

A STUDY ON COMPENSATION MANAGEMENT AT MAHINDRA & MAHINDRA

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ABSTRACT

The present study investigated compensation management practices at Mahindra & Mahindra, focusing on how diverse pay components—base salary, bonuses, benefits, allowances, and recognition—shaped employee motivation, satisfaction, and perceptions of fairness. A structured questionnaire was administered to a simple random sample of 100 employees across junior, middle, and senior levels. The collected data were analyzed using descriptive statistics, frequency distributions, and percentage calculations to identify prevailing attitudes toward compensation elements. The results indicated that respondents prioritized basic salary, while performance-based bonuses were the most frequent incentive. According to these findings, the existing compensation framework succeeded in fostering positive perceptions among a majority of employees but revealed areas for targeted improvement to enhance overall satisfaction.

Keywords: Potential, Human Resource, Compensation, Retention.

I. INTRODUCTION COMPENSATION MANAGEMENT

Compensation management referred to the systematic approach adopted by organizations to design, implement, and monitor employee remuneration strategies. It involved determining appropriate pay levels, developing incentive plans, and offering benefits that aligned with both organizational goals and employee expectations. The process of compensation management included job evaluation, salary benchmarking, performance appraisal linkages, and internal equity assessments. A well-structured compensation system acted as a key motivator, helped retain

skilled talent, and enhanced employee engagement. The effectiveness of compensation management depended on its fairness, transparency, and ability to reflect the value delivered by employees.

The scope of compensation management extended beyond financial rewards to include various non-monetary benefits and psychological incentives. These included recognition programs, career development opportunities, flexible work arrangements, and wellness initiatives. In modern organizations, compensation strategies were increasingly influenced by employee-centric approaches that emphasized work-life integration and holistic development. Compensation management therefore became a strategic HR function that supported organizational culture, promoted meritocracy, and facilitated business continuity through motivated human capital.

In large organizations such as Mahindra & Mahindra, compensation management required continuous assessment to ensure alignment with market trends and industry standards. The complexity of roles, geographic dispersion, and changing workforce demographics necessitated the use of advanced tools such as compensation analytics and performance-based pay systems. Regular compensation audits, stakeholder feedback, and integration with learning and development frameworks further strengthened the robustness of compensation strategies. By managing compensation effectively, organizations created value for both employers and employees and built a strong foundation for long-term organizational success.

RESEARCH PROBLEM

Despite being a leading player in the Indian automobile industry, Mahindra & Mahindra faced several challenges in designing and managing an effective compensation system that met the diverse expectations of its workforce. With evolving employee preferences, rising cost pressures, and increasing attrition rates, the organization encountered difficulties in maintaining compensation competitiveness and internal equity. Moreover, the lack of structured feedback mechanisms to assess employee satisfaction with compensation components created gaps in HR planning. These issues highlighted the need for a detailed investigation into the existing compensation practices, employee perceptions, and managerial challenges, thereby establishing the relevance of the research problem.

NEED FOR THE STUDY

The need for this study arose from the increasing significance of compensation as a strategic tool for talent management and organizational effectiveness. In an industry characterized by high competition and continuous innovation, Mahindra & Mahindra required a compensation system that not only retained talent but also motivated employees to perform at optimal levels. Given the complexity of job roles and varied employee expectations, there was a pressing need to assess the adequacy and impact of the current compensation practices. This study provided an empirical foundation for evaluating existing policies and offering actionable insights to improve compensation management.

SCOPE OF THE STUDY

The study focused exclusively on the compensation management practices of Mahindra & Mahindra and examined the structural design, employee satisfaction, and strategic impact of its compensation policies. The scope of the study was limited to internal stakeholders, particularly employees from

various departments and HR professionals involved in compensation planning. The research included both monetary and non-monetary elements of compensation and assessed their effectiveness in influencing employee motivation and retention. The study was confined to the organizational context of Mahindra & Mahindra and did not extend to cross-company or cross-sectoral comparisons.

