

## “A STUDY ON COMPENSATION MANAGEMENT WITH REFERENCE TO RAYALASEEMA THERMAL POWER PLANT”

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### **ABSTRACT:**

Let's begin with the meaning of compensation management. Compensation management is the term which came up with the ideology of detailed analysis and evaluation in the remuneration system of the company. Compensation management exactly evaluates both monetary and non monetary benefits provided to the employees by the organization. Compensation management considers how well the employee is working for the company and add up any additional benefits should be maintained by the company for the work which is done by the employees which helps in the company growth and development. Through this compensation management system in company motivates employees to work harder and more effectively as company helps the employee to have decent living standards in the society through the compensation plan.

The main purpose to do this project is to identify how compensation management system is working in the Rtp. And also the main purpose is to know how compensation management is related to employee productivity and efficiency.

**KEY WORDS:** compensation management system, productivity of an employee.

### **INTRODUCTION:**

The term compensation as a substitute word for wages and Salaries, is of recent origin. Wages is now considered as a cost factor. Therefore, strategic management of wages and salaries is very important for organization. It has become imperative for organizations balance the cost of compensation and employee motivation to survive in a competitive world. Employee compensation is a better term than employee benefits or wages or salaries.

In today's worlds organization tries more to assess the worth of an individual in terms of employee performance and contribution to the organizations. With the growing demand of work force and constant challenges in the business environment,

Organizations have to evolve and accurate system for evaluating jobs and assessing their worth.

Compensation management helps to determine the relative worth of a job in an organization in a systematic, consistent and accurate manner. It also helps in estimating the basic pay for each job in accordance with Importance of the job in the organizational hierarchy. Once the basic pay is determined, the rewards, incentives and benefits attached to the job, positions and performance are also determined. The basic wage, incentives and reward and benefits, together form a compensation package of an employee.

What the employee provides the employer is a labour service, usually known as work. This labour service consists of many different kinds of employee behaviour, such as showing up regularly and on time, carrying out tasks dependently, cooperative with others and making suggestions. In simple words 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 in motivating the employees and improving organizational effectiveness.

Compensation and reward system play vital role in a business organization. Since, among four M's, i.e. Men, Material, Machine and Money, Men has been most important factor, it is impossible to imagine a business process without Men. Every factor contributes to the process of production/business. It expects return from the business process such as rent is the return expected by the land lord, capitalist experts' interest and organizer. I.e. entrepreneur expects profits. Similarly, the labour expects wages from the process. Labour plays vital role in bringing about the process of production/business in motion.

Effective compensation management is important. It helps organizations define the types of compensation they use. It also explains how they reward employees and remain competitive in their industry. It also encourages transparency between an employer and employee. This can build a stronger relationship that's beneficial for both parties.

This means that if things change with compensation decisions, the worker will be notified. An organization that uses proper compensation management must have strong leadership. This means having accurate information about industry standards for pay rates. Organizations should also hire managers who are willing to listen. They must consider employee feedback about their compensation package.

## **DEFINITION OF COMPENSATION MANAGEMENT**

“Compensation includes direct cash payments, indirect payments in the form of employee benefits an incentive to motivate employees to strive for higher level of productivity.”

“Compensation may be defined as a package of financial and non-financial benefits that the employees receive for his/her contribution rendered to the organization.”

Typically, compensation refers to monetary payment given to an individual in exchange for their services. In the workplace, compensation is what is earned by employees. It includes salaries or wages in addition to commission and any incentives or perks that come with the given employee's position.

Employers know better than anyone, good help is hard to find. Creating an appealing compensation plan is key to attracting and retaining your ideal employees—the ones who can take your business to the next level.

