



A STUDY ON COMPENSATION MANAGEMENT- HERO

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ABSTRACT

Compensation management is crucial to retaining employees, keeping morale high, and enforcing a performance-based culture that's focused on achieving goals. You need configurable compensation management plans to help your company enforce budget guidelines across the enterprise. And, to extend compensation management globally, you need to accommodate multiple languages, currencies, and cultural requirements.

The Sum Total compensation management system, as part of the unified Sum Total Talent Development Suite, aligns equitable compensation with performance to retain star performers, reduce employee turnover, and engage and maintain a strong, productive workforce. By integrating your compensation management planning with performance management processes, our easy-to-use solution ensures that your employee increases are fair. Our intuitive compensation management software helps you accurately reward your top performers and equitably distribute consistent salary adjustments based on merit. And Sum Total understands how compensation management works best—and how it fits into an overall talent development effort.

Compensation Management, benefits are:

- * Eliminate costly errors associated with spreadsheets and disparate systems
- * Engage managers worldwide with self-service tools and comprehensive support
- * Achieve faster time-to-value when you easily upload and modify budgets, salary structures, and increase guidelines

* Flexibly manage your specific needs with configurable compensation management workflows and multi-component compensation management

* Support a global workforce with capabilities to accommodate multiple languages, currencies, and cultural requirements

Whether you're ready to enjoy the benefits of a fully integrated talent development deployment, or in search of a standalone employee compensation management system, Sum Total offers a scalable implementation that delivers the simplicity you want with the powerful features you demand.

1. INTRODUCTION

Compensation Management is an integral part of the management of the organization. Compensation Management contributes to the overall success of the organization in several ways. To be effective, the managers must appreciate the value of competitive pay, their human resources, and have an investment view of payroll costs. We want to maintain pay levels that attract and retain quality employees while recognizing the need to manage payroll costs.

Pay is a difficult topic of conversation in most organizations. In fact, the topic is altogether taboo in many workplaces. It simply isn't discussed unless absolutely necessary. And, when it is necessary, such as when a pay raise (or lack of one) must be explained to an employee, many managers find themselves at a loss for words. As the dreaded date of such a discussion approaches, managers may begin checking their sick time banks to see if they can disappear for a day or two.

While it may be a touchy subject, pay is a critical factor in the work lives of employees. Jobs are accepted or rejected based in part on starting salary



and the opportunity for future increases in pay. Employees compare their pay to that of others in the same line of work. They constantly compare their pay level to their level of contribution, trying to determine whether the ratio of give and receive is a fair one. While it may not be a frequent topic of open discussion, employees think about pay often.

Approaches of compensation management

There are **3P approach** of developing a compensation policy centered on the fundamentals of paying for **Position, Person and Performance**. Drawing from external market information and internal policies, this program helps establish guidelines for an equitable grading structure, determine capability requirements and creation of short and long-term incentive plans.

The 3P approach to compensation management supports a company's strategy, mission and objectives. It is highly proactive and fully integrated into a company's management practices and business strategy. The 3P system ensures that human resources management plays a central role in management decision making and the achievement of business goals.

- * Paying for position
- * Paying for person
- * Paying for performance

Because it is so important to employees, the issue of pay deserves to be clearly addressed. In spite of their hesitance, managers are capable of dealing with this sometimes difficult issue in a professional and effective manner. By keeping the following basic points about pay in mind, they can address virtually any pay-related topic with their employees in a professional and productive manner.

NEED FOR THE STUDY:

Compensation management of the employees is important if the employees are satisfied then only the organization can function smoothly increases its production, faces competition.

If employees are satisfied with their job they will carry a positive attitude. Hence the study has been undertaken to assess the employee Compensation which is necessary for the organization in order to make sound decisions.

Objectives:

- 1) Understand the concepts of compensation management in **Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.) (Phoenix Motors Pvt. Ltd.)**.
- 2) Explore the role of c compensation management
- 3) Pay roll system in **Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.)** (Phoenix Motors Pvt. Ltd).

Other Objectives:

- Maintain pay equity
- Simplify the system
- Create a new “mindset”
- Give managers more autonomy
- Increase transparency

SCOPE OF THE STUDY

The compensation management in **Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.)** (Phoenix Motors Pvt. Ltd). refers to a person’s feeling of satisfaction on their job. It is different from person to person. The researcher has chosen to measure the level compensation management in Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.) (Phoenix Motors Pvt. Ltd).

The study considers the impact of 10 factors on compensation management in it concentrates on the effect of factors in general, but no exclusive study is made on them.

The study considers only the perceptual elements of employees and does not focus on ground realities. The scope of study cover: work conditions, compensation, extra benefits, conveyance



treatment of superiors, colleagues, duly timings, and grievance reprisal mechanism and promotion policy.