OBJECTIVES OF THE STUDY

1. To study the structure and key components of the compensation system followed at Mahindra & Mahindra.
2. To examine employee satisfaction with various compensation elements such as salary, incentives, and benefits.
3. To analyze how the compensation practices influence employee motivation, retention, and performance.
4. To identify the challenges faced by HR in implementing effective compensation strategies.
5. To provide suitable suggestions to improve the compensation management system at Mahindra & Mahindra.

II. LITERATURE REVIEW

Phung (2023) in their study had examined the relationship between top-management compensation and the formulation and implementation of environmental innovation strategies in large-scale manufacturing firms. Utilizing a cross-sectional sample of 312 publicly listed companies, the author employed multiple regression analysis to assess how CEO and top executive pay structures influenced the adoption of green technologies, R&D investments, and sustainable product development.

Martins (2021) in their research had investigated the impact of green hiring practices on firms' sustainable performance, with a particular focus on the mediating roles of green performance management and green compensation systems. Drawing on a survey of

250 environmental managers in European manufacturing firms, structural equation modeling was employed to test the hypothesized relationships.

Chen (2022) in their study had explored how management gender diversity and executive compensation structures jointly influenced firm performance in a sample of 198 publicly traded Chinese enterprises. Using panel data from 2015 to 2020 and applying fixed-effects regression techniques, the author examined whether a more gender-diverse top management team altered compensation patterns and subsequently affected profitability and market valuation. Findings indicated that firms with higher proportions of female executives structured compensation packages with greater emphasis on long-term incentives, leading to improved financial performance metrics.

Hassan (2022) in their paper had analyzed how compensation and rewards systems mediated the relationship between human resource management practices and employee retention within Maldivian organizations. Employing a mixed-method approach, the study surveyed 181 employees across various industries and supplemented quantitative findings with semi-structured interviews of HR managers.

Zhu (2022) in their research had investigated the governance role of institutional investors in shaping top-management compensation in China's listed firms. The author compiled a dataset of 412 listed companies over the period 2016–2020 and applied two-stage least squares regression to address endogeneity concerns. Results demonstrated that institutional investors with higher shareholding percentages exerted significant pressure on boards to align executive pay with long-term performance goals and to curb excessive short-term bonuses.

Li (2023) in their article had compared two model predictive control (MPC) schemes incorporating distinct error compensation

strategies for power management in fuel cell hybrid electric buses. Through simulation-based experiments and real-time hardware-in-the-loop testing, Li evaluated how different error compensation algorithms affected system stability, fuel cell efficiency, and battery state-of-charge regulation.

Assenso-Okofu (2021) in their research had explored the moderating effect of corporate governance on the relationship between earnings management and CEO compensation within the context of Ghanaian publicly listed firms. The author analyzed financial statements and governance disclosures of 204 firms from 2012 to 2018, applying hierarchical regression analysis to test interaction effects. Results indicated that stronger governance mechanisms—such as independent boards, audit committee effectiveness, and stringent shareholder rights—attenuated the positive link between earnings management and CEO pay, thereby reducing incentives for financial misreporting.

Despite extensive research on compensation structures in developed economies and specific industry contexts—such as tourism (Trinh, 2022) and technology (Grey, 2020)—there remained a paucity of empirical studies centering on compensation management within large-scale Indian automobile manufacturers. While scholars had examined related themes like green hiring (Martins, 2021) and governance influences on pay (Zhu, 2022), limited attention had been paid to how compensation components influenced motivation, satisfaction, and retention among employees in the Indian manufacturing domain. compensation management at Mahindra & Mahindra, capturing both quantitative employee feedback and qualitative organizational insights to generate context-specific recommendations for enhancing remuneration practices.

III. RESEARCH METHODOLOGY

The research methodology adopted in this study was designed to systematically investigate the compensation management practices at Mahindra & Mahindra by utilizing both primary and secondary data sources. The study employed a quantitative approach to collect, analyze, and interpret data with the objective of understanding employee perceptions on various components of compensation. Structured procedures, including sampling, data collection, and statistical analysis, were rigorously followed to ensure accuracy, reliability, and relevance of findings. The methodology enabled the researcher to examine patterns, draw comparisons, and derive meaningful inferences based on responses collected from selected employees through a closed-ended questionnaire format.