## **REVIEW OF LITERATURE**

- Sway (2011) Pay processes depend on Pay Ways of thinking and methodologies and contain plan looking like Approaches and systems, core values, designs and strategies which are contrived and figured out how to give and keep up with proper sorts and levels of pay, benefits and different types of pay.
- Sway (2011) This comprises estimating position values, planning and keeping up with pay structures, paying for execution, ability and expertise, and giving worker benefits. Be that as it may, pay the executives isn't just about cash. It is additionally worried about that non-monetary remuneration which gives inborn or outward inspiration. © 2019 IJRAR June 2019, Volume 6, Issue 2 www.ijrar.org (E-ISSN 2348-1269, P-ISSN 2349-5138) IJRAR1ATP013 Global Diary of Exploration and Insightful Audits (IJRAR) www.ijrar.org 114
- Anyebe (2003) This work anyway is restricted to monetary pay in Anambra State Common Help as a new report has shown that pay is the main impetus for looking for work in the Common Help.
- Armstrong (2005) expressed that pay the executives is a basic piece of HR the board way to deal with efficiency improvement in the association. It manages the plan, execution and upkeep of pay framework that are outfitted to the improvement of hierarchical, group and individual execution.
- Pearce (2010) Pay suggests having a pay structure in which the representatives who perform preferable are paid more over the normal performing workers.
- Armstrong (2005) Remuneration The executives is worried about the definition and execution of systems and Arrangements that plan to repay individuals reasonably, impartially and reliably as per their worth to the association.
- Anyebe (2003) the undertaking in pay organization is to foster arrangements and the terms of drawing in, fulfilling, holding and maybe spurring representatives.
- Anambra State Common Help (1991) which the analysts inspected started from the Eastern Nigeria Government and the old Anambra State. The formation of this state prompted the set up of the Anambra State Common Assistance. Utilizing the fundamentals of customary policy management, the state common help was an instrument of the public authority specialists as well as a fair translator and implementer of the strategies and projects of the state Government.

- Egwuridi(1981) researched the inspiration among Nigerian laborers utilizing an examples of laborers of high and low word related level. The assumption that higher pay laborer will put a more prominent worth on characteristic occupation factors than low pay laborers. This shows plainly the degree of significant worth put on extraneous work factors.
- Nwachukwu (1994) tracked down a few variables, among the business' inability to give satisfactory pay and indiscipline of the special class that haughtily shows their riches, which is exceptionally disheartening to common laborers and thusly decreased their efficiency. Based on this large number of observational exploration and discoveries, one may for the most part reason that a decent compensation bundle, which attaches monetary prizes to individual execution, can be anticipated to result in higher.
- Muhammad Ramzan (2014) decided to gauge the impact of pay on worker execution and accumulate the outcome that pay has importance consequences for Representative execution.

### **OBJECTIVES OF THE STUDY:**

- ❖ To know whether the employees are getting fair and equitable remuneration.
- ❖ To know whether the employees are getting their salaries according to their efficiency and productivity.
- ❖ To identify how employee remuneration impacts both organization and employee.
- ❖ To know what are the monetary and non monetary benefits provided to the employees.
- ❖ To know why it is important to provide non-monetary benefits to employees

### **NEED OF THE STUDY:**

For any organization, compensation management has to be designed to achieve the below mentioned goals:

- To motivate employees toward better performance and
- To retain their service over an extended period of time.

The few more needs of the study are as follows:

- Job evaluation
- Salary structure
- Incentive programs
- Benefits Administration
- Compensation communication

## **SCOPE OF THE STUDY:**

In the present universes association attempts more to evaluate the value of a person with regards to representative execution and commitment to the associations. With the developing interest of work power and consistent difficulties in the business climate, Associations need to advance and exact framework for assessing position and evaluating their value.

Pay the board assists with deciding the overall worth of a task in an association in a precise, steady and exact way. It additionally helps in assessing the essential compensation for each work as per Significance of the gig in the authoritative ordered progression. Ones in a fundamental still up in the air, the prizes, motivators and advantages connected worth the compensation, positions and execution not entirely settled. The fundamental pay, motivating forces and prize and advantages, together structure a pay bundle of a representative.

