Employee compensation plays such a key role because it is at the heart of the employment relationship, being of critical importance to both employees and employers. Employees typically depend on wages, salaries, and so forth to provide a large share of their income and on benefits to provide income and health security. For employers, compensation decisions influence their cost of doing business and thus, their ability to sell at a competitive price in the product market. In addition, compensation decisions influence the employer's ability to compete for employees in the labor market (attract and retain), as well as their attitudes and behaviors while with the employee.

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. This constitutes measuring job values, designing and maintaining pay structures, paying for performance, competence and skill, and providing employee benefits. However, compensation management is not just about money. It is also concerned with that non-financial compensation which provides intrinsic or extrinsic motivation (Bob, 2011).

The most valuable asset of an organization is its human resource and therefore they must be managed efficiently to ensure increased productivity. It has also been said that compensation management is an area of the corporate world that has not been given much attention hence the very rampant industrial actions experienced in

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industry. Compensation plays an important role in organizations that want to reach their objectives and their goals. It goes without saying that organizations which do not properly manage this aspect of human resource activity very well will have a negative impact on the total performance of their employees and impact on productivity.

Overtime pay, stock options, 401k matches, pension plans, days off, and even free lunches make up an essential part of the compensation and benefits package.

Some benefits are country-specific. In the United States, health insurance makes up a key component of benefits. Who your employer is, determines your health care options – even down to which doctors you can see and which medications are covered. In Europe, there is often a focus on more social benefits, including parental leave, severance pay, and termination notice. In countries like France and Finland, it is not uncommon for employers to pay for restaurant vouchers that cover part of the employee's lunch.

Most often, compensation and benefits (commonly referred to as comp & benefits) fall under the responsibility of the Human Resources department. In a small company, an HR generalist would handle all aspects of this process, while in a large company, there would be dedicated departments to manage these.

The kind of compensation that will motivate employee to give their best to influence performance positively will depend on how much it addresses their need for status, security, and their survival need as postulated by Maslow (1943, 1954) in his hierarchy of needs.

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. Compensation is an integral part of human resource management which helps

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in motivating the employees and improving organizational effectiveness. The compensation management is considered to be a complex process which requires accuracy and precision and if not carried out properly may lead to organizational concerns. An ideal compensation policy encourages the employees to work harder and with more determination. It also helps the organizations to set the standards that are job related, realistic and measurable. Compensation policies should have a sound integration with other practices of HRM. One of the indispensable functions of compensation policy of any company is to provide growth opportunities to its employees and to create a vigorous competition among the employees in order to have an urge to work more efficiently and proficiently.

A Payscale study gives some insight into the influence of salary. They found a strong correlation between pay and engagement (and engagement profoundly influences retention), but what was stronger is pay clarity. When employees understood that their compensation was fair, it increased their engagement. Procedural and distributive fairness Compensation fairness consists out of two elements: procedural fairness and distributive fairness.

- Distributive fairness refers to the perceived fairness of the amount of compensation the employee receives.
- Procedural fairness refers to the perceived fairness of the means used to determine those amounts.

Research shows that both distributive fairness and procedural fairness lead to higher employee retention.

One of the most integral and utmost part of the management of any organization is the Compensation Management. It is a systematic and periodic approach through which employees are being rewarded for their efforts which they inset at their

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workplaces. Compensation is comprised of wages, incentives, rewards and other benefits given to the workers. The employees of 21st century work not only for the monetary rewards but also for something “extra” and in Human Resource Management this is referred to as “Benefits”. Rewards are of different types depending on their nature.

Rewards have been distinguished in the following types:

- Intrinsic versus Extrinsic Rewards
- Financial versus Non-financial Rewards
- Performance-based versus Membership-based Rewards

It must also be noted that a good and successful compensation and incentive package is hinged on a number of factors which one may call indicators. The compensation package should be tied to the vision strategy, culture, business models and goals of the organization. A good communication system must exist to ensure there is a clear understanding of the organization’s future. Employees must understand the roles they place in achieving the objectives of the company and they must feel secure in performing those roles.

Compensation is also advantageous to the employee in a way that it injects self-confidence. Offering different schemes of rewards etc is a way of acknowledging the efforts of employees which helps the employee to ponder on the point that he/she as well as his/her work is being valued by the organization. It also works as stress reliever. When an organization is offering different sorts of insurances to the employee, it will relieve many of his fears. Low satisfaction from the job and increased absenteeism rate are the consequences arising from the insufficient and inadequate benefits. Among the 4 M’s i.e. Men, Money, Machine and Material, men are the most important. Employees working in any organization are the building blocks of that organization. To keep them happy, satisfied and to retain them in the organization, money given to them in the form of wages should essentially be adequate. An effective management is that which makes a comparison of its compensation plans with the other jobs in the industry or with the established benchmark.

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Compensation is an important matter which needs to be considered because it directly or indirectly impact effectiveness and competitiveness of a business as well as the well-being of employees. It is a significant instrument for employers in affecting employee attitudes such as perceptions of fairness and employee behavior including whether an employee is attracted to and remains with the employer and how employees effectively utilize their time at work. It has a major effect on employees' values of living and communicates to them the degree to which the employer values their contribution. Compensation management is one of the most important elements of personnel management. It includes economic rewards in shape of wages and salaries as well as in different forms of non-wage economic payment known as fringe benefits, indirect compensation or supplementary pay. The subject of Compensation and for that matter Indirect Compensation is of great importance because it affects the well-being of the individuals in the concerned organizations.

Good compensation was found over the years to be one of the policies an organization can adopt to increase their employees performance and thereby increase the organizations productivity. Compensation plays a useful role in the relationship between an employer and employee.

The study was conducted at AUTOKAST Ltd, S.N Puram, Cherthala. The organization is a Government of Kerala undertaking for the manufacturing of steel, grey iron and spheroid graphite iron castings. It is a manufacturing company of all kind of ferrous castings.

1.2 STATEMENT OF THE PROBLEM

In these modern times, there is a lot of interest in the field of compensation management and organizational commitment. Employees are the most significant and valuable resource in any organization therefore, ensuring that they are satisfied with their job and give the organization their best is one of an organization's main objective. There are several ways to motivate the performance of employees; one of such ways is to build an effective compensation management system.

In every organization, employees typically receive different kinds of benefits in the form of wages, salaries, bonuses, commissions etc. Most of these employees who possess good and solid educational backgrounds tend to be unmotivated to perform their best with the job when their compensation package does not measure up to their educational background and standard thus leading to dissatisfaction, withdrawal behaviors, and turnover.

This study is geared toward exploring the relation between the compensation management system and employee performance by examining the styles of compensation that the organizations disburse. The power to spot the plausible reasons on how and why compensating employees adequately can cause better employee performance. Also, this study pushes us a step further and closer to understanding the importance of compensation management and the way it greatly influences organizational commitment within the workplace.

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1.3 OBJECTIVES OF THE STUDY

- To understand the various compensation measures and beneficence provided by Autokast Ltd.
- To find the satisfaction level of the employees towards compensation measures provided by Autokast Ltd.
- To determine whether the compensation measures are motivating the employees to work in Autokast Ltd.

1.4 SCOPE OF THE STUDY

The objective of compensation management is to attract, engage and to retain employees through competitive compensation plans that align with the company budget, corresponding job market, and government regulations. Compensation management includes various areas such as job evaluation, surveys of wages and salary analysis of relevant organizational problems, development of suitable wage structure, framing of rules for administering wages and salaries, wage payment, incentive, control of compensation cost, etc. Employees who are recognized for the value they bring are more likely to be motivated, loyal and higher performing than those who are not.

This study focuses on the effect of compensation management on employee performance. The study also explains about the satisfaction level that the employees have on each compensation package and the how much it motivates them to work effectively and efficiently in the organization to achieve the organizational goal.

1.5 SIGNIFICANCE OF THE STUDY

Every organization has got its own objective and plan to attain its common goal. A company can achieve its goals only through hard work and cooperation of work. It is very essential for an organization to identify the work that employees have done for the organization and reward them with the most appropriate return. Compensation management is the discipline for determining employee's appropriate pay and benefits. Compensation includes both financial and non-financial rewards. A critical element in talent management and employee retention, it uses financial and non-monetary benefits to attract recruits, reduce turnover, spur performance and boost employee engagement. This study aims at understanding the importance of compensation management in an organization and also to understand whether those compensations available are motivating.

1.6 INDUSTRY PROFILE

1.6.1 METAL CASTING INDUSTRY

Metal casting is one of the oldest industries in India. Earliest use of casting is found in the manufacturing of tools, arrows, statues, etc. Subsequently its scope increased progressively with the change in requirement patterns and developments in other fields of manufacture. Metal casting is the process of obtaining a desired geometrical shape by pouring hot liquid metal into a mold that contains a hollow cutout or cavity. This technique is used for the mass production of large and complex components while utilizing alloys with low melting points. Metal casting can be done with non-ferrous metals such as zinc, copper, aluminum, magnesium, lead, pewter, and tin-based alloys. In India, metal casting is extensively used as it is cost-efficient and significantly reduces the amount of wasted scrap metal. Foundry is a factory that produces metal castings.

In 2017, global castings production witnessed an increase of ~5.3% from 2016, and reached a value of ~110 Mn tones. Based on total output, Russia had the highest growth in 2017, with an increase of ~8.3% in production from 2016. China increased its production by 2 Mn tones, reaching a total of 49.4 Mn in 2017. Increasing production of light vehicles worldwide is acting as a key growth driver for the global foundry market. The growth in production of light vehicles is expected to increase demand for new cast metal parts, across the world, and also lead to the replacement of old metal casting products with more energy efficient metal casting solutions.

1.6.2 THE GLOBAL SCENARIO

The metal casting industry provides approximately 1% of the manufacturing GDP. The industry employs a quarter of a million people in all states, with a total annual payroll close to \$7 billion (DOC1996). Small and medium sized foundries

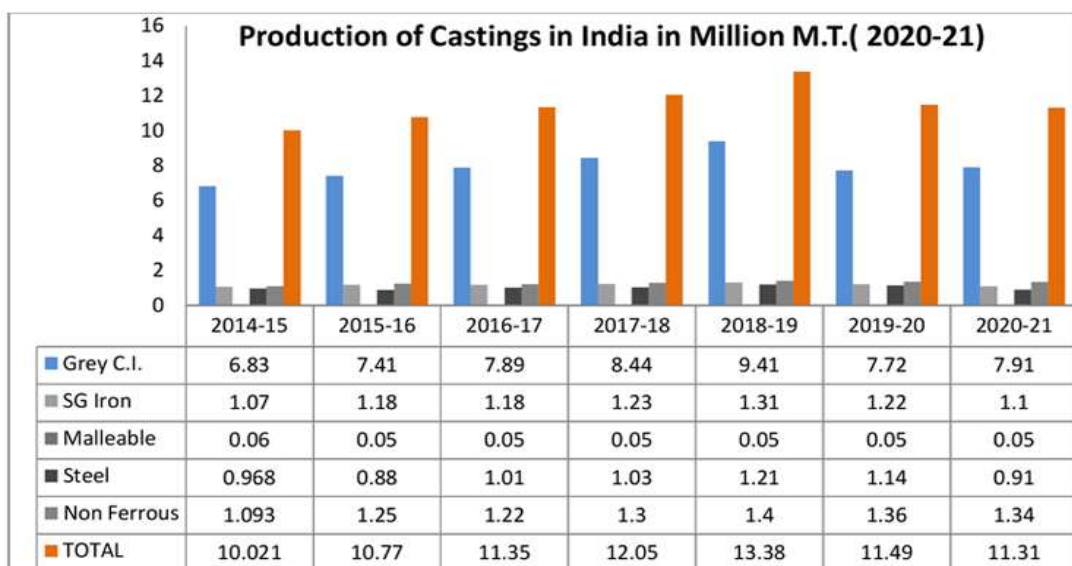
dominate the industry, with about 80% of all foundries employing fewer than 120 people and only 6% having staff larger than 250.

The United States led all the other countries in the world in producing metal castings in 1997, supplying on fifth of the world's total shipments of 67 million tones. The nearest competitors is China, with about 16% of the total. Public and private research institutions and organization are part of the infrastructure of the metal casting industry. R&D expenditure in 1997 was about evenly divided between non-ferrous metals and ferrous metals.

1.6.3 ROLE IN MANUFACTURING SECTOR

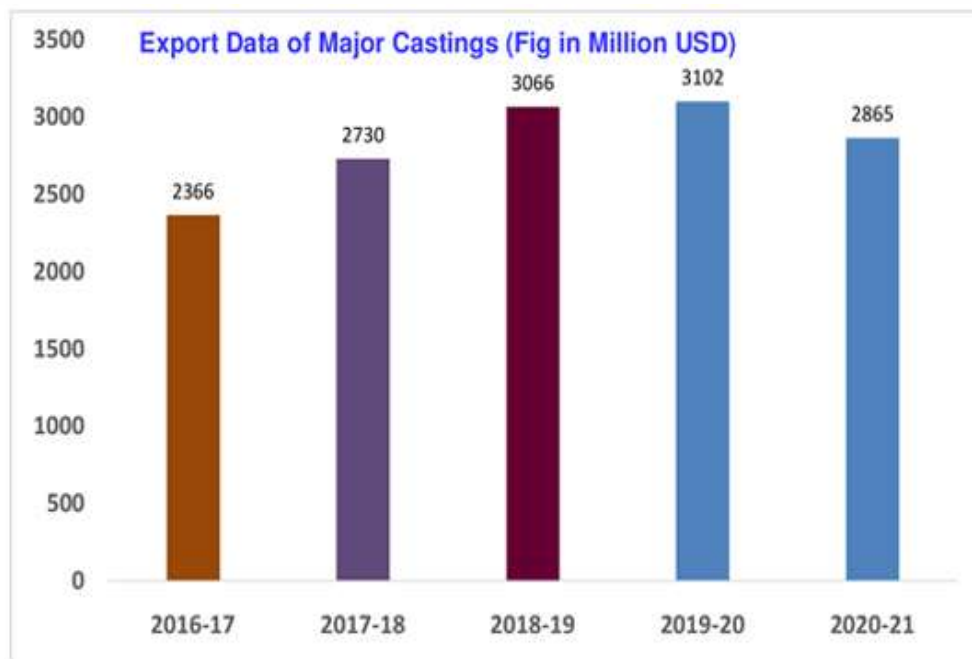
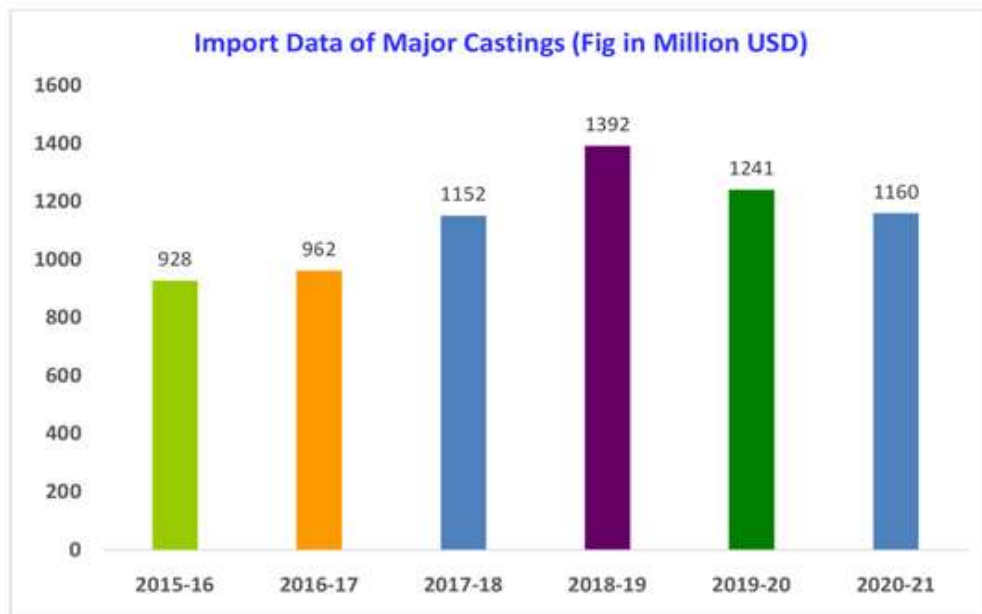
The new manufacturing policy envisages the increase in the share of manufacturing in the GDP to 25% from current 15% & to create 100 Million additional jobs in next 10 years. Since all engineering & other sectors use metal castings in their manufacturing, the role of foundry industry to support manufacturing is very vital. It is not possible to achieve the above goal without the sustainable corresponding growth of the foundry sector.

Production in Million Tonnes:



1.6.4 EXPORT IMPORT TRENDS

The Exports have been showing healthy trends approx. 25-30% YOY till 2011-12 after that there was slow down in export. However, the current exports for FY 2010-21 are approx. USD 2.8 billion which is lower as per last year due to covid.



1.6.5 PROFILE OF INDIAN FOUNDRY INDUSTRY

With the rapid growth of the Indian automobile and especially the auto ancillary industry, the demand for the automotive castings is almost unprecedented and the automotive castings is almost unprecedented and the Indian foundry industry is facing its greatest challenge to utilize this immense opportunity of becoming and Asian hub for supply of high-quality machined castings for these industries. If the Indian foundry industry is able to gear up itself on two main counts, viz. the production capacity and the extremely important quality and sticking to delivery schedule requirements, the next few years could be the golden era for our industry. This would mean efforts would have to be made by the Institute of Indian Foundry (IIF) as an industry association along with others like confederation of Indian Industry (CII) and even the World by constant seminars, Workshops Foundry Organization (WFO) to increase the level of quality awareness and industrial visits.

The Indian Foundry Industry occupies a special place in shaping the country's economy. India is currently among the 10 largest producers of ferrous and non-ferrous castings and has over 6500 foundries in the small, medium and large scale sectors. India exports annually above 700crores worth of castings to countries like USA, UK, Canada, Germany, etc. There are more than 5000 foundry units India, having an installed capacity of approximately 7.5 million tons per annum. The majority of the foundry units in India fall under the category of small scale industry. It is an important employment provider and provides direct employment to about half a million people. A peculiarity of the foundry industry in India is its geographical clustering.