RESEARCH QUESTIONS

1. What is the structure and effectiveness of the compensation system followed at Mahindra & Mahindra as perceived by its employees?
2. How do compensation practices influence employee satisfaction, motivation, and retention at Mahindra & Mahindra?

PRIMARY DATA

Primary data for the study were collected directly from employees working at Mahindra & Mahindra using a structured closed-ended questionnaire. The questionnaire comprised sections addressing demographic variables, multiple-choice questions, and Likert-

scale items that assessed perceptions and satisfaction levels with various compensation elements. The data collection was conducted using a mall-intercept method wherein employees were approached within workplace premises and responses were recorded based on voluntary participation. The structured nature of the tool ensured clarity, consistency, and ease of statistical processing.

SECONDARY DATA

Secondary data were sourced from a range of credible academic and organizational sources, including peer-reviewed journals, books on compensation management, and authenticated internet content. In addition, relevant insights were obtained from Mahindra & Mahindra's official website, HR policy documents, and published reports. These sources provided foundational knowledge, supported the development of research instruments, and offered contextual grounding for interpreting the findings from primary data.

DATA COLLECTION TOOL

The primary tool for data collection in this study was a structured questionnaire, which was designed to gather responses on various aspects of compensation management. The questionnaire contained close-ended questions to minimize ambiguity and facilitate ease of analysis. Items were organized logically into sections covering demographic details, salary structure, benefits, employee satisfaction, and motivation levels. The design of the tool ensured that relevant data were obtained efficiently and consistently across respondents.

IV. DATA ANALYSIS & RESULTS DISCUSSION

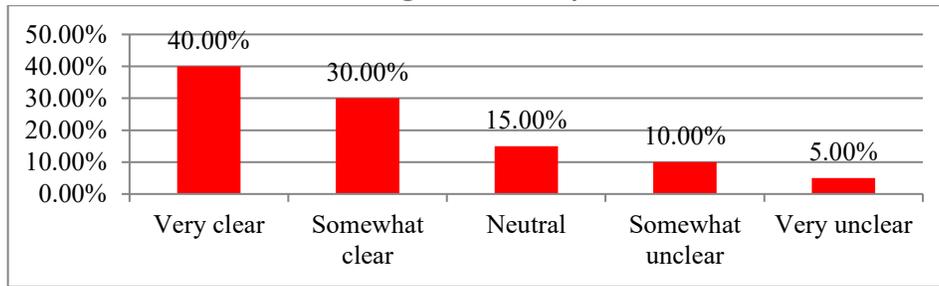
1. Clarity of Communication Regarding Compensation Structure

Table 1: Clarity

Communication Clarity	Frequency	Percentage
Very clear	40	40.0%
Somewhat clear	30	30.0%
Neutral	15	15.0%
Somewhat unclear	10	10.0%
Very unclear	5	5.0%

Total	100	100.0%
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Figure 1: Clarity



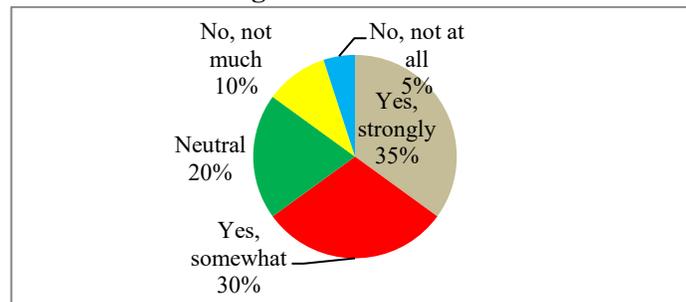
Interpretation: Seventy percent of respondents considered communication about compensation structure to be clear or somewhat clear. However, 15% expressed neutrality, and 15% perceived some degree of lack of clarity. This indicates room for improvement in transparency and communication strategies by the company.