## **RESEARCH METHODOLOGY:**

Research technique alludes to the orderly methodology used to lead research. It includes the strategies, methods, and devices used to gather, dissect, and decipher information. It incorporates different advances, for example, distinguishing the examination issue, forming research questions or speculations, choosing the proper exploration configuration, gathering and investigating information, and making determinations. The strategy additionally includes picking the right inspecting procedures, research instruments, and information examination techniques. It is pivotal for guaranteeing the unwavering quality, legitimacy, and generalizability of exploration discoveries. Research procedure assumes a fundamental part in creating precise and significant outcomes in different fields of study. Research philosophy alludes to the deliberate methodology used to lead research. It includes the strategies, methods, and apparatuses used to gather, examine, and decipher information. It incorporates different advances, for example, recognizing the examination issue, figuring out research questions or speculations, choosing the suitable exploration configuration, gathering and breaking down information, and making determinations. The system additionally includes picking the right examining procedures, research instruments, and information investigation techniques. It is urgent for guaranteeing the unwavering quality, legitimacy, and generalizability of examination discoveries. Research philosophy assumes a fundamental part in delivering exact and significant outcomes in different fields of study.

## **RESEARCH DESIGN: QUESTIONNAIRE.**

The unit selected for the research consists of junior level officers and employees working in the organization. The sample selected for the research purpose consists of 250 employees. A random sampling method was applied to collect the data from various resources. A specific questionnaire was personally administered to collect the data towards

the purpose of the data collection. The necessary data and information have been collected from two important sources. The two sources being:

- Primary data.
- Secondary data.

### **PRIMARY DATA:**

Essential information alludes to the first information that is gathered firsthand for a particular examination reason. It is assembled straightforwardly from the source or through direct communication with people or elements. This information is exceptional and well defined for the exploration project and has not been recently gathered or distributed. Essential information can be gathered through different techniques like overviews, interviews, perceptions, examinations, or center gatherings. It permits specialists to get firsthand data that is applicable to their examination goals. Essential information furnishes scientists with the chance to accumulate exact and forward-thinking data straightforwardly from the objective populace, empowering them to address their examination questions actually. It is viewed as more dependable and explicit contrasted with optional information, which is information gathered by another person for an alternate reason. Gathering essential information can be tedious and requires cautious preparation and execution, however it offers important bits of knowledge and a more profound comprehension of the exploration subject.

Meeting the chiefs and the functional level workers assisted me with gathering the essential information. They were gotten some information about the current measures and the necessary changes to be made to help the association development.

### **Secondary data:**

Optional information alludes to existing information that has been gathered by another person for an alternate reason. Information has previously been distributed, recorded, or archived in different sources, for example, books, diaries, government reports, data sets, or sites. Scientists can get to auxiliary information to accumulate data that has previously been gathered by others. This information can be utilized to help or supplement their own examination targets. Optional information can be important as it gives an abundance of data that has previously gone through investigation and understanding. It can save time and assets contrasted with gathering essential information. In any case, scientists need to basically assess the quality, dependability, and significance of the auxiliary information to guarantee its appropriateness for their examination. It is vital to appropriately refer to and property the wellsprings of optional information to keep up with scholarly trustworthiness. Generally, optional information is a significant asset that can upgrade research projects by giving extra experiences and supporting proof.

Auxiliary information comprises of the multitude of diaries, records and, which help to gather data about how to oversee pay and its usage in the association.

## **LIMITATIONS OF THE STUDY:**

The limitations of the entire study are mentioned below.