India currently has over 4500 foundries in the small, medium and large scale. Due to the growing demand from the automobile and engineering sectors coupled with India's rapidly growing economy, the foundry market is expected to grow strongly in the near future. India was marked as the fastest growing top-ten nation in 2009, increasing its casting tonnage by 9% over 2008. The foundry is labor intensive and labor costs in India

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are some of the lowest in the world. Also constructing and registering new casting facilities are quicker and cost effective.

India offers several operational advantages to casting and component manufacturing companies. Even as the Indian Foundry industry is growing at a healthy rate of 15 per cent annually owing to increasing share of local manufacturing in the GDP and strong demand from international markets, the supply of iron ore, the principle raw material for foundries, has become a major cause for concern with mining in Karnataka, Goa and Chhattisgarh facing severe impediments.

The industry directly employs about 500000 people and indirectly about 150000 people and labor intensive. The small units are mainly depended on manual labor however; the medium and large units are largely mechanized and some of the large units are world class.

1.6.6 INDUSTRIAL PROCESS IN METAL CASTING INDUSTRY

The metal casting process has been divided into the following five major operations:

- Pattern making
- Mould and core preparation and pouring
- Furnace charge preparation and metal melting
- Shakeout, cooling and sand handling
- Quenching, finishing, cleaning and coating.

All five operations may not apply to each casting method. Since the major variation between processes occur in the different types of moulds used, mould and core preparation is divided into subsections describing the major casting processes.

1.6.7 COMPETITIVE ADVANTAGE

Today's foundry industry has recognized that it is in a global economy. In order to compete in a global economy, educating our employees will allow our industry to lead in foundry technology, and not merely to stay "competitive." India has a major competitive advantage over the casting industry in the developed countries. Here the total labor cost is low compared to that of the US and EU. Here labor cost accounts for 12-15 percent of the product cost. The Indian government has encouraged technology transfer through a joint venture with foreign companies. The foundry industry has an edge over China as well it is able to produce complex machine and precision castings as per international quality standards. The Clusters in Belgaum, Coimbatore and Howrah are undergoing modernization under the Industrial Infrastructure up gradation scheme.

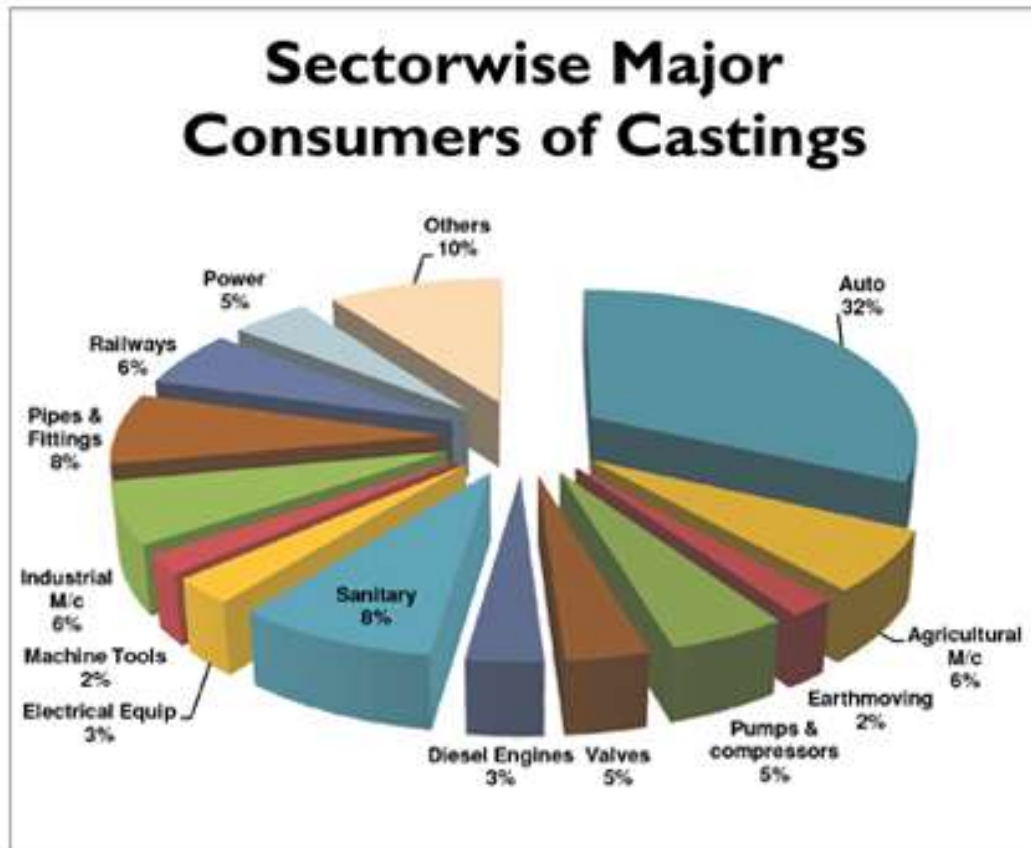
1.6.8 SIGNIFICANCE OF FOUNDRY INDUSTRY

Foundry Industry is major feeder to following sectors:

- Automobiles and Auto components
- Railways
- Power Sectors
- Tractor Industry
- Earth Moving Machinery
- Pumps, Compressors, Pipes Valves and Pipe Fittings
- Electrical/Textile/Cement/Agro Machinery
- Machine Tools and Engineering Industries

1.6.8 SECTORWISE CONSUMPTION OF CASTING

Automobile is the major consumer of castings.



1.7 COMPANY PROFILE

Established in 1984, Autokast td is fully equipped to manufacture all kinds of Ferrous Castings weighing from 20kg to 8000kg single pieces. Autokast Ltd, a Government of Kerala owned enterprise and one of the largest foundry units in South India from the manufacturing of Ductile iron, Grey Iron and Steel Castings. On May 21-1984 incorporated as a subsidiary on SILK, and renamed as Autokast Ltd, which is located at S.N Puram near Cherthala.

Autokast Ltd is an ISO 9001-2015 certified company and the facility is approved by the Research Design and Standard Organisation (RDSO), of the Union Ministry of Indian Railways as Class “A” Foundry. The present annual production capacity is 6000MT (13200) of good castings per annum. The unit is facilitated with all the infrastructural to produce all grades of Grey Iron Castings up to 5Mt single piece (11000lbs) and steel castings weighing up to 2.5MT single piece.

The company initially had paid up capital of 9.45 crores, it was then increased 13.1 crores and subsequently to 17.87 crores. Autokast is equipped with the modern sophisticated system, with the latest foundry technology. The plant is geared to manufacture intricate high precession, mass produce items like cylinder blocks and cylinder heads for the entire range of automatic casting from the smallest to the highest, such as flywheel, main folds and brake drums.

Autokast has separate lines to cover the entire automotive castings from the smallest to the largest such as housings, flywheels, pulleys manifolds, brake drums, etc, apart from serving the diversified needs of automobile industry. Autokast limited was promoted by government of Kerala with the financial assistance from the leading financial institutes such as IDBF, IFCI and the consortium of bankers consisting of SBI, STATE BANK OF BIKANER & JAIPUR and STATE BANK OF PATIALA.

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Autokast have sternest critics working for quality control department. Quality checks are conducted at every stage. The quality control department has fully fledged quality control facilities that include Gamma Ray, Ultrasonic, Magnaflux, Dye Penetrant, etc, for non destructive testing. Fully equipped laboratories to conduct chemical, mechanical and metallurgical tests and a fully computerized vacuum emission spectrometer with 60 channels and a printout system. A fully owned Government of Kerala undertaking. Autokast draws strength from the support of its parent organization as well as from its own vast resources. Equipped to manufacture 23,000 Metric Tons of castings annually, Autokast is today positioned to be the leading foundry in India. Also the company has a very strong trade union.

1.7.1 LOCATION

The location is yet significant. It is located near sand mine (Pallipuram) sand even though not a raw material is the most important supporting material which is significant as the raw material. Autokast is equipped with modern sophisticated system using latest foundry technology for producing all range of casting.

The entire system is procured from Badische Maschinen Fabric Duciach (BMD), West Germany, who is pioneer in the manufacture of foundry equipment with sophisticated and modern facilities available for inspection and quality control.

1.7.2 BOARD OF DIRECTORS

- | | |
|---------------------------------------|--------------------|
| ❖ Chairman | :Alex Kannamala |
| ❖ Managing Director | :Shri V K Praviraj |
| ❖ Director | :Gopakumar P |
| ❖ Head- Production/ Engineering/ Qc | :Jeejan K Haneefa |
| ❖ Head- Marketing/ Material & Project | :Varadaraj P |

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❖ Manager HRD&A

:P.V Jithesh

1.7.3 WAGE AND SALARY ADMINISTRATION

Wage of the work man is fixed based on the long-term agreement it is paid to the workman based on the work done on each day as piece rate system. The work done on each day is recorded in the worksheets and is routed through time office to the accounts section where wage to be paid are calculated and paid. In case of management staff, salary is fixed by corporate HR. Plant HR coordinate the periodic appraisal of performance which is the basis for salary revision. Salary for the staff is paid on the basis of attendance and this monitored by time office which is a function of HR. The work men are provided dearness allowances, fringe benefits, bonuses and other payments according to the rules and regulations of the company. There are also overtime wages and attendance bonuses. Overtime bonuses are given to people, who normally work beyond their time; such as lunch time, night shift, etc.

1.7.3 MANPOWER IN AUTOKAST

CATEGORY	NUMBER OF PERSONS
Senior Executives	16
Executives	47
Staff	10

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Workers	222
TOTAL	295

1.7.5 RECRUITMENT PROCESS

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

The main sources of recruitment in Autokast are:

- ❖ Through employment exchange as per the provision of the employment exchange (compulsory notification of vacancies)
- ❖ Through public service commission in respect of posts exclusively reserved for PSC.
- ❖ Promotion of existing employees from the lower scale who meet the prescribed standards.
- ❖ Direct recruitment from the outside candidates, who meet the prescribed standards.
- ❖ From ITI's and RI (Related Instruction) centre.

All the permanent employees are recruited during the starting stage of company. All recruitment are based on the reservation prescribed by government with due consideration given with specific educational qualification prescribed.

1.7.6 TRAINING AND DEVELOPMENT

In Autokast, Kerala State Productivity Council (KSPC) and National Institute of Personal Management (NIPM) are usually providing training to employees. Performance appraisals are done on a yearly basis and the feedback is given to the employees.

1.7.7 ISO CERTIFICATION

Autokast is an ISO 9002:2008 certified company. It has got the certification in 1990. ISO 9000 is a family of standards for quality management system. ISO 9000 is maintained by ISO, the international organization for standardization and is administrated by accreditation and certification bodies. The ISO 9002:2008 agency in Autokast is Netherlands agency KEMA.

1.7.8 CUSTOMER BASIS

The main customers are:

- Anna Aluminium Company Pvt. Ltd
- Pioneer Pondicherry
- ABM Steel, Delhi
- Kakati Karshak Pvt. Ltd
- NEPC India Ltd.
- Chiranjeevi Wind Energy

FOREIGN CUSTOMERS

- Mitsubishi Caterpillar, USA
- Industrial Times Ltd, Canada

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- National Pump Company, USA
- Rot Oval, UK.

CHAPTER – II

LITERATURE REVIEW

2.1 REVIEW OF RELEVANT THEORY

In simple terms, the concept of compensation management can be explained as; “there is more to rewarding people than simply throwing money at them”. The concept of compensation management encourages employees to work harder while also helping to build a competitive atmosphere in the organization. Compensation management is the process of establishing and maintaining an equitable wage and salary structure, an equitable cost structure. It involves job evaluation, wage and salary survey, profit sharing and control of pay costs.

According to **Mules & Watson (2001)**, “the monetary value in an organization’s compensation plan is very important. However, other non-monetary factors come into play and should also be considered when preparing adequate compensation plans in any organization”. Compensation management simply implies having an appropriate compensation plan where employees can be rewarded for the work they do.

Ezeh (2014), on the other hand described compensation management as a “segment of organizational management which is centered upon the planning, organizing, and controlling of all the direct and indirect payments employees are to receive for the work they do or service rendered”.

Armstrong (2005) stated that compensation management is an integral part of human resource management approach to productivity improvement in the organization. It deals with the design, implementation and maintenance of compensation system that are general to the improvement of organizational ,team and individuals performance 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 values to the organization, (Armstrong, 2005).

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Hewitt, 2009 stated “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 employees to work harder in order to regain more salaries.”

Armstrong and Brown (2005) postulated that compensation management is an integral part of human resource management (HRM) approach to managing people and as such it supports the achievement of business objective and it is strategic in the sense that it addresses longer term issue relating to how people should be valued for what they want to achieve.

Armstrong (2005) was of the opinion that compensation management is all about developing a positive employment relationship and psychological contract that adopt a total compensation approach which recognizes that there are numbers of ways in which people can be compensated.

In similar view, **Bob (2001); Anyebe, (2003)** saw compensation management as being based on a well-articulated philosophy –a set of beliefs and guiding principles that are consisted with the values of the organization which recognizes the fact that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to compensate people differently accordingly to their contributions.

Harrison and Liska (2008) in their study positioned that reward is the centre piece of the employment contract; after all it is the main reason why people work. This includes both extrinsic and intrinsic received as a result of the employment by the organization.

Brown (2003) saw compensation as a return in exchange between the employees and themselves as an entitlement for being employee of an organization, or as a reward for a job well done, Employees pay does not depend solely on the jobs they hold,

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instead organization vary the amount paid according to differences in performance of the individual, group or whole organization as well differences in employee's qualities such as security, education levels and skills (**Gehart and Milkovich 1992**).

Compensation is defined by **Mondy (2010)** as the total of all rewards provided to employees in return for their service, the overall purposes of which are to attract, retain and motivate employees. As compensation is comprised of both fixed and variables components as well as employees benefits and services, an optimum combination of these elements is ideal to effectively influence position employees' performance. However, direct compensation fully mediates the relationship between indirect compensation and performance (**Namasivagam and Zhao 2007**).

Danish and Usman 2010, A statistical significant and positive relationship was found to govern rewards and motivation, implying that if rewards being offered/ to employees were to be altered, then there would be a corresponding change in satisfaction and work motivation while the periodic salary increments, allowance, bonuses, fringe benefits and other compensations on regular and specific periods keep their morale high and makes them more motivated.

EMPLOYEE PERFORMANCE

Pulakos 2009, An effective performance management action is an important tool for employee motivation for optimal performance. However, it is not an enough condition for effective performance management. The most important issue with any performance management system is how critically it is taken and how devotedly it is used by managers and employees.

Cokins 2009, Performance management is all about perfection, synchronizing, upgrading to create value for and from customer with the result of economic value creation to stockholders and owners. The expansion of performance management is

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clearly very large, which is why performance management must be viewed within an enterprise as a tool to improve on employee motivation for high performance.

Robert 2003, Efficient management of performance requires a strong apprehension of the performance domain. That is, apprehending the obligation and projects that are part of the job description within a company or organization. Once you have a full skills of what the job requires, you have the basis for assessing and enhancing performance. This is the foundation for assessing and improving performance within a company. When this is lacking, the outcome is a missing link in evaluating employee performance and the possibility of improving on the employee performance within the organization. Moreover, there is also the missing link in assessing employee's performance in relationship to other colleagues in the same job description.

Otley 1999, Performance in organization can be divided into organizational performance and job performance. According to Otley, the performance of organization is subjected to the performance of employee's job performance and other components such as environment of the organization.

Hunter, 1986, The difference between organizational and job performance is apparent; an organization that is performing well is the one that is successfully reaching its objectives, in other words: one that is in effect carrying out an appropriate plan and job performance is the single outcome of an employee's work. Furthermore, high job performance is the ability of the employee himself. The employee must be able to give better results and also have a high productivity

The effect of compensation is explained by many established motivational theories:

Chandan 2005, The operant theory is based upon the premise that behavior or job performance of an employee is not a function of inner thoughts, feelings, perceptions and emotions but is keyed to nature of the outcome of such behavior. The consequence of

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a given behavior would determine whether the same behavior is likely to occur in the future or not. Based on this direct relationship of behavior and consequence rather than the inner working of employees, management can study and identify this relationship and try to modify and gain control over behavior. It is therefore necessary for managers and employers to understand the fact that compensating an employee will definitely improve employees performance ,necessary for continuous motivation in order to fast track the improvement of employee performance.

Chandan (2005) viewed Abraham Maslow theory based upon two assumption, first human beings have many needs that are different in nature ranging from biological needs at the lower level to psychological needs at the upper extreme. Secondly, that these needs occur in an order of hierarchy so that lower level needs must be satisfied before higher level needs arise or become motivation. Maslow theory made management aware that people are motivated by a wide variety of needs and management must provide an opportunity to satisfy these needs through creating a physical and conceptual work environment, so that people will be motivated to achieve organizational goal. This implies that, for an organization to achieve its state objective d through improved employees' performance there is need to adequately continuous and constantly compensate employees effectively. However, these needs range from physiological.

A compensation theory of motivation vroom's expectancy model which is based on the assumption that man is rational being and will try to maximize his pay off this approach assume that motivation to work is strongly determined by an individual perception that a certain type of behavior will lead to a certain type of outcome. It is therefore necessary to say that if an employee perceived that he/she will be adequately compensated such an employee will work harder to receiver more compensation. This is to ascertain the fact that compensation package has positive correction with employees performance. This theory postulated three elements which are expectancy, Instrumentality and valence. Expectancy views a person's perception of the likelihood that a particular outcome will result from a particular behavior or action for example; if an employee work

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works hard he/she will improve productivity, which may definitely lead to more compensation. However unimproved productivity or performance may not expect an increase in compensation. Instrumentality relates to a person belief and expectation that his/her performance will lead to a particular desired reward. For example an employee may work hard in order to increase his/her performance which will definitely lead to a desired reward in form of increased compensation. However valence is the value a person assigns to his/her desired reward. He /she may not be willing to work hard to improve performance if the reward for such improved performance is not what he/she desires. Employers and managers must make sure that employees value the compensational packages in order to motivate the employees which project an increase in employee's performance.