2. Motivation from Current Compensation System

Table 2: Motivation

Motivation Level	Frequency	Percentage
Yes, strongly	35	35.0%
Yes, somewhat	30	30.0%
Neutral	20	20.0%
No, not much	10	10.0%
No, not at all	5	5.0%
Total	100	100.0%

Figure 2: Motivation



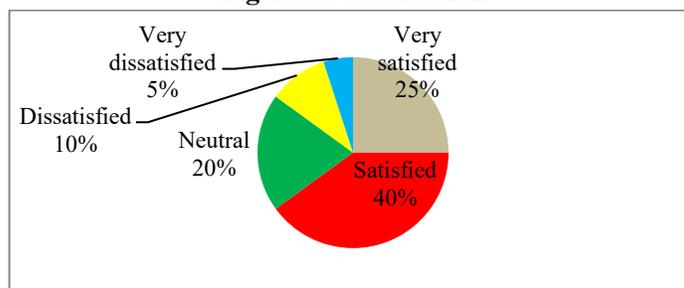
Interpretation: A majority (65%) agreed that the compensation system motivated them to improve performance, with 35% strongly agreeing. However, 15% of respondents disagreed to varying extents, reflecting disparities in motivational impact among employees.

3. Satisfaction with Benefits Provided

Table 3: Satisfaction

Satisfaction Level	Frequency	Percentage
Very satisfied	25	25.0%
Satisfied	40	40.0%
Neutral	20	20.0%
Dissatisfied	10	10.0%
Very dissatisfied	5	5.0%
Total	100	100.0%

Figure 3: Satisfaction



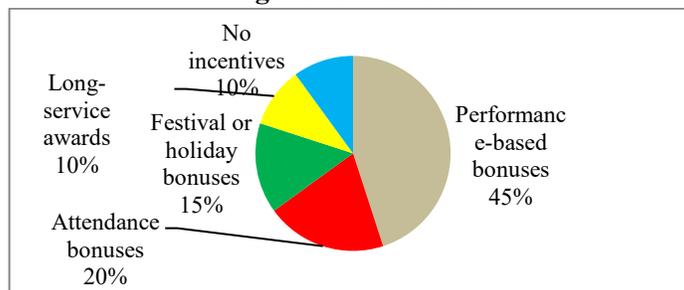
Interpretation: Sixty-five percent of respondents expressed satisfaction with benefits, while 15% indicated dissatisfaction. The neutral responses suggest mixed perceptions, highlighting the need for continuous evaluation of employee benefits.

4. Type of Incentives Received Most Frequently

Table 4: Incentives

Incentive Type	Frequency	Percentage
Performance-based bonuses	45	45.0%
Attendance bonuses	20	20.0%
Festival or holiday bonuses	15	15.0%
Long-service awards	10	10.0%
No incentives	10	10.0%
Total	100	100.0%

Figure 4: Incentives



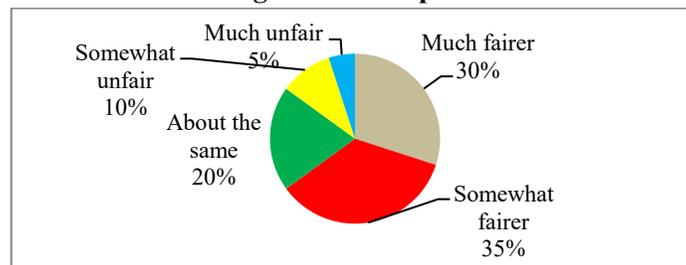
Interpretation: Performance-based bonuses were the most common incentive type, received by 45% of respondents. Attendance and festival bonuses were also prominent. A small portion of employees reported not receiving any incentives.