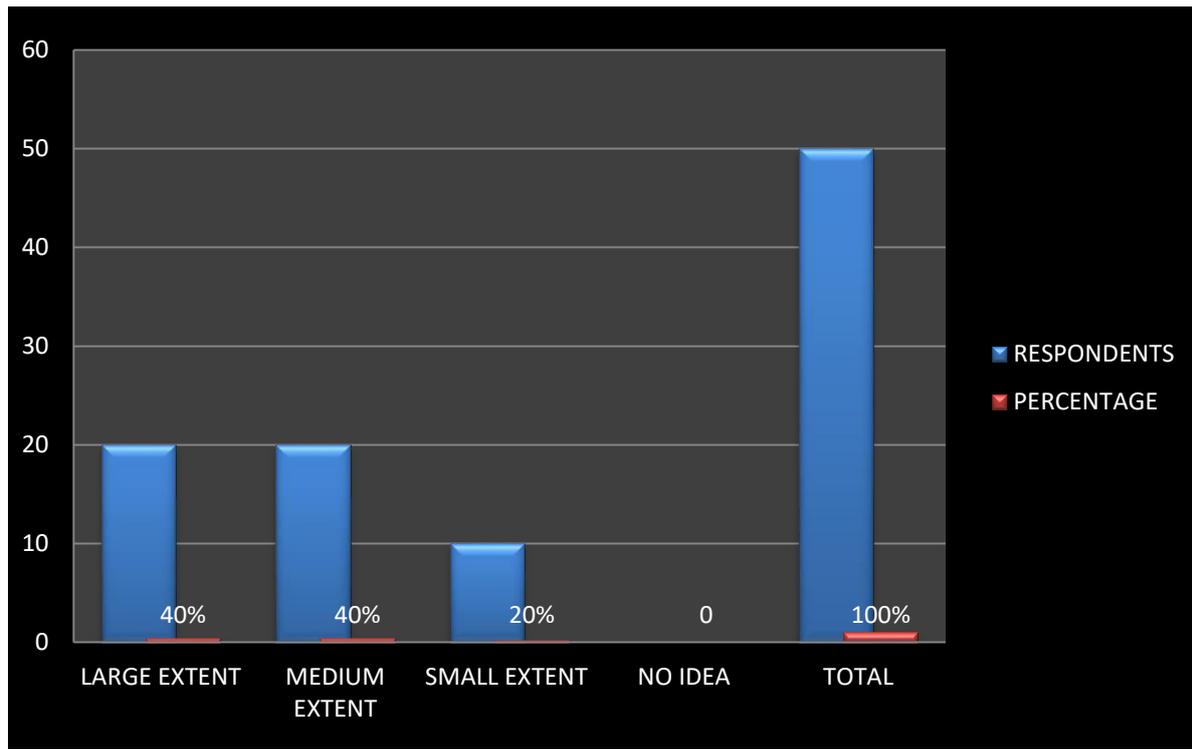
- The study was limited to the organization
- The accuracy of the analysis and conclusions drawn entirely depends on the reliability of the information provided by the employees.
- The answer given by the respondents may be biased or not true.

## **DATA ANALYSIS & INTERPRETATION:**

Data analysis refers to the process of inspecting, cleaning, transforming, and modelling data to uncover meaningful patterns, draw conclusions, and make informed decisions. It involves various techniques and methods to organize, summarize, and interpret data. Data analysis can be quantitative, involving statistical methods to analyze numerical data, or qualitative, involving techniques to analyze textual or non-numerical data. The goal of data analysis is to extract valuable insights and information from the data, which can be used for decision-making, problem-solving, or research purposes. It plays a crucial role in various fields such as business, research, healthcare, and social sciences. Data analysis helps in identifying trends, relationships, and patterns, as well as in detecting anomalies or outliers in the data. It is an essential step in the research process and allows researchers to make evidence-based conclusions and recommendations.

### **1: Fair and equitable remuneration**

<b>RATINGS</b>	<b>RESPONDENTS</b>	<b>PERCENTAGE</b>
Large extent	20	40%
Medium extent	20	40%
Small extent	10	20%
No idea	0	0%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>