Milkovich 1988, Compensation systems play a significant role in promoting organizations' strategic goals. Traditionally, compensation systems were designed to strictly reward employees based on the specific jobs they performed. Earlier researches have concluded that employees are the most important resource of the organization, and to satisfy customers, organizations must first satisfy their employee's requirements. And also organizations have in the recent past experimented with this tradition as stated above and with increasingly varied forms of compensation based for example, on the market or on employee skills.

Aguinis 2007, The result-based system approach to compensation could however be a very good system to ensure that irrespective of the skills you possess, your compensation is only tied to your output. It is not always true that only the employee who demonstrates the competencies desired will produce the desired output and that makes the argument by Aguinis very valid.

Barrett et al., 1991, Much heated debate has centered on the philosophical differences inherent in these systems and their purported benefits but few empirical researches have focused on comparing pay structures and outcomes.

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Gerhart and Milkovich 1992, They also noted that there is virtually no research on the consequences of skill based and knowledge-based pay structures relative to more traditional job-based pay structures”.

DeNisi and Griffin (2001) compensation is a reward system that a company provide to individuals in return for their willingness to perform various jobs and tasks within organizations. They further stated that relevant and commensurate rewards need to be provided to the employees so that they feel valued and their expectations on exchanging their skills, abilities and contribution to the organization are met. Compensation is the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required. It is based on market research about the worth of similar jobs in the marketplace, employee contributions and accomplishments, the availability of employees with like skills in the marketplace, the desire of the employer to attract and retain a particular employee for the value they are perceived to add to the employment relationship, and the profitability of the company or the funds available in a non-profit or public sector setting, and thus, the ability of an employer to pay market-rate compensation.

Barr 1998, Compensation systems, also known as reward systems and pay systems refer to the scheme by which rewards are distributed to an employee.

Thomas 1998, the typical compensation package includes two basic components: direct pay and indirect pay or benefits.

Gerhart and Milkovich (1988, p. 12) suggested that “employers tend to distinguish among themselves through differences in the contingency of compensation.” Scholars have argued that compensation systems provide outsiders with information about less visible organizational characteristics.

Gerhart and Milkovich 1990, therefore, they might signal to a job applicant what an organization's culture, norms, and values are like (**Rynes and Barber, 1990**). It is further that "compensation systems are capable of attracting (or repelling) the right kind of people because they communicate so much about an organization's philosophy, values, and practices." Organizations could therefore take another look at their compensation packages and redesign them to attract those candidates on the job market who they think are very skilled and can help them reach their goals.

The Importance of Compensation Management on Employee Performance:

Baker (2002) the output or performance of an employee is a combination of effort, ability and an error margin, providing for all uncontrollable factors, at least from the employee's perspective. He stated that given the employee's private information vis a vis the employer, the employer must depend on performance measures in order to estimate the effort the employee has put in. Performance measures are selected based on two criteria:

- (a) alignment with the organizational objective and
- (b) controllability by the employee

The performance measure is used to evaluate the performance of the employee, which forms the basis for determining the amount of variable monetary compensation an employee will receive and for making career decisions. According to him fixed compensation, as opposed to variable compensation, does not induce effort and its role is limited to retention and selection. In practice, completely fixed compensation that is totally unrelated to performance is extremely rare, for instance, the probability of being fired creates an incentive to perform. Further breaking it down, baker identified two forms of fixed compensation as primary compensation and secondary compensation. Primary compensation he stated consists of monetary payments for employees whereas secondary conditions are the nonmonetary benefits such as a company car, cell phone and pension benefits.

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Thierry 1987, stated that of compensation systems to be effective depended on some 3 perceived features, which are transparency, fairness and controllability. These perceptions have a linkage with each other which is discoursed below in more detail.

- a) Transparency: How a compensation system is seen to be transparent will depend on how it is communicated and the level of complexity. A transparent system not only informs employees who would not want to take risk of the rules of the compensation system, but it also brings them abreast with the objectives of the organization. The rules if effectively communicated to these personnel will facilitate their understanding of the system works and create an environment to support the implementation of the compensation system. (Perceived) uncertainty decreases the effectiveness of incentive compensation

Gibbons, 1998, In short, how employees perception a compensation system to be transparent will have a positive and propelling effect on their level of motivation to perform. Lessening the risk of working hard and not getting compensated accordingly in return is projected to make employees want to put in more effort and therefore increase performance.

- b) Fairness: According to **Prendergast (1999)** although economic theory of trust is not well developed, the reliability and trustworthiness of the principal is expected to influence the actions of the employee greatly. Other theories like the Reciprocity theory have also concentrated on the concept of fairness as well, but have used different angles. It mentions that in relation to the employer, employee's compensation should be an amount that is fair. According to this theory in the agency contract any surpluses created must be divided fairly so as to enhance incentives. If the employee perceives that this concept of fairness has not been delivered in anyway, there is the likelihood that their motivation to perform will be reduced hence reducing performance.

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Locke and Henne, 1986, equity theory emphasizes the fact that employee's need to receive a fair amount of compensation relative to the other employees and that the employee is expected to compare his/her ratio of performance over reward to the same ratio of other employees. Any deviation in this ratio causes a state of inequity.

A study by **Janssen (2001)** has shown that managers who perceive effort-reward fairness perform better and feel more satisfied than managers who perceive under-reward unfairness. In some economic studies conducted by (Prendergast, 1999) some supervisors in evaluating their subordinates tended to evaluate them with relatively high scores which defeat the argument of fairness for a compensation management system to ensure improved performance. Supervisors could not risk telling their subordinates that their performances were below average which in the short run will make both parties unhappy. But inaccurate or untrue and undifferentiated evaluations reduce the effectiveness of incentives in organizations (Prendergast, 1999). Hence, perceived fairness is expected to be a determinant to motivate for performance.

- c) Controllability: The third characteristic we use to evaluate the compensation system's effectiveness is the perceived relationship between effort and (variable) compensation.

Baker (2002) defines controllability as the extent to which the employee is able to control or influence the outcome. The effect on the performance measure should vary as little as possible in order to have control of one's incentive compensation.

Frey 1997, Within the cognitive evaluation theory, the controlling and informing elements of a compensation system are expected to have an effect not only on performance but on motivation as well. Employees perceive controllability and the controlling element of the compensation system as two opposite sides of the same coin.

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Ryan 1985, The need for self-determination is the foundation for this dimension (An employee, who is involved in determining the performance measures that are used in an incentive program, will perceive the performance measurement itself as less controlling. This is in line with the cognitive evaluation theory where the informing and controlling elements are proxies for the possibilities of self-determination of the employees. Although the underlying theoretical concepts are different for the cognitive evaluation theory and the agency theory, the expected relationship between control (self-determination) and motivation to influence performance is similar.

Compensation combines with effort, ability and with external circumstances to determine actual performance. Looking at it from the other way around, one could infer that managing a compensation system effectively has the potential to motivate employees to improve their effort and ability to perform desirably. How motivated and employee is to perform can be measured by the amount of effort the employee demonstrates in the performance of their job. From the discussions above two types of compensation have been identified which are direct and indirect compensation. The two put together will determine the total compensation and therefore, both types must be taken into account in the analysis for the optimal amount of effort that can be reached regarding employee performance.

Aguinis 2007, it is not only about the outcome of employees work but also about what employees do, i.e. behaviors. In other words performance management systems include measures of results or the consequences that we infer are the direct results of employee behaviors. He also presented 2 dimensions of the behaviors we label as performance.

- Firstly, they can be classified as evaluative, meaning that such behaviors can be judged to be negative, positive or neutral for the individual and organizational

effectiveness. The behavior can be valued as either contributing to or hampering individual and organizational goal achievement.

- Secondly performance should be understood to be multidimensional. This implies that there could be much different aspect of the behaviours that have the potency to advance the achievement of organizational goals.

Relating Compensation and employee performance

Shin-Rong and Chin-Wei 2012, It has been found that there is a significant relationship between compensation and employee and organizational performance. For example, **Mayson and Barret (2006)** found that a firm's ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked to firm performance and growth.

Inés and Pedro 2011, on the other hand found that the compensation system used for the sales people has significant effects on individual salesperson performance and sales organization effectiveness.

Denis and Michel 2011, In an ever-competitive business environment, many companies today are attempting to identify innovative compensation strategies that are directly linked to improving organizational performance.

Nebeker 2001, Customer's satisfaction and organizations performance is the result of its employee's satisfaction. There has been research proving a positive relationship between stock bonus and employee performance. The evidences in Taiwan suggest that there exist positive associations between the amount of stock bonuses and firms' operating performance. It is also found that firms with larger firm size or high growth opportunity tend to adopt stock bonus.

Collins and Clark, 2003, Performance-based compensation is the dominant human Resource practice that firms use to evaluate and reward employees' efforts. Evidently, performance-based compensation has a positive effect upon employee and organizational performance. In a quantitative content analysis of the narrative descriptions of 50 rapid-growth firms and a comparison group of 50 slow-growth companies conducted by Barringer et al., 2005 results demonstrated that employee incentives differentiated the rapid-growth from the slow growth firms. Firms that were rapid-growth oriented provided their employees financial incentives and stock options as part of their compensation packages. In doing so, firms managed to elicit high levels of performance from employees, provide employees the feeling that they have an ownership interest in the firm, attract and retain high-quality employees, and shift a portion of a firm's business risk to the employees.

Delery and Doty (1996) identified performance-based compensation as the single strongest predictor of firm performance. Both performance-based compensation and merit-based promotion can be viewed as ingredients in organizational incentive systems that encourage individual performance and retention.

REWARD SYSTEM FOR EMPLOYEES

Employee reward system consist of an organisation's incorporated policies, processes and practices for rewarding its employees in union with their contribution, skills and competence and their market value. It emerges within the framework of the organizations reward philosophy, plan and policies.

Armstrong 2002, The reward systems of employees has arrangements in the form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward. The reward system comprises of financial rewards (Fixed and variable pay) and employee benefits, which

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together contain total compensation. The system also incorporates non-financial rewards (recognition, praise, achievement, responsibility and personal growth) and in many cases, performance management processes.

Organization's reward system is the way by which it encourages and discourages certain characteristics of the employees. The most crucial machinery of the reward system includes salaries, bonuses and privileges. The reward system as a means to support innovation by employees is a fairly mechanical but still an effective management technique. Once member of an organization apprehend that they will be rewarded for such activities, they are most likely to work creatively. The initiative to bring financial and non-financial rewards to people and group who develop innovative ideas is important for organizations. But it is equally important to avoid punishing creativity when it does not result in extremely successful innovation.

Griffin 2006, A reward system is important because it gives preference to service over self-interest. These means there need to be a just distribution of wealth. One test of equity is how well to affirm the fact that the success of the institution is in the hands of the people at each level. An institution's wealth and value, in the fullest sense, it then a community creation.

Flamholtz 1996, Reward system is very crucial in any organization as the process that is in control of human attitude within organization. It helps to assert not only performance in relation to present goals but also determines the possibility of people joining and remaining in an organization. It also influences the degree to which effort is directed in the growth of the organization future capacities. If correctly dispensed, reward system can lead to charming attitude for an organization. On the other hand, if incorrectly dispensed, reward system can lead to the rapid drop of an organization.

Every good organization is in constant contest with other organization in same businesses or in another businesses for recruiting and retaining skilled employees.

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For example, two professional call center may search for good candidate for front-office jobs. Two bicycle repair shop may need the service of an accountants. The managers in these condition must keep in mind that the potential candidates are employable in different kinds of businesses. An accountant might find a job in a construction company, a university, a hospital or in a law firm. Hence, the managers must guarantee that its reward system is equal to the market rate. An efficient reward system shall allow competitiveness with those of the other firms searching for a specific kind of ability and skill which is more striking to future candidates.

Lawler 1998, According to Lawler company managers can structure rewards system to lessen absenteeism by connecting bonuses to levels of attendance. This plan is specifically positive in compensation for low job content and poor working circumstances that cannot be amended. Moreover, some of the jobs in real estate management companies, may be easy and routine and so may be missing motivational properties. The real estate manager may try to reduce such absenteeism by connecting some rewards to attendance. For example, the manager may set a policy of giving a cash bonus or extra days of paid leave for a good or reasonable attendance.

Chelladurai 2006, Company's potency is increase through employee performance that in turn can be alleviated by an efficient reward system. Porter and Lawler propose that connection between performance and reward (intrinsic and extrinsic reward) is a solid element influencing subsequent performance.

FINANCIAL REWARDS

Lots of financial bonuses are available. Some of these bonuses provides the employee with monetary cash. Incentives based on performance against budget, quality or other measures may be used as prompt financial inducement. Management rewards by incentives have become famous in some origination as a means of supplying employees

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with a quick booster for finishing a project or activity. Though the figure of companies handing over cash award has risen, only 7 percent actually use such reward at present.

Ulrich & Lake 1990, Major companies make use of financial compensation plan to incite their employees. Sales competition is a short term inducement programs that is an efficient motivational tool if it is carefully and precisely designed.

Havaldar & Cavale 2007, A sales competition should have an accurate aim, such aim may be to raise sales within a short period sale of slow-moving products or to gain new customers. The aim of the sales competition should consider the following points; each of the sales person must have an equal opportunity to win, use sales quotas and choose from an open ended in which limitless number of sales persons can win. Additional to the above, closed ended competition can be use in which there are determined number of sales people winning the competition. Prizes should be captivating, each comprising of a cash prize. At least 10 % of the budget should be spent on the sales competition, that should bring and excitement in the company. Adequate care should be considered so that employees do not use unethical methods to attain their targets. In order to reduce the undesirable method is not to announce the contest period in advance.

Upper-level executives of major companies have distinguished compensation programs and plans. These programs are required to reward these executives for their performance and for the performance of the company.

Griffin 2006, Senior executives collect their compensation in two forms. One is a basic salary as the case maybe with the staff members or professional members of the company. The basic salary is a clear amount that the employees will be paid. Above the basic salary, most executives also receive one or more forms of inducement pay. The established character of incentive pay for executives is in form of bonuses.

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The bonuses in turn are generally decided by the performance of the company. Therefore, at the end of the year, some fraction of a corporation profit may be turn aside into a bonus pool. The senior executives will receive a bonus expressed as a percentage of this bonus pool. The chief executive officer and president are obviously to obtain a bigger percentage bonus than a vice president.

In additional to salary and bonuses, lots of the executives receives other type of compensation as well, these compensations could be in form of stocks. Stock option plan was design to give senior managers the option to buy company's stock in the future at a biased fixed price. The idea was that if managers contribute to a great level of the company performance, then the company stock should increase in value. This means that executives will be able to purchase stock at a set price, which theoretically should be lower than the future market price.

NON-FINANCIAL REWARD

Armstrong 2008, Organization with positive aspirations could make available a model within which high level motivation could be attained through non financial reward systems by the provision of opportunities for learning and development. But personal management skills still have a key role to play in positioning their own motivation skills to get individual inside their organization to give their best performance by making good use of the motivational system and processes provided by the company.

Parker 2003, Recognition is appreciation of performance by the organization of an act done by the team or team member. In usual language, it is sometimes expressed as "I caught you doing something good" it is an approach of showing appreciation for the special or extra effort done by an employee inside an organisation. Recognition has two important goals; to encourage the employee or team to continue or repeat the behavior and to encourage other employees to do the same. Most team recognition plans fall into celebrating organizational target habitually as an event,

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developed to admit the success completion of important company goals. This is to create a bigger consciousness or to remind people of the significance of the goals achieved inside the company. For instance, a part of a big telecommunication company held an all hands meeting at an off-site facility to celebrate the reaching of their set goals.

Wilson 2003, Recognition, either formal (written remarks and events) or informal (oral), has been the most cost efficient way to strengthen needed actions for performance inside an organization. Still, when recognition is acting in isolation of compensation and equity rewards, it's frequently loses much of its appeal.

Feedback and constructive criticisms is important for the overall expansion and development of an employee. Negative reinforcement such as pointing out mistakes and menacing an employees with job termination, may lead to employee adjusting their behaviour to avoid punishment. It may bring forth a positive result at the job but it won't yield enthusiasm. Negative reinforcement brings about response like "that's not my job" or "I don't know."

Baum & Zablocki 1996, Contrary, periodic positive performance review brings out extra or brings out the employee ability to act or decide according to his own discretion or judgments. Positive feedback motivates the employees to work as a team. Employee will bring forth response like "I don't know but I will figure it out" or "that is not my job but I will find someone who can help you" once a year discussion with an employees will not produce extraordinary endeavors.

According to **Herzberg**, managers do not motivate employees by granting employees higher wages, more benefits or status symbols. Instead, employees are motivated by their own integral needs to achieve something tangible at a demanding task. The manager's job then is not to motivate employees to get their tasks accomplished, instead, the manager should supply opportunities for people to accomplish their task so that they will become motivated.

Marchington & Wilkinson 2005, motivating an employees through a variety of jobs, departments or functions is particularly an excellent approach to expose the employees to challenging task. This is very desirable to employees who have been on a job for a long time and are no longer disupted by the job but instead who have a firm need for activities to change. By giving the opportunity to change jobs, the manager has decidedly exposed the employees to new issues and it will let the employees to put their best in order to meet up to expectations. This thus produce an enabling environment for a bigger motivation and performance within the organization.

Types of Compensation Packages

According to **Dessler (2011)**, compensation can be divided into 2 forms- Direct and indirect compensation. He explained Direct compensation is usually limited to the direct cash benefits that the employees receive on monthly, bi-monthly or weekly basis for the services they render as employees of a particular organization. It could also be in the form of stock bonus compensation, where employees of the organization are given the opportunity to own shares in the organization they work for and at the end of every year they have the opportunity again to gain some divided in the form of equity on their shares. This is also referred to as Executive stock options (ESO).

Dessler (2011) refers to Indirect Compensation as the indirect financial and nonfinancial payments employees receive for continuing their employment with the company which are an important part of every employee's compensation. Other terminology such as fringe benefits, employee services, supplementary compensation and supplementary pay are used.