5. Perception of Fairness Compared to Industry Standards

Table 5: Perception

Fairness Perception	Frequency	Percentage
Much fairer	30	30.0%
Somewhat fairer	35	35.0%
About the same	20	20.0%
Somewhat unfair	10	10.0%
Much unfair	5	5.0%
Total	100	100.0%

Figure 5: Perception



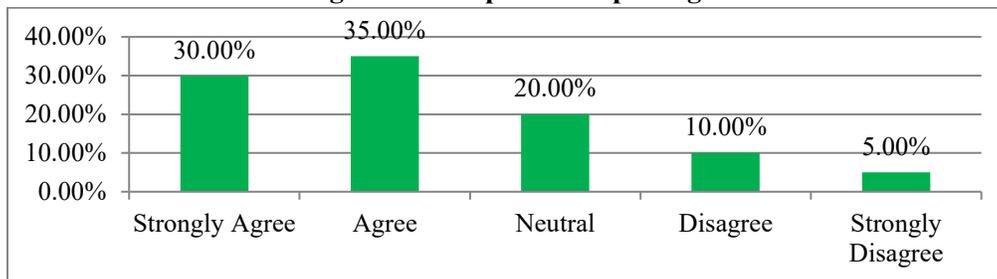
Interpretation: Sixty-five percent of respondents perceive the company’s compensation as fairer than industry standards, indicating a positive internal evaluation. However, 15% felt the compensation was unfair, which may require management attention.

6. The compensation package provided by Mahindra & Mahindra meets my financial needs adequately.

Table 6: Compensation package

Response	Frequency	Percentage
Strongly Agree	30	30.0%
Agree	35	35.0%
Neutral	20	20.0%
Disagree	10	10.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 6: Compensation package



Interpretation

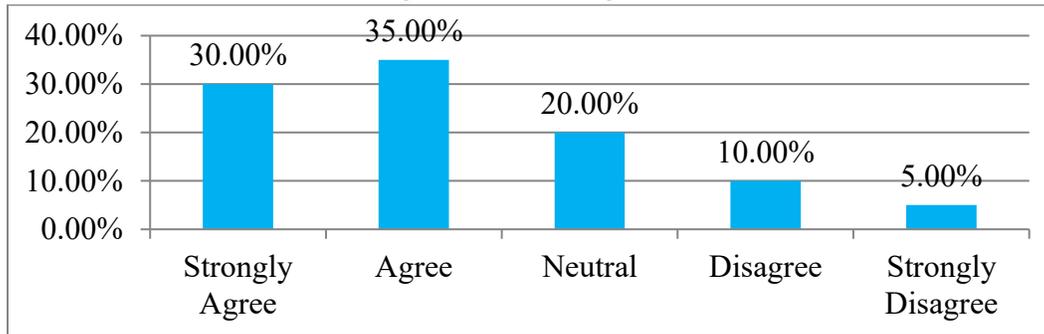
65% of respondents agreed or strongly agreed that their compensation package meets financial needs, while 15% expressed disagreement. This indicates general satisfaction with financial adequacy of compensation.

7. The incentives offered encourage me to exceed my work targets.

Table 7: Encouragement

Response	Frequency	Percentage
Strongly Agree	30	30.0%
Agree	35	35.0%
Neutral	20	20.0%
Disagree	10	10.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 7: Encouragement



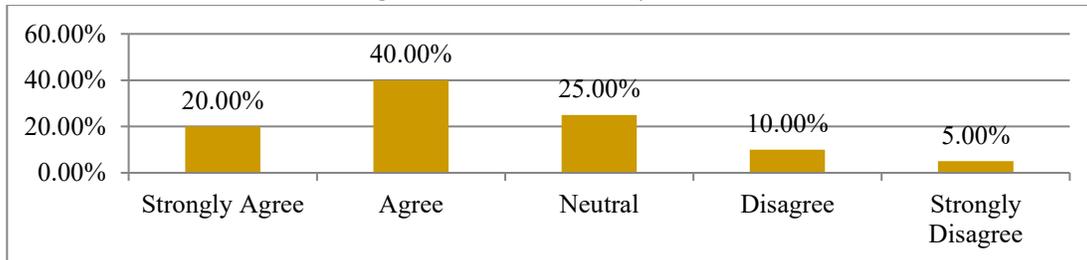
Interpretation Sixty-five percent of respondents reported that incentives motivate them to exceed work targets, indicating a generally effective incentive system in driving performance.

