

# A STUDY ON INFLUENCE OF EMPLOYEES COMPENSATION ON EMPLOYEES' PERFORMANCE

*(Empirical study on IT sectors in Bangalore)*

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**Abstract :** Fair compensation is expected to add value to the happiness of the employee, in order to encourage workers to always work better. Compensation is mostly viewed as cash as well as other facets are abandoned to approach remuneration as sustainable growth management system that is pertinent to organizational development. The caliber and performance of the talent pool of your company is usually directly dependent upon how well you deploy your methodologies for compensation planning. This paper is based on awareness of employee compensation, their benefits which intended to investigate on employee's awareness of the availability of their compensation and benefits offered by the companies in India. The data was collected through questionnaire.

The findings which were made out where employees didn't even receive what must be provided to them legally include monetary compensation and non-monetary compensation. Workers' compensation is constantly expanding. Promotion should be on merit, not through familiarity and relationships, when people are satisfied with promotion by merit and each will work hard for their own promotion. The effective compensation has a great significant impact in employees work performance. Employees must be compensated and encouraged through rewards fringe benefits bonus incentives and an extra payment for their over time etc. which would result in high productivity Significant of the study are due to the rising cost of linking employees, that should be compensated and encouraged through awards, additional business compensation for overtime work, etc. The major limitation of this study is that it only covers the IT sectors of Bangalore.

*Salary, Compensation, Incentives, Fringe benefits, Employee-Employer, Performance, Influence*

## INTRODUCTION

Company is actively fighting at maintain its workers by providing three monetary and non- monetary wages to them as well. Awareness called being workers mindful in their company about their pay benefits etc. Most workers don't know about the benefits unless they have a wage issue. They will surmount this practice. Workers look to their compensation and benefits when they have an issue in their integral salary portion. Workers are expected to provide accurate and comprehensive details about the benefits and compensation that the employees may receive or benefit from those compensations. Good contact must be formed between workers and employers in order to obtain sufficient information on their pay compensation benefits etc. There must also be a feedback system for workers so that managers can take corrective steps and overcome obstacles. Equally, the input received by the workers must be produced and implemented. The organizations commitment must be high. To offer fair and equal wages to the employees, this will help achieve the organizational objectives. The result indicates that the workers were more pleased with a salary received for their successful work in the Organization. This was also found that non-monetary incentives have also had an important impact on employee performance...Compensation is productive and it gains that the employee gets in the form of compensation, salaries and the same bonuses as monetary exchange for the employee to improve the performance. Compensation is the transfer section between the employee and the employer that the employee contract entails. As the promise of employee pay is the life-related requirement. The benefit is received from work done on behalf of the people who are getting the job. From the prospective employee one of the most important pieces of cash flow.

In employment administration, the heart-beat of human resources administration is critical and practical. The workers and the employer alike are significant. This is because workers are usually reliant on wages and salaries and should be equal to the job they do. However, employment decisions affect managers' expenses and therefore their ability to acquire on the sales marketplace at an affordable price. The compensation and recompense and the compensation for job performance includes expenditure such as bonuses, profit sharing, extra hours and compensation including cash and non-monetary compensations such as home rent and car facilities for recruited employee services. In most businesses, the compensation process is important and a source of conflict. This identifies people who are respected according to their

organization's significance. The same process involves financial as well as non-financial incentives. This includes strategies for developing and maintaining incentive programs, action plans and procedures implemented by organization.

Compensation means a company's willingness and duty to contribute to its workforce and to value its success. The compensation impact will be directed at increasing employee satisfaction by delivering a fair and efficient compensation system. High employment satisfaction is expected to make workers more committed to the workplace, to feel satisfied at workplace, and eventually to improve productivity. Compensation is very important for job satisfaction in doing a job. The importance of training as a compensation and benefit package for workers usually increases the efficiency of the human resource probabilities and improves performance, satisfaction and performance. The worker's interpretation of the agreement on company benefits. The

organization's wages directly impact volunteer turnover employees in relation to compensation that is available in other organizations. If compensation is linked to workers, it is good quality and quantity of work carried out. Employees are more likely to remain in their position, thus saving possible turnover costs. The high salary helps workers to feel satisfied with their jobs and enables them to perform better, especially if compensation is directly related to employment.

### 3.1 Population and Sample

Sampling size -The number of respondents aimed at would be 50.

The age group that will be studied is 20-50 and above because that is the age group which usually knows the difference between compensation and their performance. More focus will be given to people with the age group of 20- 40 to understand the behavior of youth better.

Sampling Technique - Questionnaires will be distributed to people across Bangalore to obtain the data.

Sampling Tools - Charts and figures were used to interpret the collected data.