Armstrong 2009, Indirect Compensation or Employee benefits are elements of remuneration given in addition to the various forms of cash pay. They also include items that are not strictly remuneration such as annual holidays. Management uses

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it ostensibly to facilitate its recruitment effort or influence the potential of employees coming to work for a company, influence their stay or create greater commitment, raise morale, reduce absenteeism in general and improve the strength of the organization by instituting a comprehensive programme in this area.

Byars and Rue 2008, mentioned the following as some of the more popular indirect compensations offered by today's organizations:

- a) **Paid Holidays:** These comprise holidays such as Christmas Day, New Year's Day, Independence Day, Labour Day, etc. One relatively new concept is the floating holiday, which is observed at the discretion of the employee or the employer. Another relatively new concept is referred to as personal time-off or personal days. Under this concept, organizations give employees a certain number of days with pay to attend to personal affairs. Normally these days can be taken at the employee's discretion.
- b) **Workers' Compensation:** This is meant to protect employees from loss of income and to cover extra expenses associated with job-related injuries or illness. The laws generally provides for replacement of lost income, medical expenses, rehabilitation of some sort, death benefits to survivors, and lump-sum disability payments.
- c) **Social Security:** This is a federally administered insurance system. According to law, both employer and employee must pay into the system, and a certain percentage of the employee's salary is paid up to a maximum limit. How much is paid by employer and employee is calculated on the average monthly wage (weighted toward the later years). It is provided mainly to give financial security to employees during their retirement.
- d) **Retirement Plans:** Retirement and pension plans, which provide a source of income to people who have retired, represent money paid for past services. Private plans can be funded entirely by the organization or jointly by the organization and the employee during the time of employment. One popular form of pension plan is the defined-benefit plan. Under this, the employer pledges to provide a benefit

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determined by a definite formula at the employee's retirement date. The other major type of retirement plan is the defined –contribution plan, which calls for a fixed or known annual contribution instead of a known benefit.

Aswathappa 2007, The main problem with indirect compensation is the lack of employee participation. He mentions that once an employee benefit programme is designed by the organization, employees have little discretion. For instance, the same pension usually is granted to all workers. Younger employees see pension as distant and largely irrelevant. Older female workers feel that maternity benefits are not needed.

Stone 2003, The uniformity of benefits fails to recognize workforce diversity. Admitted, uniformity leads to administrative economies, but when employees receive benefits, they neither want nor need, these economies are questionable. Since employees have little choice in these benefit packages, most workers are unaware of all the benefits to which they are entitled. And perhaps even worse, employee confusion can lead to complaints and dissatisfaction which could adversely affect their performance hence productivity.

Motivation and employee performance:

Staw 1976, Normally it is agreed that employee motivation can be distinguished in intrinsic and extrinsic motivation. Staw indicates that one of the first efforts to make that distinction was in Herzberg's Two-Factor Theory. Nevertheless, the discourse on intrinsic and extrinsic motivation is more from latter years. The discourse on how intrinsic and extrinsic motivation can enhance employee performance.

Vroom 1964, The relationship among employee motivation and job performance has been studied in the past. But high statistical relationship between the two were not instituted. Notwithstanding, later on research resolved that employee motivation and job performance are indeed mutually related. This correlation is studied in this thesis

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and the objective is to render useful information to managers on how employees' performance can be increased by intrinsically or extrinsically motivating them.

Ramlall 2008, Diversity at workplace has provided managers with substantial magnitude of problems, the big difference between employees in every organization means that there is no best way to deal with such problem. What motivates some employee to perform very well may be discouraging to other employee, therefore it poses a big challenge to present day managers. In this thesis, culture in human resource management is discussed as well as performance management and different type of reward system.

Herzberg, 1959, Motivation can be specified as a management process, which encourage people to work better for the overall benefit of the organization, by providing them motives, which are based on their unfulfilled needs. The matters arising is: "why managers need to motivate employees?", it is for the survival of the company.

Amabile 1993, contributed to this statement by arguing that it is necessary for managers and leaders of organization to learn to understand and effectively deal with their employee's motivation; since motivated employees' are the pillars of successful organization in present and future century. She also indicates that unmotivated employees may probably contribute little effort in their jobs, stay away from workplace as much as possible, go out of the organization and make low quality of work. When employees are well motivated, they help the organization to grow and survive in a fast changing workplaces.

Lindner 1998, Lindner also indicates that the most difficult role of managers is to motivate employee, because what motivates employees changes always. The term motivation was developed in the early 1880's, prior to that time, the term "will" was used by well-known philosophers as well as notable social theorists when talking motivated human behaviors.

Forgas, Williams and Laham 2005, According to them motivation is believed to be; an entity that compelled one to action. Recently, many researchers has offered unique definitions of motivation.

Herzberg and Maslow Herzberg (1959) introduced a well-known motivation theory, which is the two-Factor Theory, he described in his theory between motivators and hygiene factors. He emphasized that the factors can either be motivators or hygiene factors, but can never be both at the same time.

Saiyadain 2009, Intrinsic motivational factors are challenging work, recognition and responsibilities. Hygiene motivators are extrinsic motivational factors such as status, job security and salary. Motivating factors can, when present, leads to satisfaction and Hygiene factors can, when not present leads to dissatisfaction, but the two factors can never be treated as opposites from each other.

The two-Factor Theory of Herzberg (1959) is related to Maslow's (1943) theory of motivation; Maslow in his book outlined his theory of motivation. In his need hierarchy Maslow states that there are at least five set of goals which are called the basic needs.

1. **Physiological needs:** These needs are directly related to survival of individual or species. These are typically concrete needs such as eating, dressing and sleeping. The lack of these needs can cause bodily or make the human not to function up to capacity, physiological needs are thought to be the most important and must be met first.
2. **Security needs:** This type of need is to protect against various threats, if a person's security needs are relatively satisfied, their safety needs take precedence and dominate behavior. In the absence of physical safety due to war, natural disaster, family violence, childhood abuse, people may experience post traumatic stress disorder. The absence of economic safety due to safety due to economic crises and

lack of work opportunities, these safety needs will manifest itself in ways such as preference for job security.

3. Social need of belonging to group: It disclose the need of social dimension of the individual who needs to feel accepted by groups in his family, work, intimacy, friendship and associates. According to Maslow, human needs to feel and have the sense of belonging and been accepted among social groups in life they choose to belong or finds themselves in. these group maybe large or small, some large groups may include, religion group, co-workers, professional organisations, sports team or gangs, while small groups may include love relationship, members of the family, mentor, colleagues and confidants.
4. The esteem needs, respect and trust: Human have a need to feel respected, this includes the need to have self-esteem and self-respect. Esteem presents the typical human desire to be accepted and valued by others. People usually involves themselves in a profession or hobby to gain recognition. These activities give the person a sense of recognition or value.
5. Personal development: According to Maslow, this need aims to get out of condition purely material to reach fulfillment. This level of needs is the desire to accomplish everything that one can and to become the most that one can be.

The relationship between intrinsic and extrinsic motivation

The difference between intrinsic and extrinsic motivation is apparent, yet researchers argues that intrinsic and extrinsic motivation also have an effect on each other.

Deci 1972, claims that in some cases extrinsic motivation can minify intrinsic motivation. He argues that if money is administered contingently, it minifies

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intrinsic motivation. But this event will not occur if the money is noncontingently distributed.

Amabile 1993, respond to this discussion by stating that although extrinsic motivation can work in opposition to intrinsic motivation, it can also have a reinforcing effect: "once the scaffolding of extrinsic motivation is taken care of, intrinsic motivation can lead to high levels of satisfaction and performance". She went further to state in her research that both intrinsic and extrinsic values can motivate employees to do their respective work, however intrinsic and extrinsic motivation can have very different effects on employees.

In conclusion, it can be stated that employees can be intrinsically and or extrinsically motivated to carry out certain work, and that extrinsic and intrinsic motivation can reinforce each other, but in some cases extrinsic motivators can also minify intrinsic motivation.

Deci 1972, Moreover, researchers, argue that not all people are evenly motivated, some employees are more intrinsically and others are more extrinsically motivated.

Motivation in the workplace is a broadly researched topic conducted by Maslow (1943) and Herzberg (1959), who were innovators at their subject. Many definitions have been composed, e.g. Herzberg's definition of motivation in the workplace is: performing a work related action because you want to (Herzberg, 1959). Some divergence took place about the important of certain aspects, but consensus is in the fact that motivation is an individual process, it is described as being deliberate, it is multifaceted and that the purpose of motivational theories is to predict behavior.

Mitchell 1982, 80-88, The difference between intrinsic and extrinsic motivation is also explained. Namely, individuals are intrinsically motivated when they

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look for pleasure, interest, satisfaction, enjoyment and curiosity, self-expression or personal challenges in the work. And individual are extrinsically motivated when they engage in the work in order to gain some goal that is apart from the work itself. Both intrinsic and extrinsic motivators are necessary in motivating employees (Herzberg, 1959). It must be argued that managers must not only concentrate on the necessary factors, since, according to Herzberg (1959) managers need to address all hygiene and motivator factors to motivate employees.

It is very essential to measure the job of the employees to reward them according to that. The concept of measure job performance of employees plays an important role in human resource. In every organization, the decision to elevate, retain or sack an employee have to be made on a regular bases. These decisions were made through nepotism and patronage, where personal relationships within the organization had a massive effect on employee's promotion and sacking decisions.

Personal relationships are still significant today, though, many organizations are systematically assessing employees performance in order to increase productivity and ultimately profits.

Perry and Porter 1982, the performance of many employees probably will be measured despite the lack of availability of general accepted criteria.

Hatry 2006, Performance measurement is defined as “the regular measurement of the results (outcome) and efficiency of services or programs,” this implies the steady measurement of progress towards accurate outcome (it is a fundamental component of any attempts at managing for results), a customer tailored procedure that focuses on maximizing benefits and minimizing negative cost for customers of services and programs. When performance is not measured or is measured incorrectly, those using the information will be misinformed and bad verdict will be likely followed, therefore, the old adage “garbage in garbage out” provides more credence.

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Andersen & Fagerhaug 2002, Performance measurement offers general information that can be exploited for decision making purpose both for management and for all levels of employees. Performance measurement system can become the instrument panel. This instrument panel is used for strategic maneuvering, day to day running of the organization and planning, implementing improvements and changes.

Manzoni & Islam 2009, The conventional measures of organizational performance were finance and accounting based. Presently, it has developed into modern systems which have many functions. Firstly, the financial measures as a tool were used to control the financial resources of companies in order to support organizational objectives. Secondly, financial performance measures acted as barometers to point at accomplishments against major organization objectives. Thirdly, they also serve as incentive for future achievements. Moreover, by providing a window of the past they were thought to be the influencing factors for future successes. Notwithstanding the advantages of the financial and accounting measures in assessing performance, the reality that they were cost based and back ward looking provides little motivation.

Manzoni & Islam 2009, The inadequacies of conventional finance based measure of performance prompted the search for enhanced metrics to measure performance. Financial specialists adopted measures such as: activity based cost, economic value added, the balanced scorecard that has been happily welcomed and has drawn so much interest in the world of commerce as the most cited work in 1998, 2000 and 2002 at the performance measure association conference.

Savarese 2001, Economic profit, often referred “economic value added or EVA” can be depict as the after tax operating profit remaining after deducting a charge for the capital employed in the business. EVA could also be outlines as the profit that remains after deducting the cost of capital invested to bring forth the profit.

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Gey 2007, Economic value added is a particular form of economic profit that try to capture the true profit of an enterprise by removing some deformations from accounting profit. Economic value added is net operating profit minus an appropriate change for the opportunity cost of all capital invested in the enterprise, that is: $EVA = \text{Net Operating Profit After Tax (NOPAT)} - (\text{Capital Employed} \times \text{Average Cost of Capital})$, Eva is considered to be a good placeholder for value creation and with a positive EVA, the company is seen as creating value for shareholders; when negative, the company is said to be ruining shareholders value.

Spitzer 2007, Compensation is to offer wages to employees and systematize significant budgets with employers. The same compensation: all income in the form of money, goods directly or indirectly received by employees in return for services provided to the company.

Hasibuan, 2011, The technical uses of the time (hours, weeks, or months) system, the output (output) of the unit generated (per piece, meter, litter, and kilogram), bulking system (based on the volume of work and working hours). So compensation: the right of the employee to be given the company in return for the work that is charged to the employees.

Direct compensation is the compensation received by an employee in the form of salary, bonus, holiday allowance. Indirect compensation, in the form of awards, employment and other facilities and benefits. Motivation according to Hasibuan, is a skill, in directing employees and organizations to work well, so that organizational goals are achieved.

According to **Sopiah (2008)**, motivation is a state where effort and one's hard will be directed to the achievement of certain results or goals, in the form of productivity, presence or other creative work behavior. The purpose of providing motivation for employees who are motivated to work in accordance with the reference

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work and responsibilities given so that corporate objectives can be achieved with good. Except, there is also a quality effort and directed and consistent with organizational goals to be achieved. McClelland states achievement, power and relationships are three important needs that can help explain motivation. Achievement is an encouragement to exceed, reach the standards, and strive to succeed. The need for power makes others behave in such a way that they will not behave otherwise, and the need for relationships is a friendly, intimate interpersonal desire within an organization's environment.

According to **Mc. Clelland 1961**, is the drive to achieve the need for achievement, the drive to achieve the need for power, the impulse need for affiliation.

Nurchayani & Dewi Adnyani 2016, research conducted at PT. Sinar Sosro Bali, the result that job satisfaction mediates the effect of compensation and motivation on employee performance. Compensation and work environment have a significant effect on job satisfaction, and job satisfaction has a significant effect on employee performance.

Mahesa 2010, states that motivation and job satisfaction have a positive effect on employee performance and duration of work moderate job satisfaction on performance but not successful moderate work motivation to performance. If the compensation received by employees is high, then employees will feel more satisfied. Conversely, if the compensation received by employees a little, then employees will feel dissatisfied in working.

Work motivation is believed to have a positive effect on employee job satisfaction. If an employee's work motivation is higher or increased, then their job satisfaction will increase as well. Conversely, if the work motivation decreases will decrease employee job satisfaction.

Baledi and Said 2017, stated that job satisfaction has a significant effect on employee performance. So the more satisfied employees, the employees will be more show

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their best performance. Conversely, if employees are not satisfied in working, then in him will arise feeling lazy, so that will have an impact on the declining performance of employees.

Chen (1994) summarized various empirical results and suggested that employees regard salary as an important outcome or rewards, therefore they are naturally to have many reactions towards behaviors and attitudes.

Chan (2000) indicated in his study that the organization must emphasize on the perception of distributive equity, expected salary from employees, whether if the bonus is sufficient, and achievement motivation of employees to enhance salary satisfaction of employees, thereby satisfy employees in work and strengthen their willingness to work.

Lawler and Porter (1963) discovered outcomes such as absenteeism, slowdown, job dissatisfaction, and leaving are results of salary dissatisfaction from employees. Salaries are incentives to work performance while dissatisfaction of salary from employees often lead to adverse work reactions, such influence on work performance, slowdown, absenteeism, and work dissatisfaction (Lawler, 1971). Therefore compensation system is closely related to job satisfaction, and a good compensation system will satisfy employees in salary by improving employee job satisfaction and reducing the probability of inclinations to leave.

Heneman (1984) discovered in his study, that regularly salary adjustment based on performance will also improve work motivation, job satisfaction and work performance.

Jane (2007) suggested in his study that the compensation system has impact on organizational performance and nonetheless should avoid inequality phenomenon in inequality pay or perception of inequality among organization members. It is important to emphasize on equality in the design of compensation system.

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Adams (1963) indicated in his proposal of equity theory, that members tend to compare the rewards they obtain and if they receive unfair treatment, they will perceive dissatisfaction. As a result, employees will cut back efforts and generate lower output when they perceive that they have received lower rewards.

Cowherd and Levine (1992) also discovered the impact of perceived equity of compensation, particularly in low-level employees, and there is positive correlation between compensation equity and product quality, implying that compensation equity will bring positive effects to the organization.

Wallace and Fay (1988) stated that compensation managers must treat equity as one important issue while the compensation system should pursue equity in all aspects. Chan (2000) indicated that the design of compensation system should take into consideration of employees in procedural equity and perception of cognitive equity to strengthen employees' job satisfaction and willingness to work.

CHAPTER – III

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research methodology is a scientific way to solve research problems. It is also dealing with the objectives of research study. The research methodology is the type of research and tools to be used for the research study. It defines what the activity of research is, how to proceed, how to measure progress, etc. Research can be defined as an organized and systematic study of materials and sources in order to discover new things and establish facts and reach new conclusions. Research provides the right kind of information that helps in successfully dealing with problems.

Research is a way of preparing the mind to look at things in a fresh or different way. Out of such an orientation would come new and innovative observations about everyday events and happenings.

Research is a method of logical and systematic software of the basics of technology to the overall and average question of an observed and clinical method which give tools, particular processes and technical in preference to philosophical manner for buying ordering the information previous to their logical evaluation and manipulation.

According to Kothari (2004), studies layout is a plan, a roadmap and blueprint method of research conceived which will attain solutions to analyze questions, its miles the coronary heart of any study. Research methodology is systematic, theoretical evaluation of the tactics carried out to a subject of study. Methodology includes statics of describing, explaining and predicting phenomena which will remedy a problem. Research methodology comprehends notions consisting of study designs, goal population, pattern length and sampling tactics, statistics series devices and statistics evaluation procedure.

Research in a technical experience is an educational interest. Clifford Woody (Kothari 1988) described studies as “an interest that defines and redefine problems, formulating a hypothesis; accumulating and comparing data; making deductions and

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achieving conclusions; and punctiliously checking out the conclusions to decide in the event that they assist the formulated hypothesis.

3.2 RESEARCH DESIGN

A research design provides a framework for the collection and analysis of data. A research design is also known by different names such as outline. It implies the plan, structure and strategy of investigation proposed to be undertaken.