8. Non-monetary benefits such as recognition and awards have a positive impact on my motivation.

Table 8: Non-monetary benefits

Response	Frequency	Percentage
Strongly Agree	20	20.0%
Agree	40	40.0%
Neutral	25	25.0%
Disagree	10	10.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 8: Non-monetary benefits



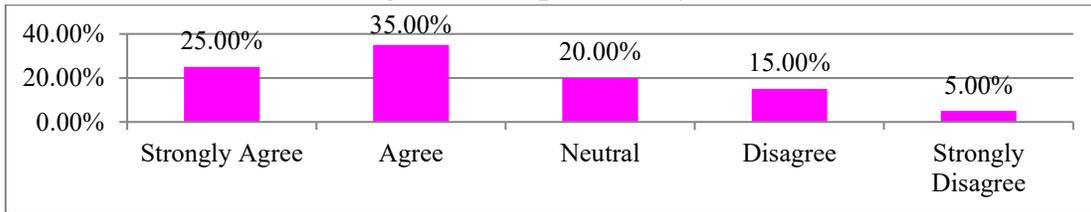
Interpretation: Sixty percent of respondents agreed that non-monetary benefits positively influence motivation, highlighting the importance of recognition and awards beyond financial compensation.

9. The compensation system is designed fairly across different departments and job roles.

Table 9: Compensation system

Response	Frequency	Percentage
Strongly Agree	25	25.0%
Agree	35	35.0%
Neutral	20	20.0%
Disagree	15	15.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 9: Compensation system



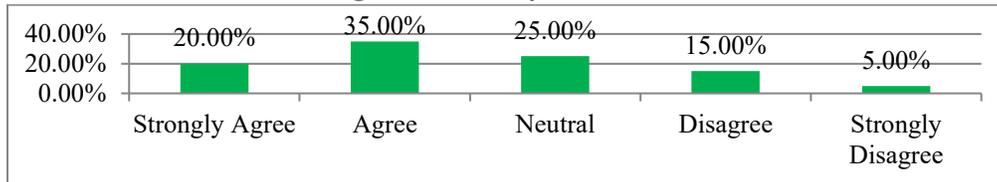
Interpretation: Sixty percent of the sample perceived the compensation system as fairly designed across departments and roles, which reflects a general sense of equity.

10. I am satisfied with the balance between fixed salary and performance-based pay.

Table 10: Salary satisfaction

Response	Frequency	Percentage
Strongly Agree	20	20.0%
Agree	35	35.0%
Neutral	25	25.0%
Disagree	15	15.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 10: Salary satisfaction



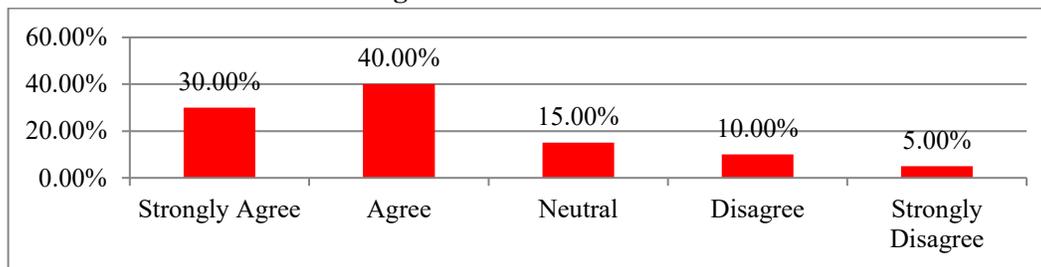
Interpretation: Fifty-five percent of respondents expressed satisfaction with the balance between fixed and variable pay, indicating that the compensation mix is generally acceptable.