2. RESEARCH METHODOLOGY

The methodology that is adopted for the study is such that it facilitates the data accumulation. The information is gathered through survey method. The survey method has been adopted for collecting the data from employees.

❖ RESEARCH DESIGN:

Research Design is defined as the specification of methods and procedures for acquiring the information needed. Generally the research design is any of the following three types-DESCRIPTIVE, EXPLORATORY and CASUAL.

❖ DESCRIPTIVE STUDY:

Descriptive study/research is marked by the prior formulations of specific research questions. The investigator already knows a substantial amount about the research problem before the project is initiated. Hence this is chosen for my research.

❖ EXPLORATORY STUDY:

The major purpose of exploratory study is the identification of problem, the more precision formulation of problem and the formulation of new alternative courses of action.

❖ CASUAL STUDY:

The study involves the determination of the causes of what the researchers are predicting. this is mainly a cause and effect study.

The research design selected by the researcher in the present study is “DESCRIPTIVE” in nature.

❖ RESEARCH INSTRUMENT:

HR research has a one main research instruments in collecting primary data. That is questionnaires.

In order to extract first hand information from the respondents, a pre-tested questionnaire was prepare and the same was administered to the respondents.

❖ DATA SOURCES:

Data means a collection of facts in real life statistical data is a collection of facts in numerical figures. The data sources are usually identified using the type of data needed. There are two types of data.

1. Primary data
2. Secondary data

❖ PRIMARY DATA:

The first hand information by the investigator by means of observation face to face questioning, telephone interview and mailing questionnaire is called primary data.

Primary data consists of original information gathered for a specific purpose.

❖ SOURCES OF PRIMARY DATA:-

For the purpose of present study, the primary data collected from respondents by contacting them personally.

❖ SECONDARY DATA:

Secondary data consists of information that already exists somewhere, having been collected for another purpose

❖ SOURCES OF SECONDARY DATA:

For the purpose of present study, the secondary data was collected from published data of the companies. Population is the aggregate of objects animate and in animate, under study in any statistical investigation. The population for the study here was employees in **Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.) (Phoenix Motors Pvt. Ltd.)**.

SAMPLING PROCEDURE

With a view to arrive at the sample population for the study, a “Purposive-Cum convenient sampling” was followed.

SAMPLE SIZE

- 4) The sample size includes 100 employees who are working in the in Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.) (Phoenix Motors Pvt. Ltd).



LIMITATIONS OF THE STUDY:

1. This study covers those employees who are working at Hero MotoCorp Ltd. (Phoenix Motors Pvt. Ltd).
2. The understand and knowledge may vary from person to person. The replied gives by the respondents are taken for granted, though they are not uniform.
3. Since names are mentioned in most of questionnaires, most of the employees answered favorable to the company. This might have led to wring finding in the study.
4. The interpretation being based on percentage method is not definite.
5. The report is subjects to changes with fast changing scenario.

III. COMPENSATION MANAGEMENT

Human Resource is the most vital resource for any organization. It is responsible for each and every decision taken, each and every work done and each and every result. Employees should be managed properly and motivated by providing best remuneration and compensation as per the industry standards. The lucrative compensation will also serve the need for attracting and retaining the best employees.

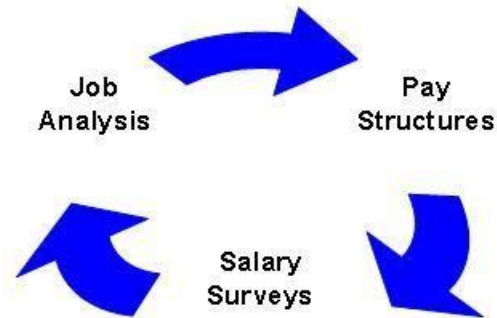
Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees.

Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness.

Components of Compensation System

Compensation systems are designed keeping in minds the strategic goals and business objectives.

Compensation system is designed on the basis of certain factors after analyzing the job work and responsibilities. Components of a compensation system are as follows:



Types of Compensation

Compensation provided to employees can direct in the form of monetary benefits and/or indirect in the form of non-monetary benefits known as perks, time off, etc. Compensation does not include only salary but it is the sum total of all rewards and allowances provided to the employees in return for their services. If the compensation offered is effectively managed, it contributes to high organizational productivity.

Direct Compensation

Direct compensation refers to monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc. They are given at a regular interval at a definite time.

Basic Salary

Salary is the amount received by the employee in lieu of the work done by him/her for a certain period say a day, a week, a month, etc. It is the money an employee receives from his/her employer by rendering his/her services.

House Rent Allowance



Organizations either provide accommodations to its employees who are from different state or country or they provide house rent allowances to its employees. This is done to provide them social security and motivate them to work.