The research design is the blueprint for the fulfillment of objectives and answering questions. It is a master plan specifying the technique and approaches for accumulating and analyzing wanted information. Descriptive research is a fact-finding investigation with adequate interpretation. It is usually related to determining frequency with which something occurs or how two variables vary together. It is used for the purpose of describing the characteristics of certain groups to make specific predictions and to determine the association of the variables.

The methodology used in a study is integral to the reliability of the findings and validity of the study. Therefore, this section focuses on the research technique adopted and used for this study with the aim of achieving the research objectives. This section of the document also contains descriptions of instruments used to measure various constructs applicable to this study.

3.3 POPULATION OF THE STUDY

The population of the study consists of all the employees of Autokast Pvt Ltd. The total number of employees in this organization is 295.

3.4 SAMPLE SIZE

A sampling method is a procedure for selecting sample members from a population. In this research study, 100 respondents were taken and these respondents have been considered to understand the effect of compensation management on employee performance in Autokast Pvt Ltd. The sampling technique used was Random Sampling Technique

3.5 DATA COLLECTION

Primary and secondary sources will be used. The use of questionnaire is employed to gather necessary and relevant data from the respondents. These methods are used in order to minimize the problems associated with data collection and to ensure that the results are visible and bias free as expected. The questions will be designed to sample the views of the respondents on the effect of compensation management on employees' performance. Secondary sources include books, journals, websites, internal records, etc.

3.6 STATISTICAL TREATMENT

Statistical tool means the tool or technique that is used for entering data and analysing that data. Here statistical tool- MS excel is used for entering data and percentage analysis is used for analysing data. Through this tool researchers can easily study on data collected by him and make the interpretation.

CHAPTER – IV

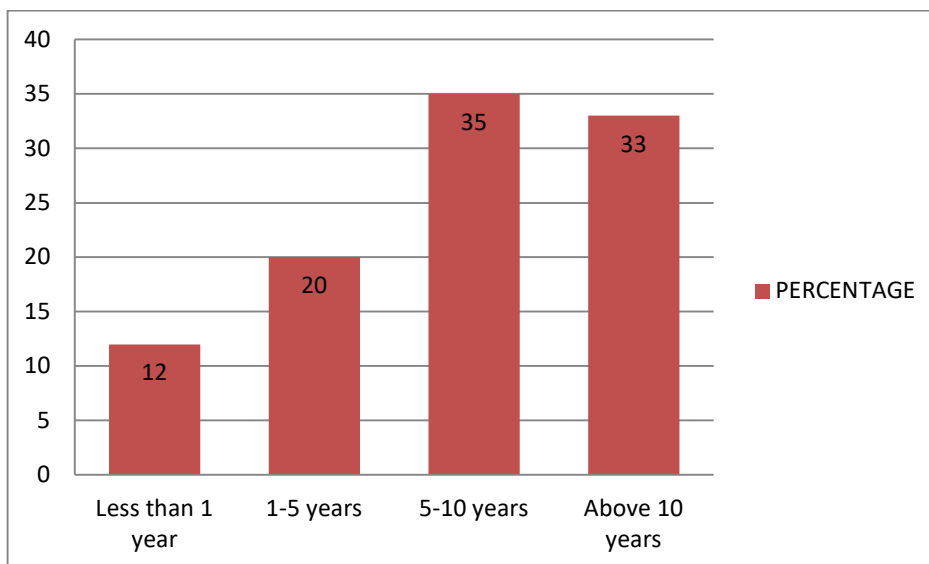
DATA ANALYSIS AND INTERPRETATION

4.1 Duration of being an employee of Autokast Ltd.

Table 4.1: Table showing the duration of being an employee of Autokast Ltd.

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Less than 1 year	12	12
1-5 years	20	20
5-10 years	35	35
Above 10 years	33	33
TOTAL	100	100

Figure 4.1: Figure showing the duration of being an employee of Autokast Ltd.



INTERPRETATION

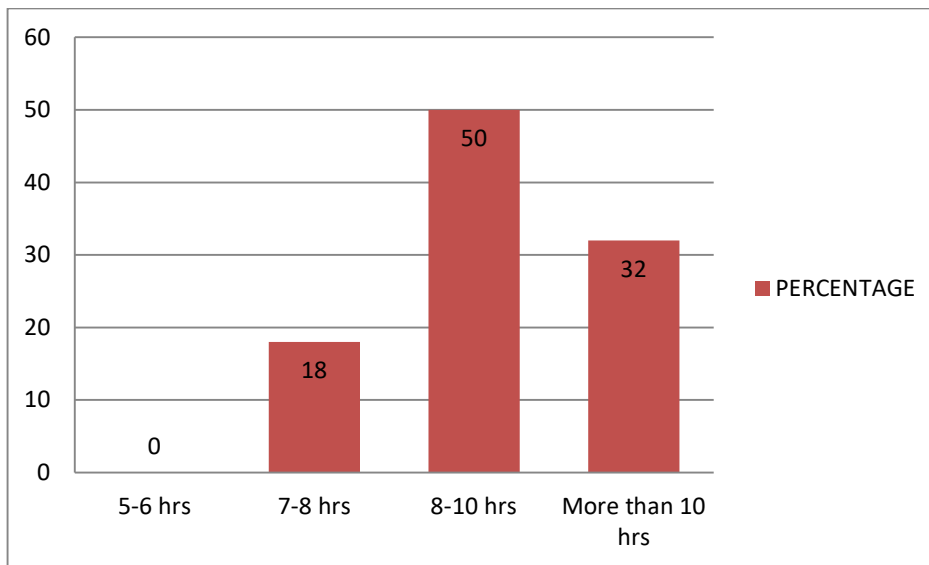
From the figure shown above, 35% of the employees are working with Autokast for the past 5-10 years of the total percentage and 33% working for about more than 10years. For 20% of employees are working about 1-5years and only 12% for less than 1 year.

4.2 The average hours of working of employees in Autokast Ltd.

Table 4.2: Table showing the average hours of working of employees

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
5-6 hrs	0	0
7-8 hrs	18	18
8-10 hrs	50	50
More than 10 hrs	32	32
TOTAL	100	100

Figure 4.2: Figure showing the average working hours of employee



INTERPRETATION

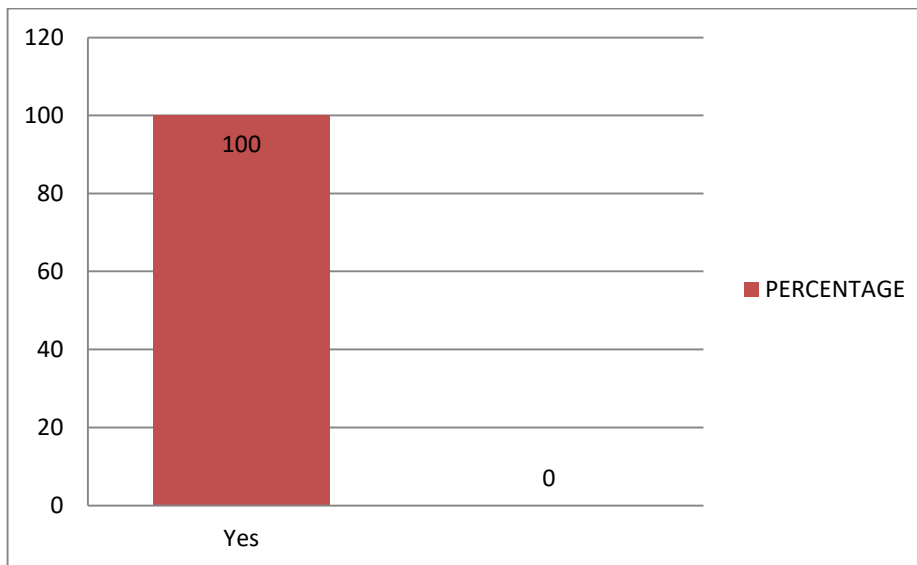
From the figure shown above, 50% works for 8-10hrs daily and 32% works for more than 10hrs in the organization. 18% of employees works for 7-8 hours in Autokast.

4.3 Employee Policy Manual

Table 4.3: Table showing whether the employees have a policy manual

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Yes	100	100
No	0	0
TOTAL	100	100

Figure 4.3: Figure showing whether the employees have a policy manual



INTERPRETATION

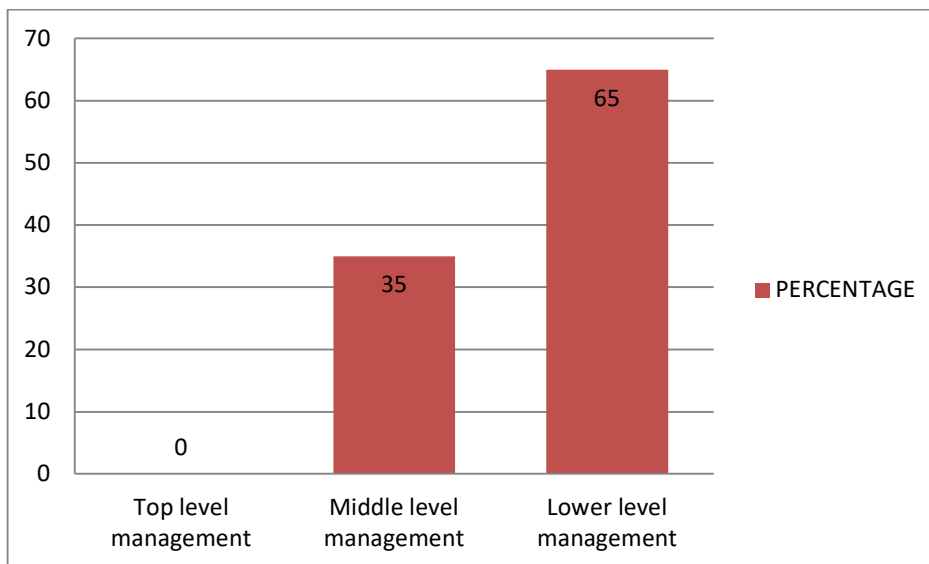
From the figure shown above, it is concluded that the organization provides employees with an employee manual which describes all their principles and policies governing the practices. Manual outlines all the necessary policies, procedures, SOPS, and the rules that the employees of the organization have to follow.

4.4 Position in the company

Table 4.4: Table showing the respondent's position in the company

OPTIONS	NO:OF RESPONDENTS	PERCENTAGE
Top level management	0	0
Middle level management	35	35
Lower level management	65	65
TOTAL	100	100

Figure 4.4: Figure showing the respondent's position in the company



INTERPRETATION

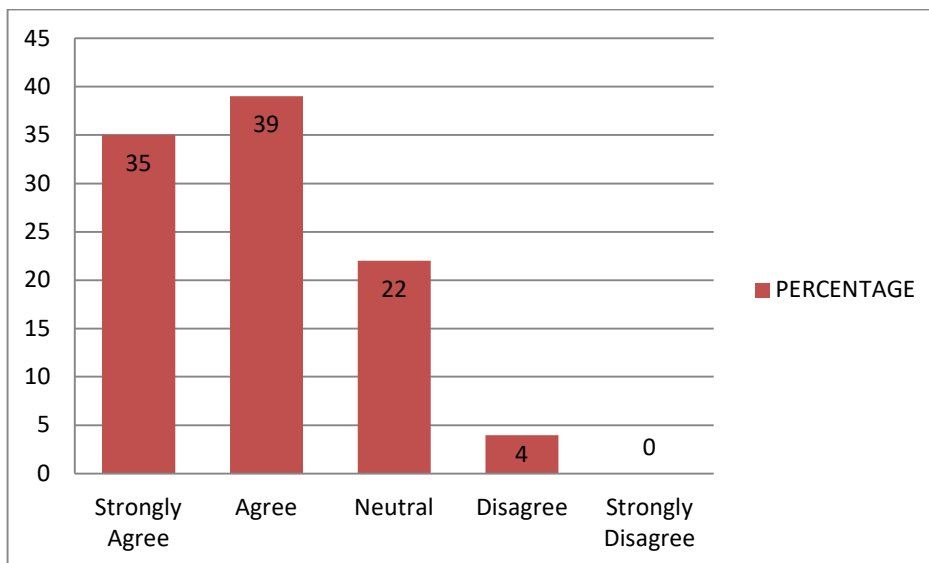
From the figure shown above, about 65% of respondents for the study are from lower level management and the remaining 35% are middle level personnel.

4.5 Convenience of adopting work time

Table 4.5: Table showing the convenience of adopting shift time than a fixed time to work

OPTIONS	NO:OF RESPONDENTS	PERCENTAGE
Strongly Agree	35	35
Agree	39	39
Neutral	22	22
Disagree	4	4
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.5: Figure showing the convenience of adopting shift time than a fixed time to work



INTERPRETATION

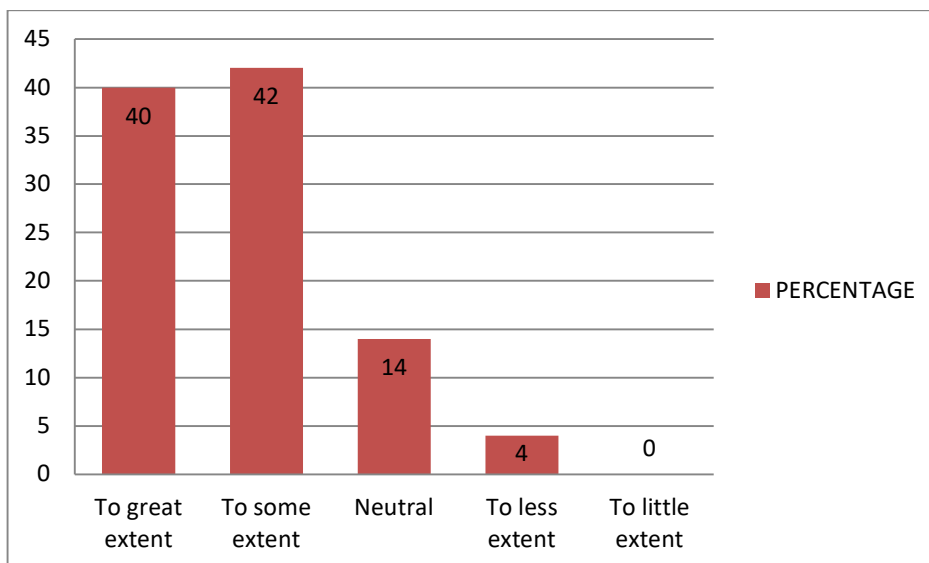
From the figure shown above, 39% agrees in adopting shift time than fixed time, 35% strongly agrees and 22% shows a neutral responds and about 4% disagree in adopting shift time.

4.6 Awareness about compensation policies in Autokast Ltd.

Table 4.6: Table showing the extent to which employees are aware about compensation policies.

OPTIONS	NO:OF RESPONDENTS	PERCENTAGE
To great extent	40	40
To some extent	42	42
Neutral	14	14
To less extent	4	4
To little extent	0	0
TOTAL	100	100

Figure 4.6: Figure showing the extent to which employees are aware about compensation policies.



INTERPRETATION

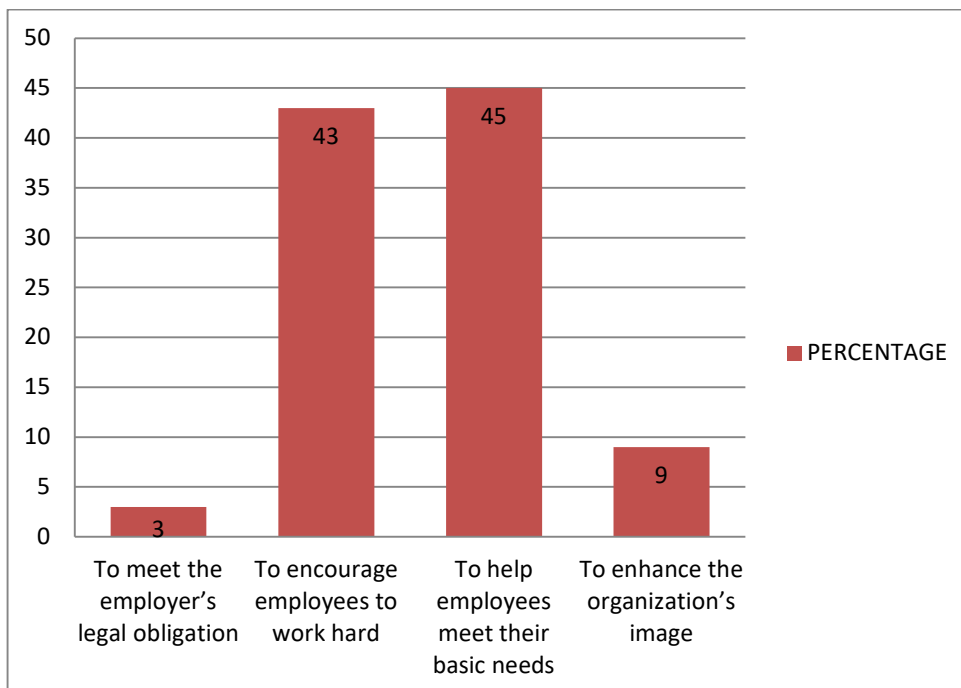
From the figure shown above, 42% are aware about the policies to some extent, 40% are aware about the policies to a great extent and 14% with a neutral awareness and 4% to less extent of compensation policies awareness.