### 3.2 Data and Sources of Data

The respondents between the age group 20-50 and above were studied because people in this age group are wise enough to understand the disparities between compensation and performance. But our major focus was on the age group between 20-40 so that we could understand better as how the youngsters of the country perceive compensation and performance.

### 3.3 Theoretical framework

#### SALARY:

A predetermined compensation regularly made from an employer to the worker, particularly by a white-collar or specialist, usually on a monthly basis, but sometimes expressed in annual terms.

#### MOTIVATION:

A motive is a reason for doing something; motivation is concerned with factors that influence people to behave in certain ways. Motivating people is about getting them to move in the direction you want them to go to achieve results (Armstrong, 2008). There are two types of motivation as originally identified by Herzberg et al. (1957) that is, intrinsic motivation (self generated factors for example interest, responsibility) and extrinsic motivation (from others for example increased pay, praise, punishment.

#### COMPENSATION:

This is the package of quantifiable rewards and employees receive his or her labor. It includes three components: base compensation, pay incentives and indirect compensation/ benefits. This is the package of quantifiable rewards an employee receives for his or her benefits.

#### FRINGE BENEFITS:

An additional benefit supplementing a employee's salary or money pay, such as a company vehicle, private medical insurance, etc. "some jobs offer the additional benefits of the organization's pension"

#### PRODUCTIVITY:

Defined as the individual output; this may be in the form of units per person or revenue generated per person.

#### INCENTIVES AND REWARDS:

Reward can generate as important role for employee performance. A good employee feel that value of the company is working for the also enhance the better work they are well being. Taken seriousness by their employee and their career self assessment also taking care by their employee. It is big part of organization like engine of the organization which provides rewards attain any objective with its employee.

#### EMPLOYEE PERFORMANCE:

The productivity of employees is described as how an employee does his her job and performs his her tasks. It refers to the output reliability, performance and efficiency. Productivity also helps to determine how important an employee is for the company.

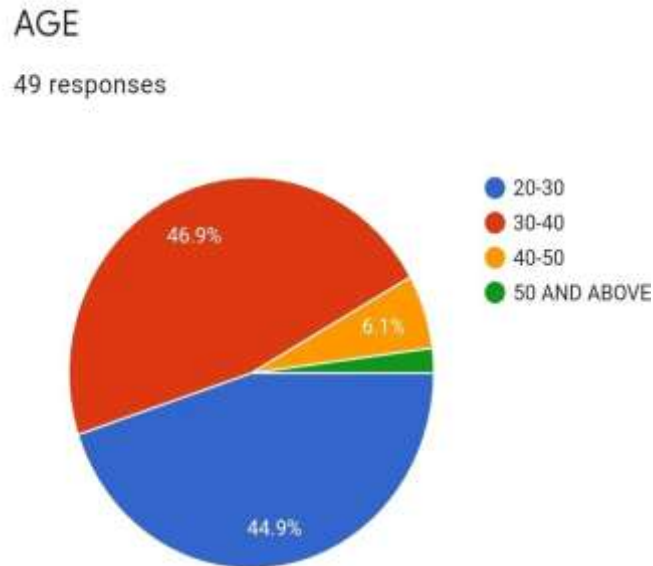
INFLUENCE ON EMPLOYEE: Enhance employee satisfaction and decrease employee turnover by giving employees to control how they carry out their duties, the priority tasks and the kind of monitoring to help them succeed..

## RESEARCH METHODOLOGY

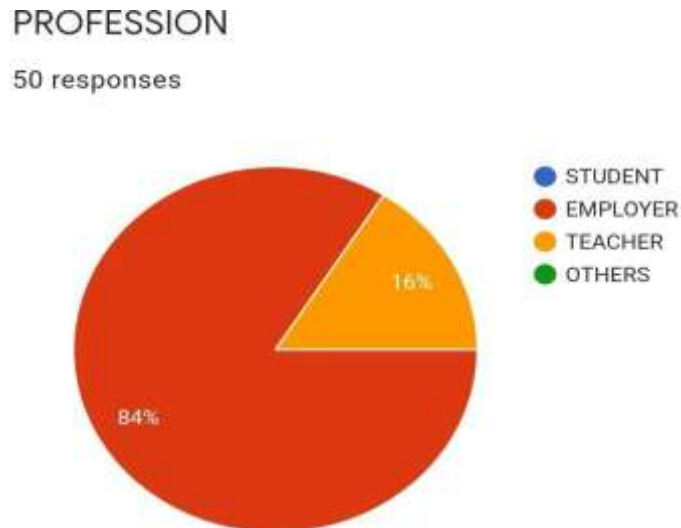
The methodology section outline the plan and method that how the study is conducted. This includes Universe of the study, sample of the study, Data and Sources of Data, study's variables and analytical framework. The details are as follows;

#### IV. RESULTS AND DISCUSSION

4 In the study of measurement of employees performance over employees compensation. From this dimension questions were created so that we could study the effect of employee compensation. Personal details of the employees were used to study the relationship between these factors and dimensions used.