Conveyance

Organizations provide for cab facilities to their employees. Few organizations also provide vehicles and petrol allowances to their employees to motivate them.



Leave Travel Allowance

These allowances are provided to retain the best talent in the organization. The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of employee in the organization.

Medical Reimbursement

Organizations also look after the health conditions of their employees. The employees are provided with medi-claims for them and their family members. These medi-claims include health-insurances and treatment bills reimbursements.

Bonus

Bonus is paid to the employees during festive seasons to motivate them and provide them the social security. The bonus amount usually amounts to one month's salary of the employee.

Special Allowance

Special allowance such as overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc are provided to employees to provide them social security and motivate them which improve the organizational productivity.

Indirect Compensation

Indirect compensation refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Leave Policy, Overtime Policy, Car policy, Hospitalization, Insurance, Leave travel Assistance Limits, Retirement Benefits, Holiday Homes.

Leave Policy

It is the right of employee to get adequate number of leave while working with the organization. The organizations provide for paid leaves such as, casual leaves, medical leaves (sick leave), and maternity leaves, statutory pay, etc.

Overtime Policy

Employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc.

Hospitalization

The employees should be provided allowances to get their regular check-ups, say at an interval of one year. Even their dependents should be eligible for the medi-claims that provide them emotional and social security.



Insurance

Organizations also provide for accidental insurance and life insurance for employees. This gives them the emotional security and they feel themselves valued in the organization.

Leave Travel

The employees are provided with leaves and travel allowances to go for holiday with their families. Some organizations arrange for a tour for the employees of the organization. This is usually done to make the employees stress free.

Retirement Benefits

Organizations provide for pension plans and other benefits for their employees which benefits them after they retire from the organization at the prescribed age.

Holiday Homes

Organizations provide for holiday homes and guest house for their employees at different locations. These holiday homes are usually located in hill station and other most wanted holiday spots. The organizations make sure that the employees do not face any kind of difficulties during their stay in the guest house.

Flexible Timings

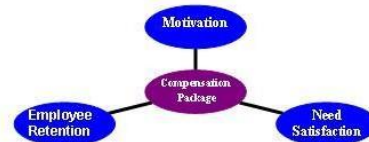
Organizations provide for flexible timings to the

shifts due to their personal problems and valid reasons.

Need of Compensation Management

employees who cannot come to work during normal A good compensation package is important to motivate the employees to increase the organizational productivity.

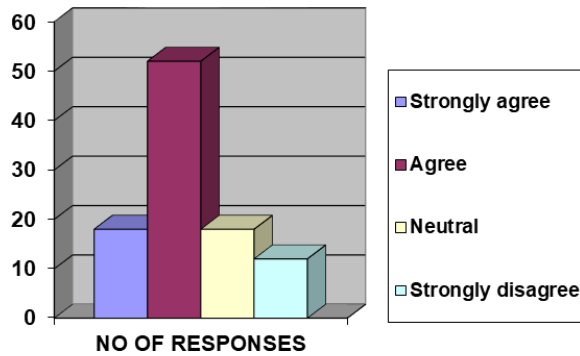
- Unless compensation is provided no one will come and work for the organization. Thus, compensation helps in running an organization effectively and accomplishing its goals.
- Salary is just a part of the compensation system, the employees have other psychological and self-actualization needs to fulfill. Thus, compensation serves the purpose.
- The most competitive compensation will help the organization to attract and sustain the best talent. The compensation package should be as per industry standards.



3. DATA ANALYSIS AND INTERPRETATION

1. Pay and compensation package is adequate and fair in comparison to performance.

OPTIONS	NO OF RESPONSES
Strongly agree	18
Agree	52
Neutral	18
Strongly disagree	12

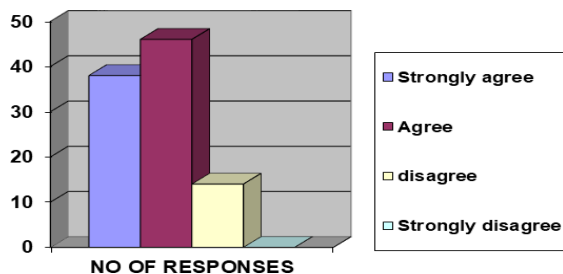


Interpretation:

The survey revealed that most of the employees agree for the reason of their pay and compensation package is adequate and fair in comparison to performance and some are disagree.