4.7 Role of compensation in the organization

Table 4.7: Table showing the role of compensation in the organization

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
To meet the employer's legal obligation	3	3
To encourage employees to work hard	43	43
To help employees meet their basic needs	45	45
To enhance the organization's image	9	9
TOTAL	100	100

Figure 4.7: Figure showing the role of compensation in the organization



INTERPRETATION

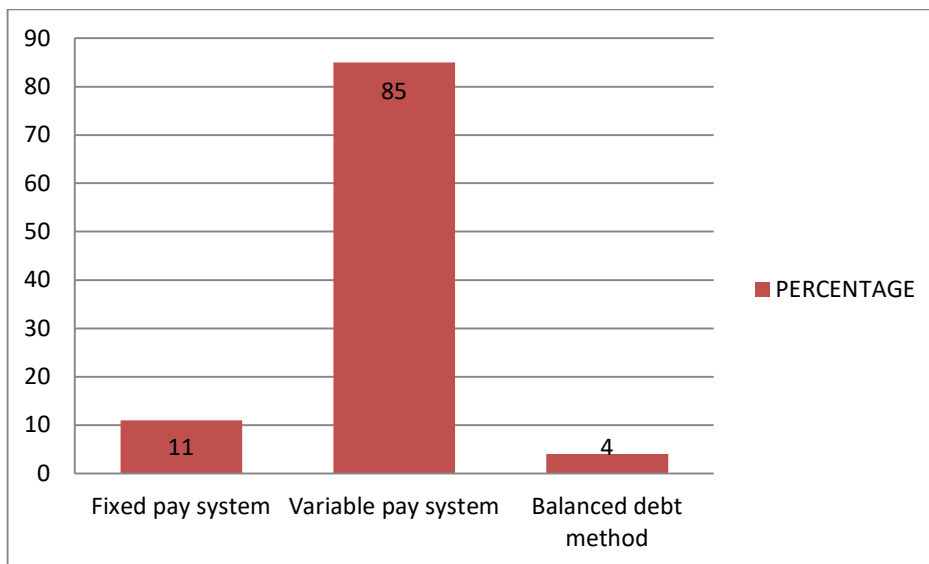
From the figure shown above, 45% thinks that compensation is given to help the employees to meet their basic needs and 43% to encourage employees to work hard and the remaining 12% remarked for the options given as, to enhance the organization's image and to meet legal obligations respectively.

4.8 Type of compensation payment method

Table 4.8: Table showing the type of compensation payment method employees prefers

OPTIONS	NO:OF RESPONDENTS	PERCENTAGE
Fixed pay system	11	11
Variable pay system	85	85
Balanced debt method	4	4
TOTAL	100	100

Figure 4.8: Figure showing the type of compensation payment method employees prefers



INTERPRETATION

From the figure shown above, 85% employees prefer variable pay system and 11% prefers fixed pay system and the remaining 4% prefers balanced debt method.

4.9 Compensation packages available in Autokast Ltd.

Table 4.9

OPTION	AVAILABILITY
Incentive Compensation	Nil
Provident Funds	Available
Pension Scheme	Available
Sick Leaves	Available
Extra Duty Allowances	Available
Crèches for Children	Nil
Free Medical Insurance	Available
Vacation Leaves	Nil
Retirement Benefits & Packages	Available
Long Service Awards	Nil
Free Training Workshops	Available

As far as identifying available compensation packages are concerned employees were asked to give the compensation options available for them in Autokast. Out of the given options, regardless of their levels, employees are provided with the same packages. Describing each available compensation package below:

- **Provident Funds:** A provident fund is a retirement fund run by the government. They are generally compulsory, often through taxes, and are funded by both employer and employee contributions. Government set the rules regarding withdrawals, including minimum age and withdrawal amount. This is created with a purpose of providing financial security and stability to employees.
- **Pension Schemes:** Under the national pension scheme, every government servants is registered and allotted a Permanent Retirement Account Number (PRAN). Under

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the new pension scheme, those who retire can withdraw 60% of the lump sum together and the rest 40% remaining balance they can use towards the purchase of life insurance annuity scheme. Retirees can choose any insurance company that suits their requirement.

- Sick leaves: Employees who during the course of their duty fall sick and are not able to come to work are kept on payroll where they receive various levels of their salary while not at post until the leave expires.
- Extra duty allowances: This allowance is paid to the employees who fall within the middle level and junior staff categories that for some reason have to do work outside their normal working hours, instance weekends and holidays. They are paid this allowance on monthly basis if the extra duty is recurring. Management and senior staff however receive an allowance called responsibility allowance which is supposed to take care of any extra duty they perform outside their normal working hours, and this is paid in a monthly basis.
- Free medical insurance: Employees of the company get reimbursed for any medical bills they incur during the time they remain employees in Autokast. The service however should be insured by a certified medical insurance company. Employees also benefit from free registration of themselves. The company also provides free medical services for its employees but insist that every employee must ensure to register under a health insurance scheme.
- Retirement benefits and packages: The retirement mainly consists of the employee's leaves encashment, retirement gratuity, and the amount that they were contributing to their provident fund account throughout their services. It includes extended health insurance coverage, pension related payouts, salary severance.

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- Free training workshops: Employees are occasionally given refresher training in various skill areas pertaining to their job. These trainings are organized in-house or sometimes employees are sponsored to attend ones that are organized by recognized bodies in the training industry. It is a policy of the organization however that every employee in a year will have some form of refresher training.

From the above-mentioned details, it is remarked that each employee are aware about the different compensation packages that are being given in Autokast Ltd.

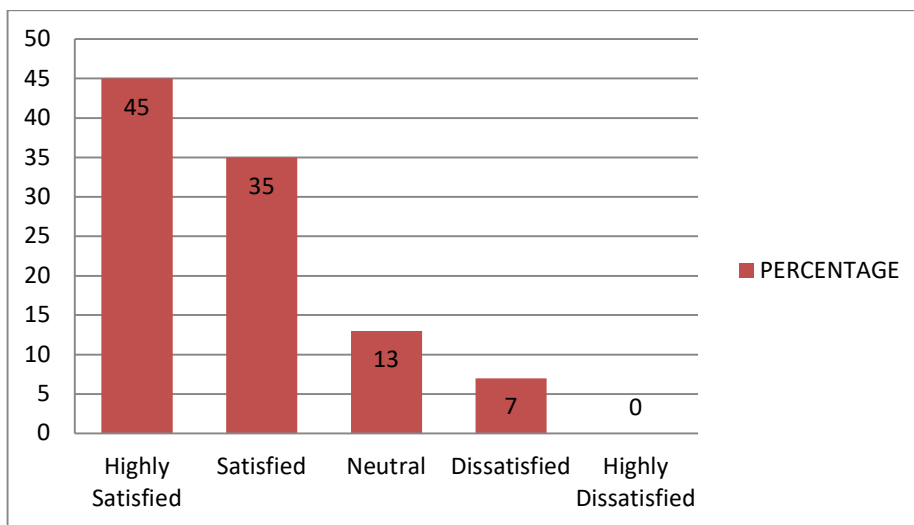
4.10 Satisfaction level of employees with the compensation policies provided in Autokast

4.10.1 PROVIDENT FUNDS

Table 4.10.1: Table showing the satisfaction level of employees with provident funds.

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Highly Satisfied	45	45
Satisfied	35	35
Neutral	13	13
Dissatisfied	7	7
Highly Dissatisfied	0	0
TOTAL	100	100

Figure 4.10.1: Figure showing the satisfaction level of employees with the provident funds



INTERPRETATION

From the figure shown above, 45% of employees are highly satisfied, 35% are satisfied and 13% employees shows a neutral response in the satisfaction level. The remaining 7% are dissatisfied.

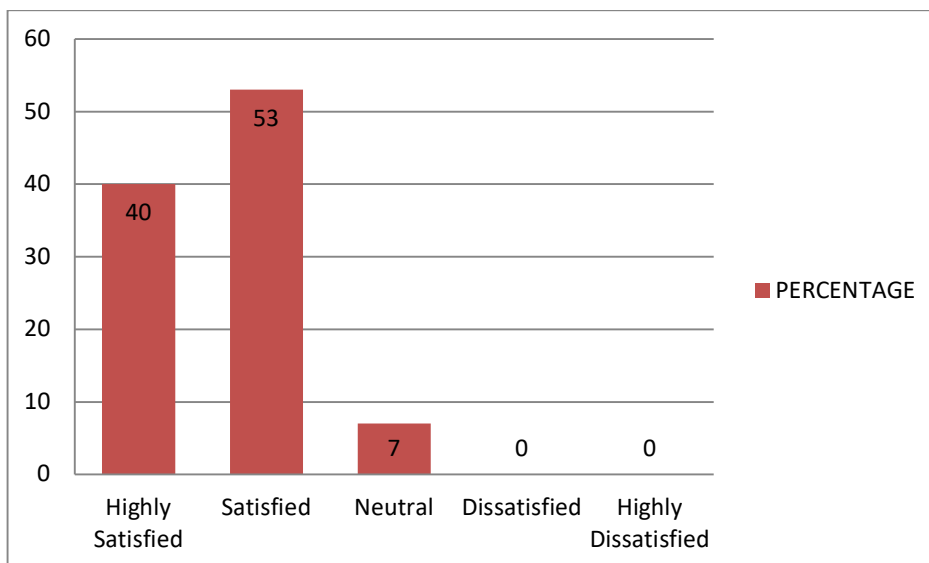
4.10 Satisfaction level of employees with the compensation policies provided in Autokast

4.10.2 PENSION SCHEME

Tale 4.10.2: Table showing the satisfaction level of employees with pension scheme

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Highly Satisfied	40	40
Satisfied	53	53
Neutral	7	7
Dissatisfied	0	0
Highly Dissatisfied	0	0
TOTAL	100	100

Figure 4.10.2: Figure showing the satisfaction level of employees with pension scheme



INTERPRETATION

From the figure shown above, 53% of employees are satisfied with the pension scheme, about 40% are highly satisfied, 7% are neutral in responds with the compensation pension scheme.

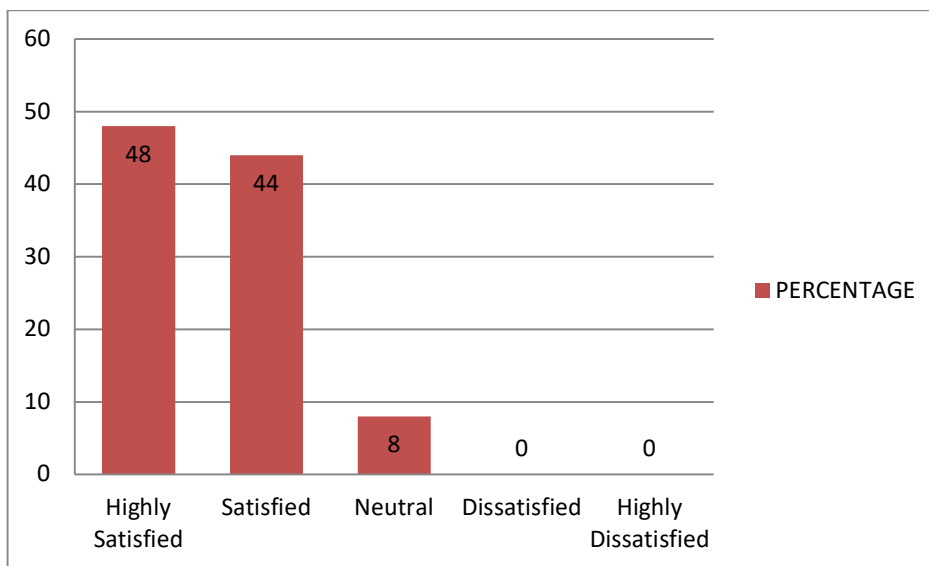
4.10 Satisfaction level of employees with the compensation policies provided in Autokast

4.10.3 SICK LEAVES

Table 4.10.3: Table showing satisfaction level of employees with sick leaves

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Highly Satisfied	48	48
Satisfied	44	44
Neutral	8	8
Dissatisfied	0	0
Highly Dissatisfied	0	0
TOTAL	100	100

Figure 4.10.3: Figure showing satisfaction level of employees with sick leaves



INTERPRETATION

From the figure shown above, 48% of employees are highly satisfied with sick leave policy, 44% is satisfied and the remaining 8% is neutral in responds.

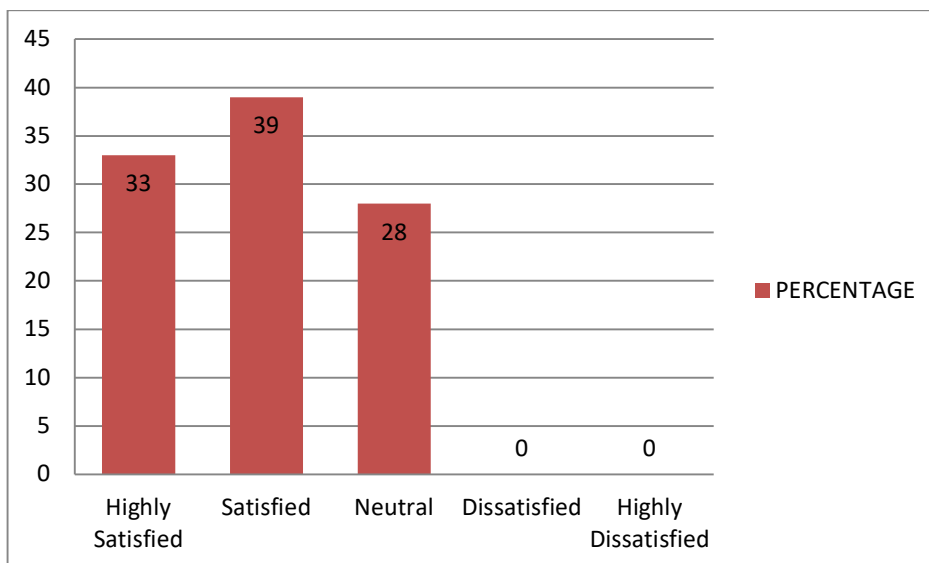
4.10 Satisfaction level of employees with the compensation policies provided in Autokast

4.10.4 EXTRA DUTY ALLOWANCES

Table 4.10.4: Table showing satisfaction level of employees with extra duty allowance

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Highly Satisfied	33	33
Satisfied	39	39
Neutral	28	28
Dissatisfied	0	0
Highly Dissatisfied	0	0
TOTAL	100	100

Figure 4.10.4: Figure showing satisfaction level of employees with extra duty allowance



INTERPRETATION

From the figure shown above, the employees responded for highly satisfied, satisfied and neutral in 33%, 39% and 28% respectively.

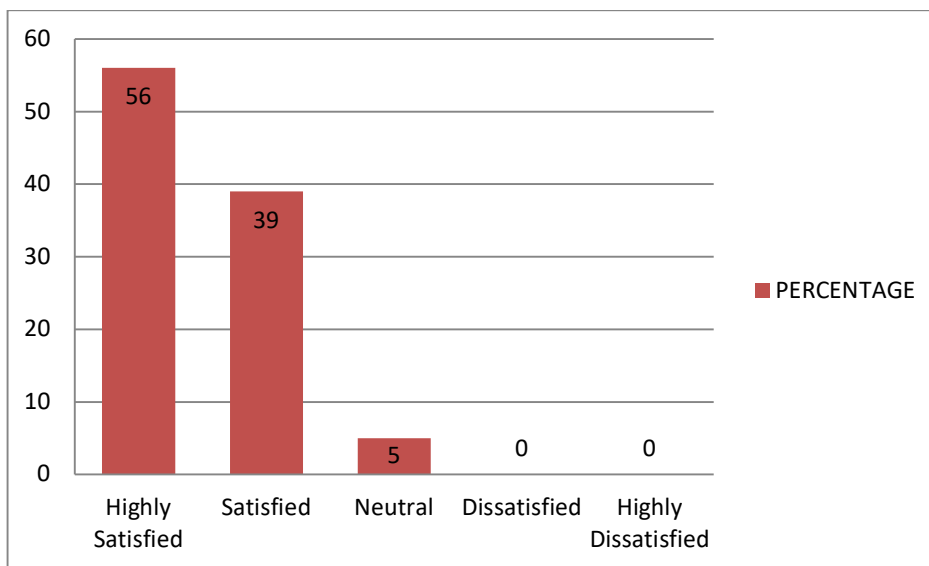
4.10 Satisfaction level of employees with the compensation policies provided in Autokast

4.10.5 FREE MEDICAL INSURANCE

Table 4.10.5: Table showing satisfaction level of employees with free medical insurance

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Highly Satisfied	56	56
Satisfied	39	39
Neutral	5	5
Dissatisfied	0	0
Highly Dissatisfied	0	0
TOTAL	100	100

Figure 4.10.5: Figure showing satisfaction level of employees with free medical insurance



INTERPRETATION

From the figure shown above, 56% of employees are highly satisfied with free medical insurance, 39% are satisfied and 5% of neutral remark.

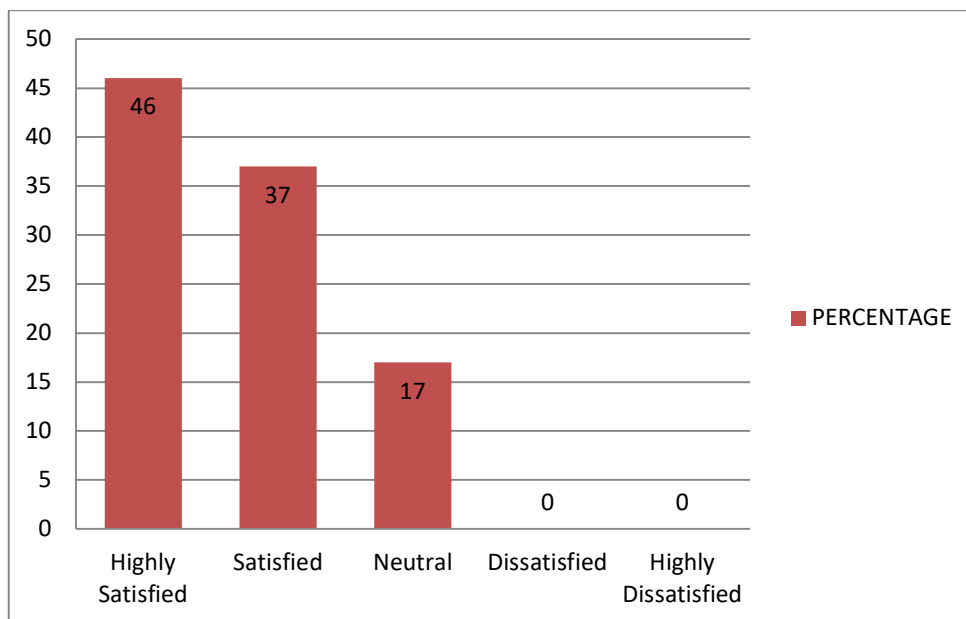
4.10 Satisfaction level of employees with the compensation policies provided in Autokast

4.10.6 RETIREMENT BENEFITS AND PACKAGES

Table 4.10.6: Table showing satisfaction level of employees with retirement benefits.