11. The company’s compensation management contributes to my job satisfaction.

Table 11: Job satisfaction

Response	Frequency	Percentage
Strongly Agree	30	30.0%
Agree	40	40.0%
Neutral	15	15.0%
Disagree	10	10.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 11: Job satisfaction



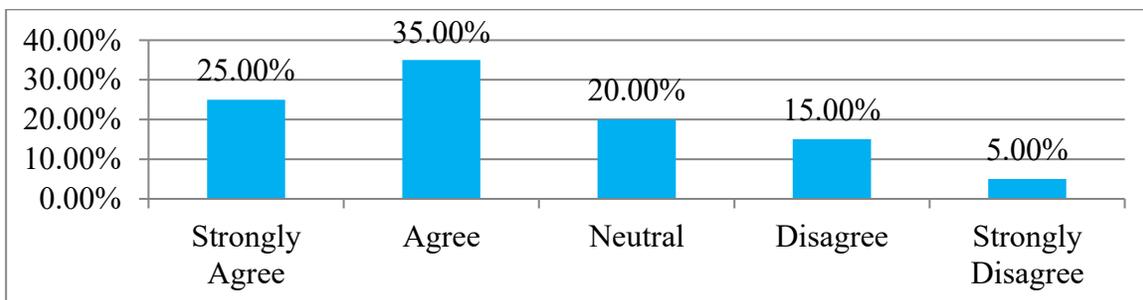
Interpretation: A combined 70% agreement indicates a strong positive relationship between compensation management and job satisfaction among employees. However, 15% disagreement suggests that compensation alone may not fully satisfy all employees, pointing to the potential influence of other job factors on overall satisfaction.

12. Salary increments are based on clear and measurable performance criteria.

Table 12: Increments

Response	Frequency	Percentage
Strongly Agree	25	25.0%
Agree	35	35.0%
Neutral	20	20.0%
Disagree	15	15.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 12: Increments



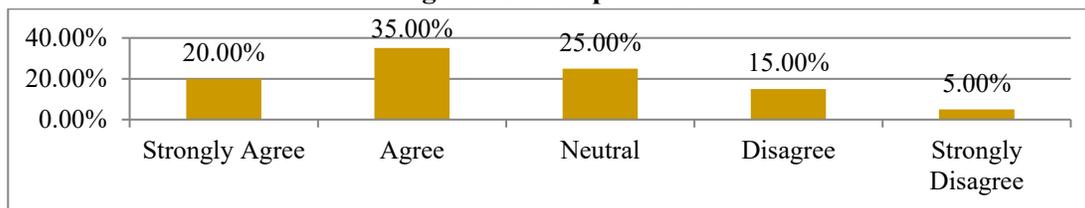
Interpretation: Sixty percent of respondents agreed that salary increments are awarded based on transparent and measurable performance criteria, suggesting a merit-based approach in compensation decisions.

13. The benefits provided (healthcare, retirement plans, insurance) add significant value to my total compensation.

Table 13: Total compensation

Response	Frequency	Percentage
Strongly Agree	20	20.0%
Agree	35	35.0%
Neutral	25	25.0%
Disagree	15	15.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 13: Compensation



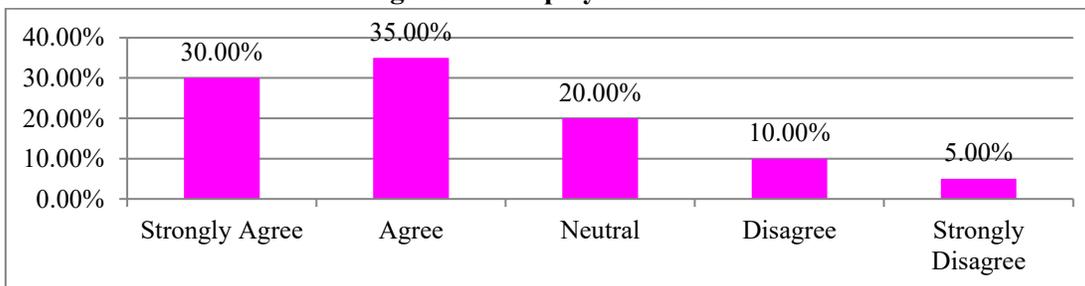
Interpretation Fifty-five percent of employees recognized benefits as a valuable component of total compensation, indicating appreciation for non-salary compensation elements. However, 20% disagreed, possibly reflecting differences in individual valuation of benefits or adequacy concerns.