**Analysis:**

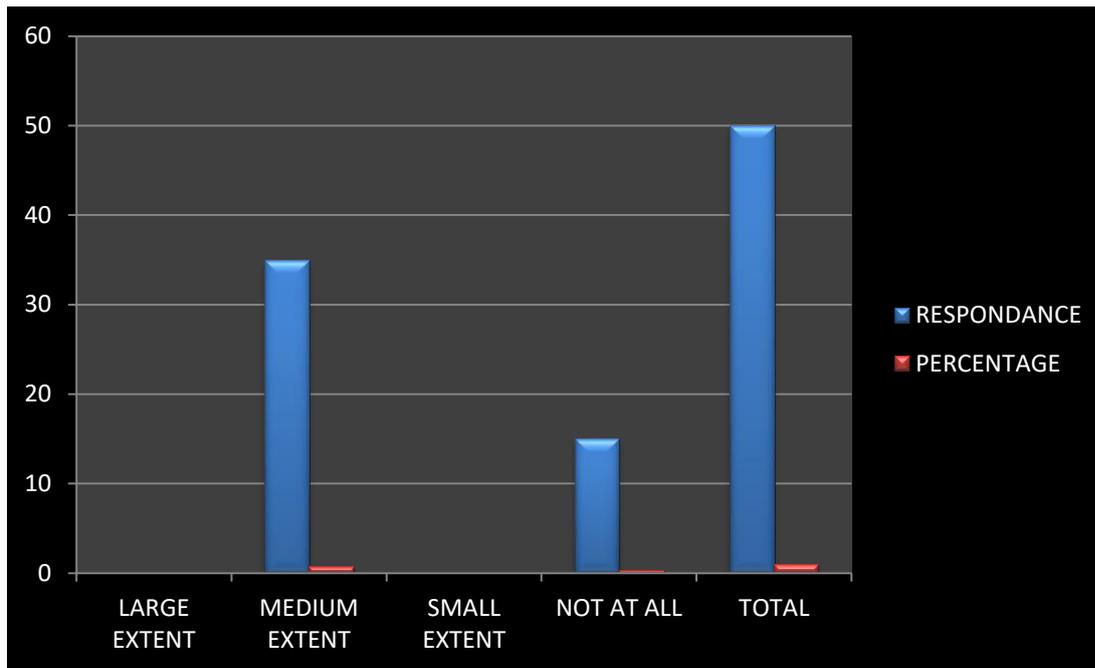
- 40% of employees are aware of organization policies and procedure in a large extent.
- 40% of employees are aware of organization polices and procedure to the medium extent.
- 20% of employees are aware of small extent.

**Interpretation:**

Majority of the employees know about the policies and procedure of their organization.

**2. Satisfied with the present compensation design**

RATINGS	RESPONDENTS	PERCENTAGE
Large extent	0	0%
Medium extent	35	70%
Small extent	0	0%
Not at all	15	30%
<b>Total</b>	<b>50</b>	<b>100%</b>



**Analysis:**

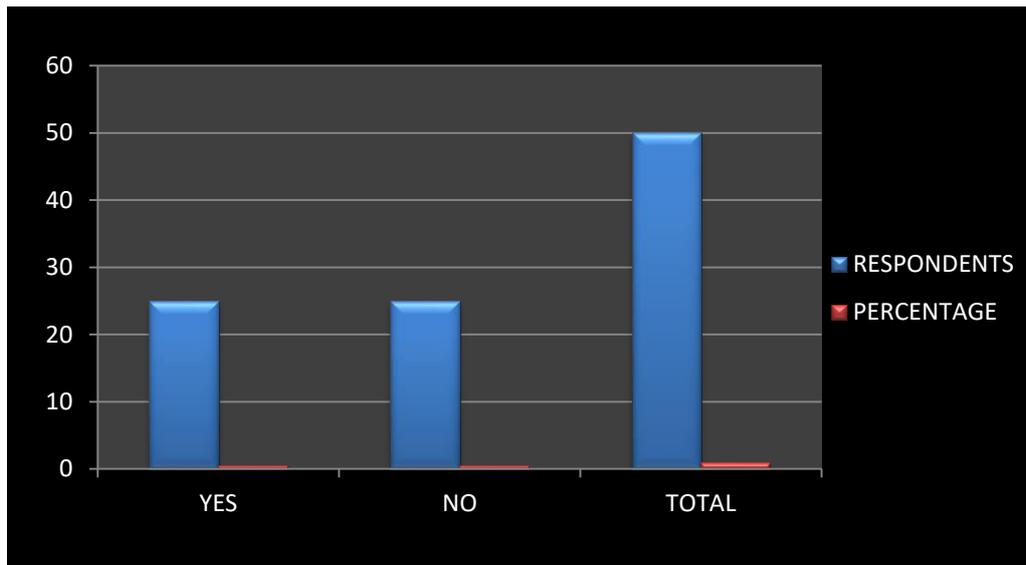
- 70% of employees are satisfied to the medium extent with present compensation design in the organization.
- 30% of employees are not at all satisfied with present compensation design in the organization.