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Highly Satisfied	46	46
Satisfied	37	37
Neutral	17	17
Dissatisfied	0	0
Highly Dissatisfied	0	0
TOTAL	100	100

Figure 4.10.6: Figure showing satisfaction level of employees with retirement benefits.



INTERPRETATION

From the figure shown, 46% are highly satisfied, 37% are satisfied and 17% marked neutral in remarks about the compensation retirement benefits and package's satisfaction level.

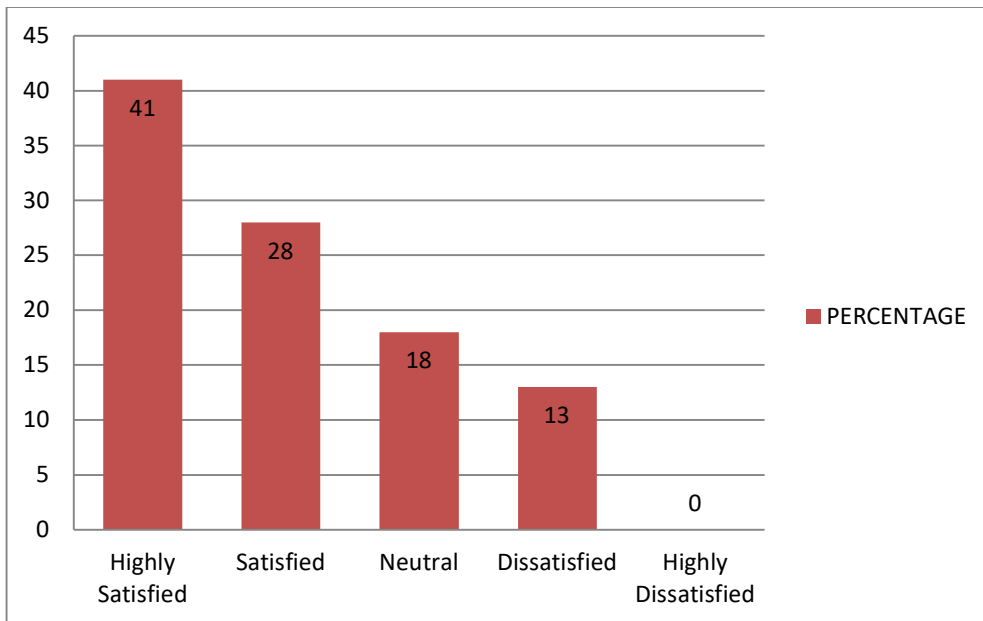
4.10 Satisfaction level of employees with the compensation policies provided in Autokast

4.10.7 FREE TRAINING WORKSHOPS

Table 4.10.7: Table showing satisfaction level of employees with free training workshops.

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Highly Satisfied	41	41
Satisfied	28	28
Neutral	18	18
Dissatisfied	13	13
Highly Dissatisfied	0	0
TOTAL	100	100

Figure 4.10.7: Figure showing satisfaction level of employees with free training workshops.



INTERPRETATION

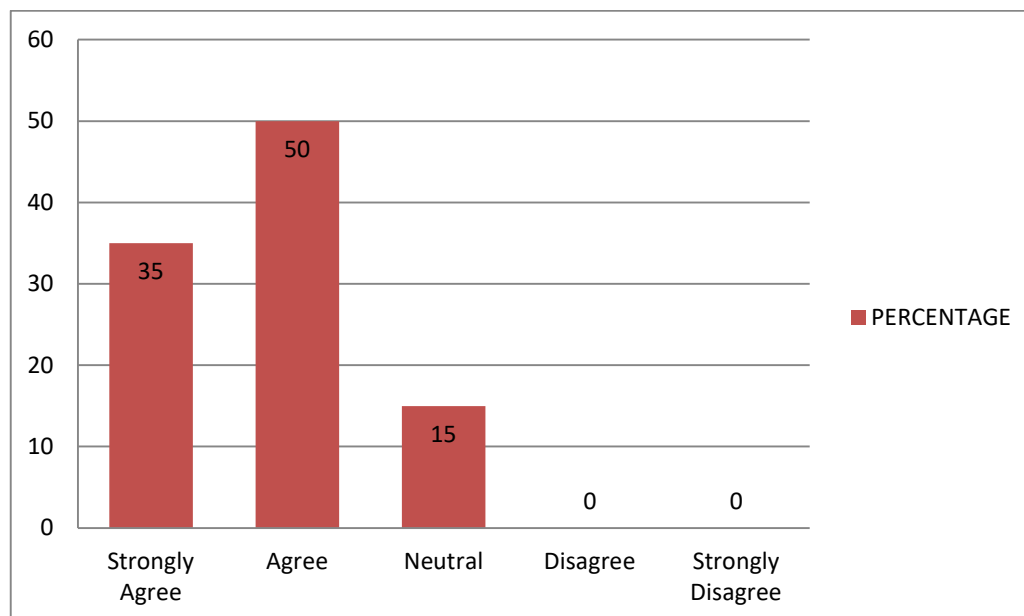
From the figure shown above, 41% identifies free training works of Autokast to be highly satisfied and 28% to be satisfied and 18% considers is with a neutral remark of satisfaction and the remaining 13% is dissatisfied with the free training workshops provided by Autokast for their employees.

4.11 Enhancement of self esteem needs

Table 4.11: Table showing the employees enhancement in self esteem needs

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Strongly Agree	35	35
Agree	50	50
Neutral	15	15
Disagree	0	0
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.11: Figure showing the employees enhancement in self esteem needs



INTERPRETATION

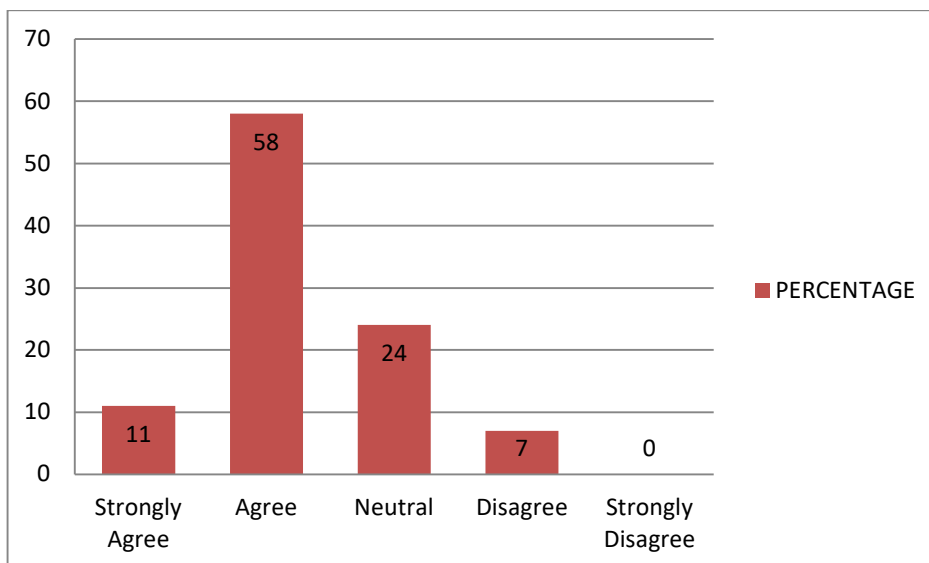
From the figure shown above, 50% of employees agree upon that the self esteem needs has been enhanced as a result of publicly recognizing them, 35% strongly agreed to it and the remaining 15% remarked for neutral.

4.12 Managing of compensation packages

Table 4.12: Table showing how well the compensation packages are managed in the organization.

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Strongly Agree	11	11
Agree	58	58
Neutral	24	24
Disagree	7	7
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.12: Figure showing how well the compensation packages are managed in the organization.



INTERPRETATION

From the figure shown above, about 58% agrees that the compensation packages are managed well in the organization and 11% strongly agrees to it and 24% shows a neutral remark for that and the remaining 7% disagreed towards it.

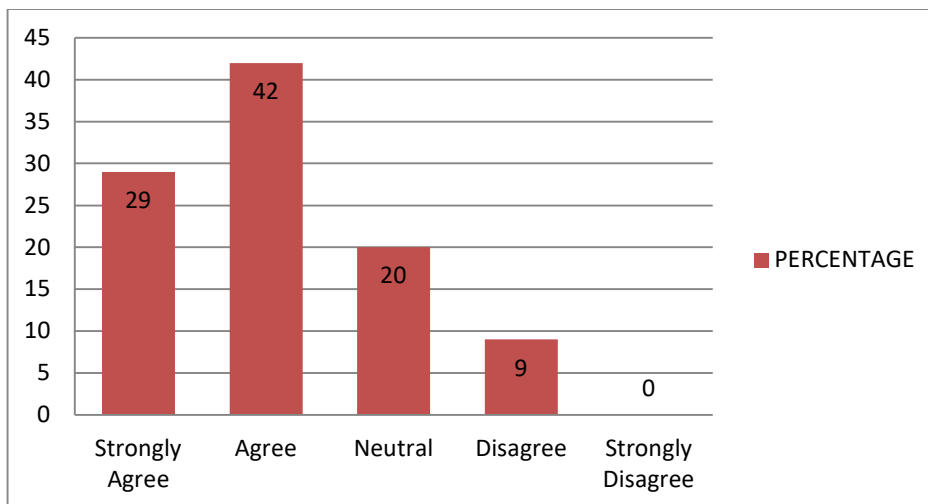
4.13 Effect of compensation policy on employee performance

4.13.1 MOTIVATING THE EMPLOYEES TO WORK BETTER

Table 4.13.1: Table showing whether the compensation motivates the employees to work better

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Strongly Agree	29	29
Agree	42	42
Neutral	20	20
Disagree	9	9
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.13.1: Figure showing whether the compensation motivates the employees to work better



INTERPRETATION

From the figure given above, 42% agrees that compensation motivates the employees to work better, 29% strongly agrees to that and 20% with neutral remark and the remaining 9% disagreed to it.

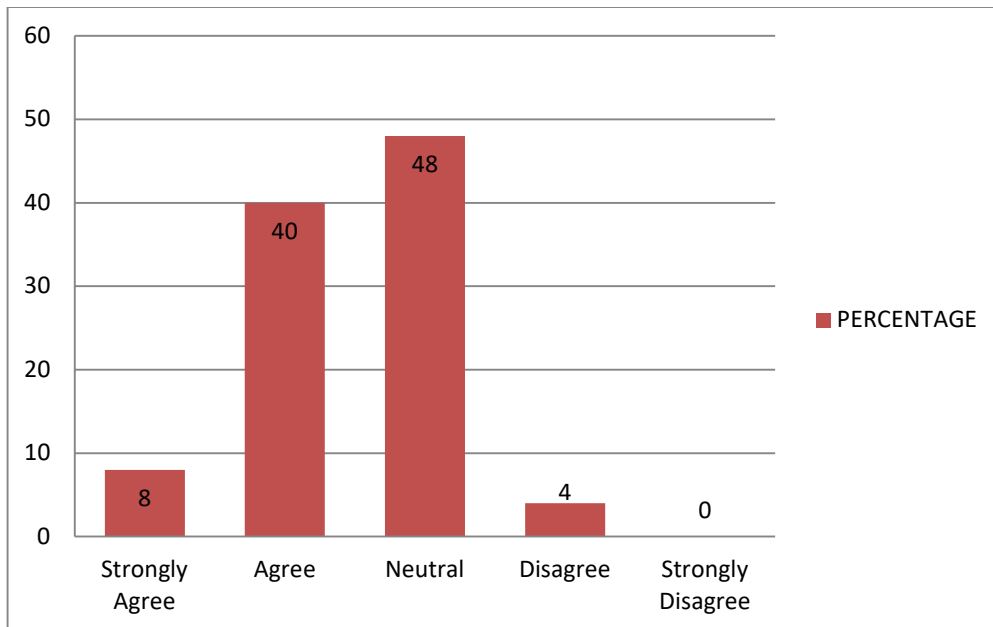
4.13 Effect of compensation policy on employee performance

4.13.2 IMPROVES EMPLOYEE PUNCTUALITY AND ABSENTEEISM

Table 4.13.2: Table showing whether compensation helps in improving punctuality and reducing absenteeism

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Strongly Agree	8	8
Agree	40	40
Neutral	48	48
Disagree	4	4
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.13.2: Figure showing whether compensation helps in improving punctuality and reducing absenteeism



INTERPRETATION

From the figure shown above, about 48% showed neutral remarks, 40% agree to the statement whether it helps in improving punctuality and in reducing absenteeism, 8% strongly agreed and the remaining 4% disagreed.

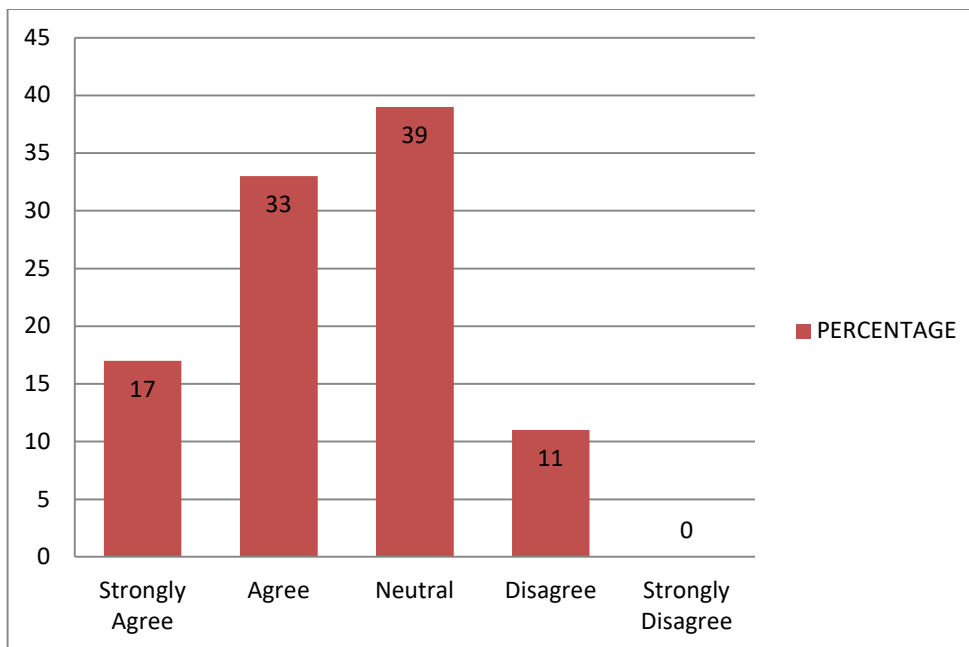
4.13 Effect of compensation policy on employee performance

4.13.3 EMPLOYEE READINESS TO LEARN NEW SKILLS

Table 4.13.3: Table showing whether compensation helps in improving employee readiness to learn new skills

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Strongly Agree	17	17
Agree	33	33
Neutral	39	39
Disagree	11	11
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.13.3: Figure showing whether compensation helps in improving employee readiness to learn new skills



INTERPRETATION

From the figure shown above, about 39% showed a neutral remark as their response in knowing whether compensation helps to employee's readiness to learn new skills. 33% agrees to it, about 17% strongly agreed with it and the remaining 11% disagreed with their response as compensation doesn't improve employees readiness to learn new skill.

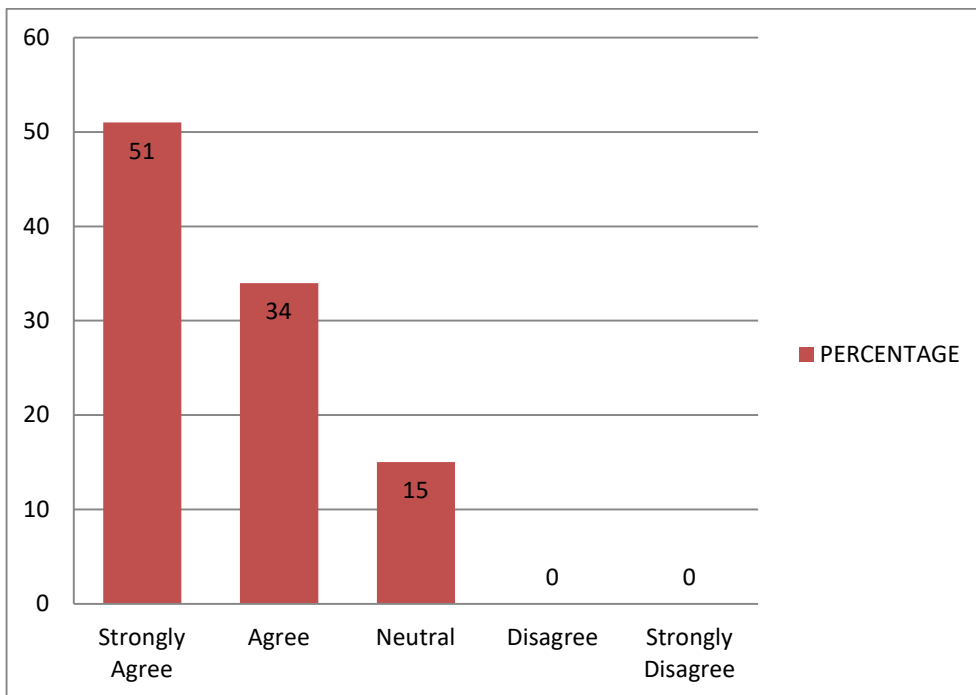
4.13 Effect of compensation policy on employee performance

4.13.4 ATTRACTS QUALIFIED PERSONNELS TO WORK BETTER

Table 4.13.4: Table showing whether compensation helps in attracting qualified personnel's to work better

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Strongly Agree	51	51
Agree	34	34
Neutral	15	15
Disagree	0	0
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.13.4: Figure showing whether compensation helps in attracting qualified personnel's to work better



INTERPRETATION

From the figure shown above, 51% strongly agreed that compensation helps in attracting qualified personnel's to work better. 34% agreed to it and the remaining 15% shows a neutral remark in identifying whether compensation helps in attracting qualified personnel's to work better.