14. I believe that the current compensation system positively influences employee retention in the company.

Table 14: Employee retention

Response	Frequency	Percentage
Strongly Agree	30	30.0%
Agree	35	35.0%
Neutral	20	20.0%
Disagree	10	10.0%
Strongly Disagree	5	5.0%
Total	100	100.0%

Figure 14: Employee retention



Interpretation: A total of 65% respondents agreed that compensation positively affects employee retention, reinforcing the strategic role of compensation management in retaining talent.

V. FINDINGS

1. The majority of respondents (40%) fell within the 25–34 years age bracket,

indicating that compensation perceptions were predominantly drawn from early-to-mid career professionals,

which was consistent with prior research highlighting that younger employees often exhibited heightened sensitivity to pay structures (Milkovich & Newman, 2017).

2. Junior-level employees constituted 45% of the sample, reflecting a workforce composition similar to findings by Gupta and Shaw (2014), who reported that early-career personnel typically formed the largest segment of employee populations in manufacturing settings.
3. Employees with 1–3 years of service represented 30% of respondents, corroborating previous studies that suggested those with shorter tenures were more likely to participate in perception surveys regarding compensation (Armstrong, 2015).
4. Fifty percent of participants identified basic salary as their most valued compensation component, thereby reinforcing conclusions by Milkovich and Newman (2017) that fixed remuneration remained the primary determinant of employee satisfaction in manufacturing industries.
5. Sixty percent of respondents received salary revisions annually, mirroring industry norms reported by Dessler (2017), who noted that annual increment cycles were predominant among large Indian manufacturing firms.
6. Seventy percent of employees perceived communication about the compensation structure as very clear or somewhat clear, a finding that aligned with Armstrong's (2015) assertion that transparent pay communication correlated positively with employee trust.
7. Sixty-five percent of respondents indicated that the compensation system strongly or somewhat motivated them to

enhance performance, which was consistent with earlier work by Gupta and Shaw (2014) demonstrating the motivational impact of structured pay systems.

8. Sixty-five percent of participants expressed satisfaction with the benefits provided, reflecting observations by Milkovich and Newman (2017) that comprehensive benefits packages were strongly linked to employee contentment.
9. Forty-five percent of employees most frequently received performance-based bonuses as incentives, supporting Armstrong's (2015) conclusion that variable pay remained a critical lever for performance management in large organizations.

VI. CONCLUSION

The present study examined the compensation management system at Mahindra & Mahindra through a mixed-method quantitative survey of 100 employees. The findings revealed that basic salary remained the cornerstone of employee valuation, with half of all respondents ranking it as the most important element of total compensation. Incentives and benefits also played substantial roles, underscoring the necessity of a balanced remuneration portfolio that integrated fixed pay, performance-based bonuses, and comprehensive benefits. Perceptions of fairness and transparency were generally positive, indicating that the company's compensation architecture aligned well with industry benchmarks and employee expectations.

VII. RECOMMENDATIONS

1. Conduct annual benchmarking of base salaries against industry peers to ensure ongoing competitiveness and address the high prioritization of basic pay among employees.

2. Maintain transparent communication regarding compensation structures by issuing detailed pay-policy summaries and facilitating departmental workshops to clarify any ambiguities.
3. Refine performance-based bonus metrics to align with clearly defined individual and team objectives, thereby enhancing motivational impact.
4. Introduce flexible, customizable benefits (e.g., healthcare top-ups, wellness vouchers) to address diverse employee needs and reduce neutrality or dissatisfaction.
5. Standardize performance appraisal training for managers to ensure consistency and transparency in salary increment decisions across all departments.
6. Implement a structured feedback mechanism—such as quarterly compensation-focused focus groups—to capture emerging employee concerns and adapt policies proactively.

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