2. Medical facilities provided by the organization suites your health needs?

OPTIONS	NO OF RESPONSES
Strongly agree	38
Agree	46
disagree	14
Strongly disagree	0

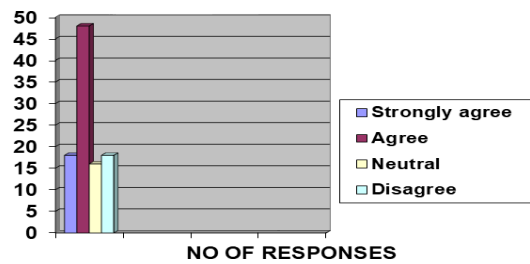


Interpretation:

The survey revealed that most of the employees agree and strongly agree for the reason of the medical facilities provided by the organization which suits their health needs, and few are disagree.

3. Recognition & rewards are given based on employee performance.

OPTIONS	NO OF RESPONSES
Strongly agree	18
Agree	48
Neutral	16
Disagree	18



Interpretation;

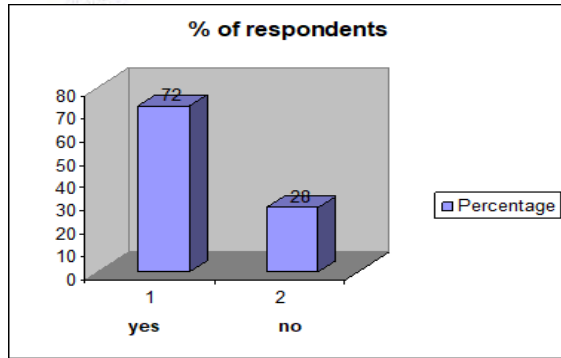
The survey revealed that most of the employees agree and strongly agree for recognition and rewards are given based on employee performance but some are disagree.

4. Do you think the reward system is fair and adequate?

(a) YES

(b) NO

s.no	Options	No. of Responses	Percentage
1	YES	36	72
2	NO	14	28
	TOTAL	50	100



Interpretation:

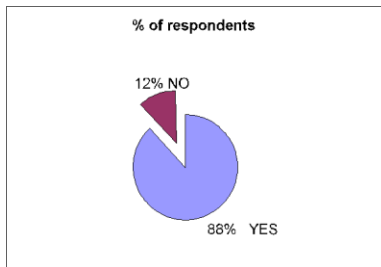
About 72% said that the reward system is fair and adequate and 28% responded that it is not fair.

5. Do you think that a good workman gets motivated with frequent Compensative pay? Is conducted?

(a) YES

(b) NO

s.no	Options	No. of Responses	Percentage
1	YES	44	88
2	NO	6	12
	TOTAL	50	100



Interpretation:

A majority of 88% of the employees said that a good workman gets motivated with frequent Compensative pay and 12% of the employees are not satisfied with above.

FINDINGS

- Employees in Hero MotoCorp Ltd (Phoenix Motors Pvt. Ltd) are well satisfied with Management towards the proper decision in generating their own ideas working environmental conditions.
- A study portrays that 75% of respondents show improvement in the quality of workmanship, in participating the organization.
- The Compensation management in management provides better understanding to the employees about their roles in achieving the goals of the company.
- The Compensation management in management acts as a complimentary body to help collective bargaining that creates healthy work atmosphere and legal relations in Hero MotoCorp Ltd (Phoenix Motors Pvt. Ltd).
- Every member in the organization are very much well satisfied with the job, in developing their working conditions, and following their rules and regulations at regular intervals of time, conducted by the management.
- A study portrays, 60% of employees rate excellent in maintaining good relations in the organization between workers and management and 25% are well satisfied with the relations maintain by the management towards the workers.

SUGGESTIONS

- There should be coordination and cooperation between executives and non-executives.
- The employees have a high degree of understanding of the concept of worker's participation in management
- Suggestive and collective bargaining should be more effective that they can play much greater role in eliminating the communication gap between management and workers.



- The committees should pay more attention on areas where is scope for improvements, so as to improve the overall performance of the company.
- The employees want the company to give rewards in accomplishing the tasks.
- Improve the promotion and recognition system.
- Every year a survey should be conducted by management regarding the grievances and settlement should be done so that every employee will work with dedication.
- See that the quality of food is maintained in the canteen.
- The suggestions of the workers must be given importance in the decision making.
- The various other facilities and schemes provided by the company such as sports, recreation, compensation and benefit packages, incentives etc are satisfactory.

4. CONCLUSION

“The global business environment is buzzing with the single most important issue of Building a competitive edge by creating and retaining a large number of Employees than their goods and services every organization is therefore seized of the task of establishing sustaining its worth to the customer, who has been rendered unpredictable by competition”

Therefore every business is making a continuous effort for achieving Employees effort for achieving Employees loyalty

In short it is total organizational culture and brand equity, which face challenge. So that there is a perennial struggle amongst organizations to sustain their existence in the market place, and hence in order to sustain the stiff competition the company has to take up market Research frequently to know the changing needs & preference of the Employees.

This helps the company to reframe the policies in providing cutting edge technology to satisfy the Employees & retain him for a life time.

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