**Interpretation:**

Majority of the employees are satisfied to the medium extent of the present compensation system and design.

**3. Does the organization provide non-monetary Benefits**

RATINGS	RESPONDENTS	PERCENTAGE
YES	25	50%
NO	25	50%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>



### **Analysis:**

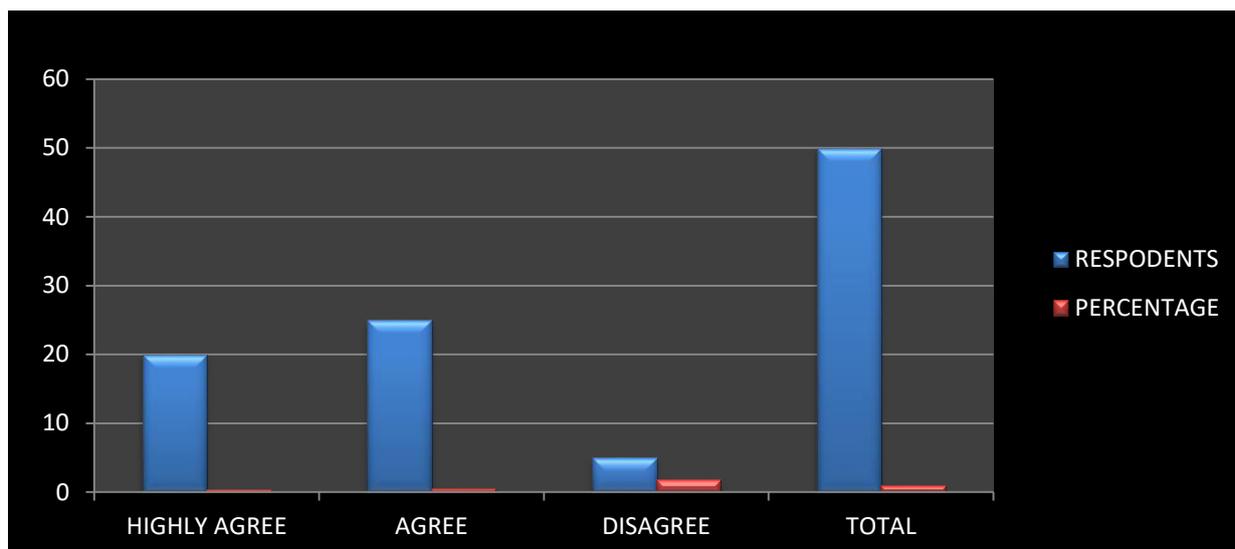
- 50% of employees agree that organization is providing non monetary benefits.
- 50% of employees disagree to the statement and says organization doesn't provide the non monetary benefits.

### **Interpretation:**

The majority can't be decided because equal majority of employees are agreeing and disagreeing to the statement that organization provides non monetary benefits

### **4. Employees are getting their salaries according to their efficiency**

<b>RATINGS</b>	<b>RESPONDENTS</b>	<b>PERCENTAGE</b>
Highly agree	20	40%
Agree	25	50%
Disagree	5	10%
<b>Total</b>	<b>50</b>	<b>100%</b>



### **Analysis:**

- 20% of employees are highly agreeing that they are paid according to their efficiency
- 25% of employees are satisfied with the salaries they are getting according to their efficiency.
- 5% of employees disagree to the statement saying they are not paid for their efficiency.

### **Interpretation:**

Majority of the employees feels and agrees that they are getting paid for their efficiency.

### **CONCLUSION:**

After conducting an intense study on COMPENSATION MANAGEMENT at RTPP the following conclusion is made

- Compensation package that are provided are not understood by the employees.
- Allowance and incentives should be increased according to the employee's performance.
- Most of the employees are interested in monetary compensation.

Remuneration is a multifaceted concept that encompasses various forms of compensation and benefits provided to employees. It serves as a crucial tool for attracting, motivating, and retaining talent while ensuring employee satisfaction and compliance with legal requirements. By understanding the components and factors influencing remuneration, organization can design effective compensation strategies that support their overall business objectives and foster a positive work environment.

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