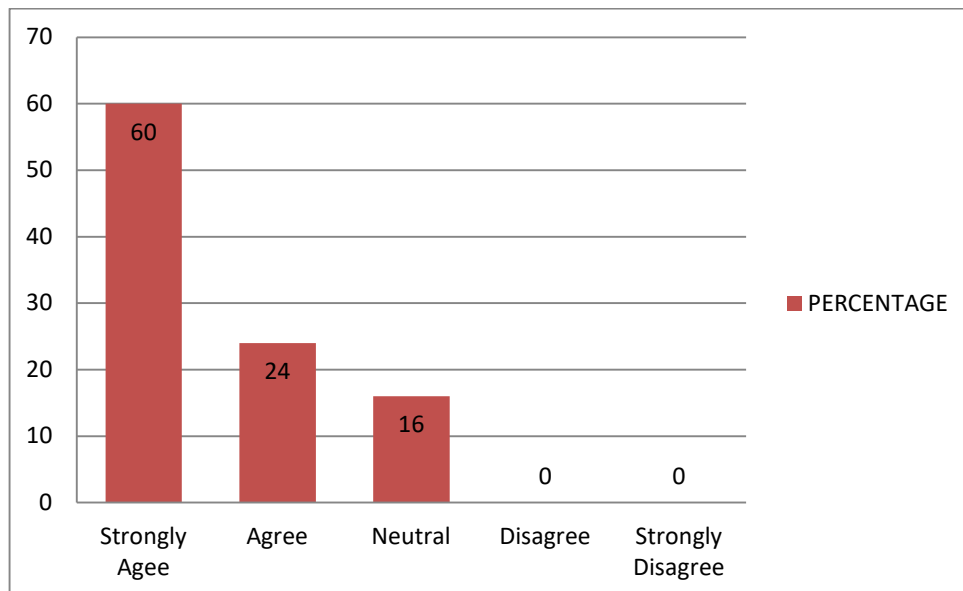
4.13 Effect of compensation policy on employee performance

4.13.5 REWARD HARDWORKING EMPLOYEES TO SUSTAIN HIGH PERFORMANCE

Table 4.13.5: Table showing whether compensation helps in rewarding hardworking employees to sustain with high performance

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Strongly Agree	60	60
Agree	24	24
Neutral	16	16
Disagree	0	0
Strongly Disagree	0	0
TOTAL	100	100

Figure 4.13.5: Figure showing whether compensation helps in rewarding hardworking employees to sustain with high performance



INTERPRETATION

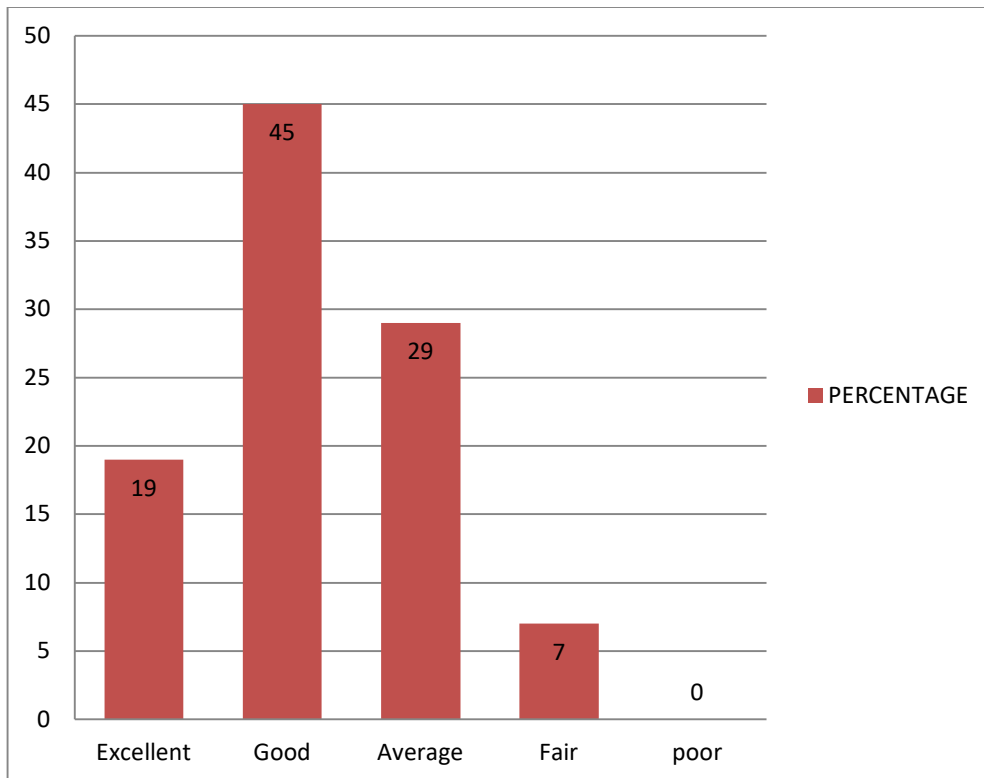
From the figure shown above, the majority of the respondents that is of 60% strongly agree to that compensation acts as rewards for hardworking employees to sustain with their high performances. 24 % agrees to that and the remaining 16% shows a neutral remark as their response.

4.14 Compensation helps to work more effectively for the organization

Table 4.14: Table showing compensation helps to work more effectively for the organization.

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Excellent	19	19
Good	45	45
Average	29	29
Fair	7	7
poor	0	0
TOTAL	100	100

Figure 4.14: Figure showing compensation helps to work more effectively for the organization.



INTERPRETATION

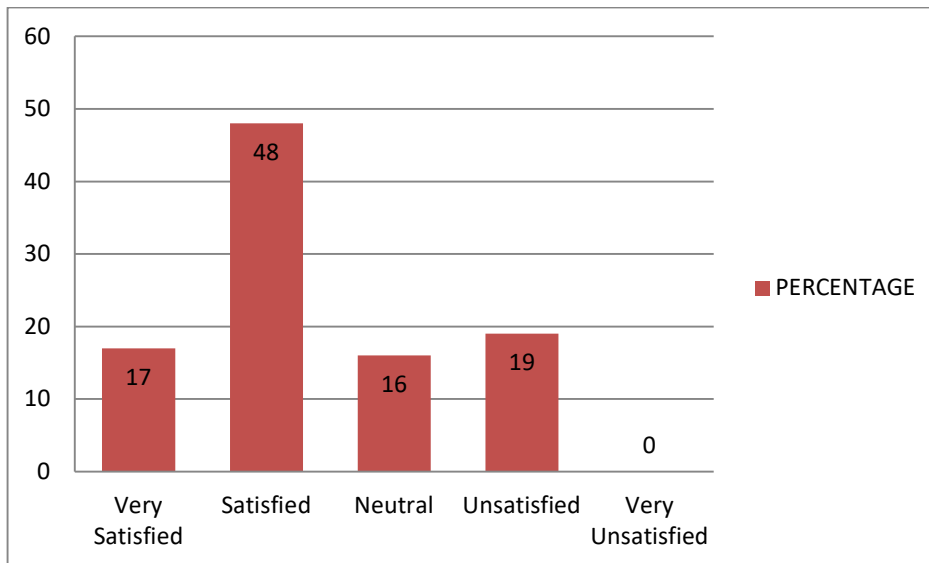
The above figure shows the respondent's opinion about how much they think compensation helps them to work effectively for the organization. 45% of the respondents have the opinion good, 29% of respondents marked for average and the remaining 7% of respondents gave their opinion as fair.

4.15 The overall satisfaction level with the compensation benefits

Table 4.15: Table showing the overall satisfaction level with the compensation benefits

OPTIONS	NO: OF RESPONDENTS	PERCENTAGE
Very Satisfied	17	17
Satisfied	48	48
Neutral	16	16
Unsatisfied	19	19
Very Unsatisfied	0	0
TOTAL	100	100

Figure 4.15: Figure showing the overall satisfaction level with the compensation benefits



INTERPRETATION

From the figure given above, about 48% respondents are satisfied with the compensation benefits, 17% are very satisfied, 16% responds for neutral and the remaining 19% is unsatisfied with the compensation benefits provided at Autokast Ltd.

CHAPTER – V

FINDINGS, SUGGESTIONS AND

CONCLUSION

5.1 SUMMARY OF FINDINGS

All of the respondents are employees of Autokast Limited, Cherthala. For the study 100 employees were taken randomly as mentioned above. The main findings from the study are as follows:

- There are sufficient compensation benefits available in the organization for their employees, when the employees are given with their deserving rewards, they are more satisfied to be in the workplace.
- The organization ensures that there are enough packages to attract the personnel.
- 35% of the employees are working with Autokast for the past 5-10 years of the total percentage and 33% working for about more than 10years. For 20% of employees are working about 1-5years and only 12% for less than 1 year.
- 50% works for 8-10hrs daily and 32% works for more than 10hrs in the organization. 18% of employees works for 7-8 hours in Autokast.
- The organization provides employees with an employee manual which describes all their principles and policies governing the practices. Manual outlines all the necessary policies, procedures, SOPS, and the rules that the employees of the organization have to follow.
- About 65% of respondents for the study are from lower level management and the remaining 35% are middle level personnel.
- 39% agrees in adopting shift time than fixed time, 35% strongly agrees and 22% shows a neutral responds and about 4% disagree in adopting shift time.

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- 42% are aware about the policies to some extent, 40% are aware about the policies to a great extent and 14% with a neutral awareness and 4% to less extent of compensation policies awareness.
- 45% thinks that compensation is given to help the employees to meet their basic needs and 43% to encourage employees to work hard and the remaining 12% remarked for the options given as, to enhance the organization's image and to meet legal obligations respectively.
- 85% employees prefer variable pay system and 11% prefers fixed pay system and the remaining 4% prefers balanced debt method.
- The organization provide different compensation benefits like: Provident Funds, Pension Schemes, Sick Leaves, Extra Duty Allowances, Free Medical Insurance, Retirement Benefits and Packages, and Free Training Workshops.
- Employees have showed their dissatisfaction as well because of the absence of different compensation benefits that they prefer to get.
- 45% of employees are highly satisfied with provident fund as a compensation package, 35% are satisfied and 13% employees show a neutral response in the satisfaction level. The remaining 7% are dissatisfied.
- 53% of employees are satisfied with the pension scheme, about 40% are highly satisfied, 7% are neutral in responds with the compensation pension scheme.
- 48% of employees are highly satisfied with sick leave policy, 44% is satisfied and the remaining 8% is neutral in responds.

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Reference to AUTOKAST Ltd, Cherthala, Alappuzha

- The employees responded for highly satisfied, satisfied and neutral in 33%, 39% and 28% respectively for extra duty allowances.
- 56% of employees are highly satisfied with free medical insurance, 39% are satisfied and 5% of neutral remark.
- 46% are highly satisfied, 37% are satisfied and 17% marked neutral in remarks about the compensation retirement benefits and package's satisfaction level.
- 41% identifies free training works of Autokast to be highly satisfied and 28% to be satisfied and 18% considers is with a neutral remark of satisfaction and the remaining 13% is dissatisfied with the free training workshops provided by Autokast for their employees.
- 50% of employees agree upon that the self esteem needs has been enhanced as a result of publicly recognizing them, 35% strongly agreed to it and the remaining 15% remarked for neutral.
- About 58% agrees that the compensation packages are managed well in the organization and 11% strongly agrees to it and 24% shows a neutral remark for that and the remaining 7% disagreed towards it.
- 42% agrees that compensation motivates the employees to work better, 29% strongly agrees to that and 20% with neutral remark and the remaining 9% disagreed to it.
- 48% showed neutral remarks, 40% agree to the statement whether it helps in improving punctuality and in reducing absenteeism, 8% strongly agreed and the remaining 4% disagreed.

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- 39% showed a neutral remark as their response in knowing whether compensation helps to employee's readiness to learn new skills. 33% agrees to it, about 17% strongly agreed with it and the remaining 11% disagreed with their response as compensation doesn't improve employees readiness to learn new skill.
- 51% strongly agreed that compensation helps in attracting qualified personnel's to work better. 34% agreed to it and the remaining 15% shows a neutral remark in identifying whether compensation helps in attracting qualified personnel's to work better.
- The majority of the respondents that is of 60% strongly agree to that compensation acts as rewards for hardworking employees to sustain with their high performances. 24 % agrees to that and the remaining 16% shows a neutral remark as their response.
- The respondent's opinion about how much they think compensation helps them to work effectively for the organization. 45% of the respondents have the opinion good, 29% of respondents marked for average and the remaining 7% of respondents gave their opinion as fair.
- About 48% respondents are satisfied with the compensation benefits, 17% are very satisfied, 16% responds for neutral and the remaining 19% is unsatisfied with the compensation benefits provided at Autokast Ltd.

5.2 SUGGESTIONS

From the evaluation of the review via questionnaire surveys its visible that the employer has realized the need for the compensation benefits for employees to make them more active and efficient in company affairs and activities. Based on the study findings the following recommendation could be considered to address the issues revealed by the study.

- It was found out from the study that though there were many compensation packages available, and some of the employees were not aware of these packages. It is therefore recommended that the management of the institution should give every new employee a copy of the compensation manual and discuss the items therein during orientation. And for 18% of employees periodic workshops and training should be organized to get them educated on the compensation policies and packages.
- It has emerged from the study that all administration and implementation of compensation was done manually which cause delays and errors in the management of compensation. The management should consider acquiring software to facilitate the administering on the compensation packages and also eliminate the human errors.
- Many employees showed dissatisfaction in the absence for other compensational packages. It is recommended thus to restructure some of the benefits after a consultation with the management and employee representative.
- The study revealed also that employees did not only desire financial benefits as compensation to motivate them to perform but also non-financial benefits as well.

5.3 LIMITATION OF THE STUDY

- Study is based mainly on the responses collected from the respondents.
- The information collected is mainly through primary data and the accuracy is subject to the responses received.
- Due to lack of time the good amount of data collection was not possible so research had to rely on limited data of sample size of 100 respondents only.
- The researcher faced challenges in the retrieval of questionnaires since it was a manufacturing company and employees were constantly working on their sites.
- The respondents may not have expressed their strong negative feelings about the organization.

5.4 CONCLUSION

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 vital for the running and management of the organization. More so, it is the heart beat of the organization. It is therefore parties germane for both parties to negotiate and implement effective compensation management policies that will benefit both parties. A compensation and benefits strategy remains in a fluid state. It's not meant to be rigid. A stiff and stale process can lead to immeasurable loss as the company tries to attract and retain the best workers for the organization. With a fluid approach, the compensation and benefits strategy can increase the organization's competitiveness and help find the best talent available. Companies with a strong sense of the compensation and benefits strategy will be able hire the right people more often than not and will see great business success.

This paper has presented a snapshot about the presently available compensation management at Autokast Limited which has retained its employees with increase job satisfaction. The current study has concluded that the compensation management has a direct and intense relation with the job satisfaction as well as job motivation. Conclusively, there is a significant relationship between compensation management and employee's performance, which implies that employee's performance depends on planning, implementation and control of effective compensation management.

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APPENDIX

QUESTIONNAIRE

Dear Sir/Madam

I'm a student from Naipunnya Business College, Thrissur. As a part of my final year project. I would like to request you to fill this questionnaire as it is aimed at understanding the effect of compensation management on employee performance. Your response will be dealt with strict confidentiality and it will be used only for my academic purpose.

Thank you in advance.

Name: _____ Gender: M Age: ____

1. How long have you been an employee of Autokast Ltd?
[] Less than 1 year [] 1-5 years [] 5-10years [] Above 10 years
2. What is the average hours/duration of working?
[] 5-6hrs [] 7-8hrs [] 8-10hrs [] More than 10hrs
3. Do you have an employee policy manual?
[] Yes [] No
4. What is your position in the organisation?
[] Top level [] Middle level [] Lower level
5. Do you agree that the shift system is convenient than adopting a fixed time to work?
[] Strongly Agree [] Agree [] Neutral [] Disagree [] Strongly Disagree

6. To what extent are you aware about the compensation policies in Autokast?

To a great extent To some extent Neutral To less extent To little extent

7. What role do you think compensation plays in your organisation?

To meet the employer's legal obligation

To encourage employees to work hard

To help employees meet their basic needs

To enhance the organisation's image

8. Which type of compensation payment system do you prefer?

Fixed pay system Variable pay system Balanced Debt Method

9. Which of the following compensation packages exist in the organisation?

Incentive Compensation

Provident Funds

Pension Schemes

Sick Leaves

Extra Duty Allowances

Crèches for Children

Free Medical Insurance

Vacation Leaves

Retirement Benefits & Packages

Long Service Awards

Free Training Workshops

10. How satisfied are you with the compensation packages provided in Autokast?

	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Provident Fund					
Pension Schemes					
Sick Leaves					
Extra Duty Allowances					
Free Medical Insurances					
Retirement Benefits & Packages					
Free Training Workshops					

11. Employees self esteem needs has been enhanced as a result of publicly recognising them

Strongly Agree Agree Neutral Disagree Strongly Disagree

12. The packages of compensation are managed really well.

Strongly Agree Agree Neutral Disagree Strongly Disagree

13. A well designed compensation policy and its effective management and implementation has an effect on employee performance and it influences performance in the following way:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Does the compensation motivates you to work better					
Does the compensation policy improves employee punctuality to work and reduce employee absenteeism					
Increase employee readiness to learn new skills and preparedness to transfer skills onto the job					
Attracts qualified personnel to work better.					
Rewards hardworking employee to sustain high performance					

14. How much do you think that compensation helps you to work more effectively for the organisation?

Excellent Good Average Fair Poor

15. Overall, how satisfied or dissatisfied are you with the compensation benefits that Autokast provides?

Very Satisfied Satisfied Neutral Unsatisfied Very Unsatisfied