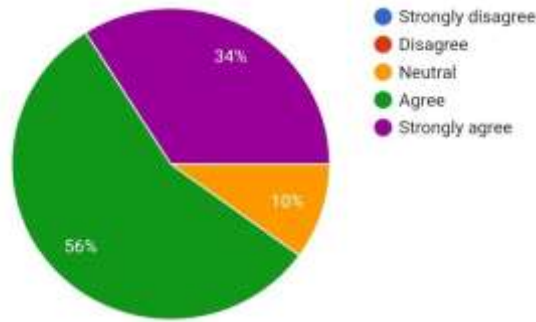
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Profession of a person can also have its affects the compensation. If we take the case of employees which constitute major portion of the respondents. So we can say that the profession has a direct impact on the frequency of compensation of the performance.

### I RECEIVE THE RIGHT AMOUNT OF COMPENSATION

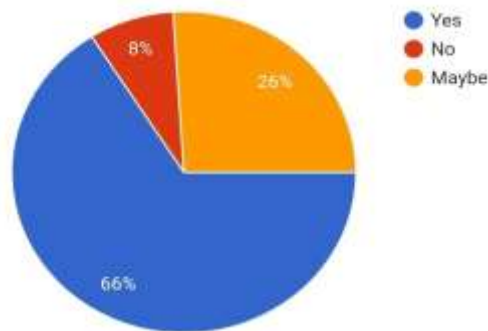
50 responses



The matter pertaining to compensation is that 56% of the employees agree that they receive right amount of compensation. The employees have the right to be rewarded for their consistent performance.

### IS YOUR PERFORMANCE BASED ON THE REWARDS YOU RECEIVE

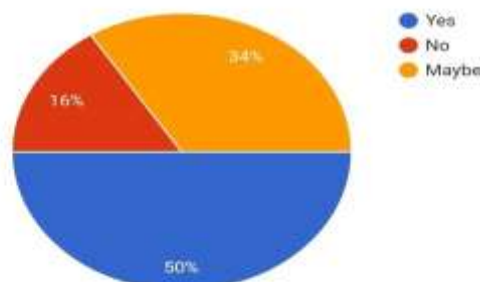
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Rewards based on performance may increase loyalty among top performers, and may increase turnover among low performers. People who feel acknowledged have a stronger desire to help the organization grow and succeed. Most of the respondents feel that, when they are encouraged by providing those rewards, performance ratios of the employees are increased.

### ARE YOU MOTIVATED WHEN THERE ARE FLUCTUATIONS IN YOUR COMPENSATION

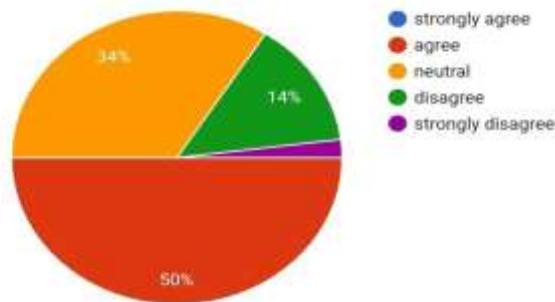
50 responses



Increase or decrease in the level of employees compensation has significant influence on motivation levels of the employee to a larger extent. Motivation impacts directly on the workers success and their decision to stay with the company. Employee compensation is very much important not only for the employees but also for the company for its growth.

### YOUR WORK IS EVALUATED BASED ON FAIR PERFORMANCE STANDARDS

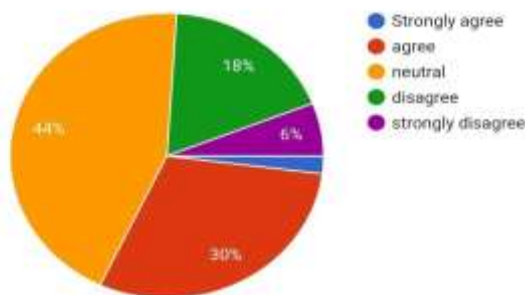
50 responses



Evaluation happened are based on the employees' performance. They feel that their performance is been fairly evaluated and they are satisfied with that. Wherever employees are fairly treated for their performances, the organization flourishes.

### IS YOUR HARDWORK PAYING YOU OFF WORTHY COMPENSATION

50 responses



44% of employers state that their hard work isn't being properly recognized.

Although it's in the state of neutral, employers are being affected in their performance because of their low level compensation.

The employees' compensations are powerful force in themselves, and their incorporation as a complete rewards mechanism can further improve their effectiveness. The validity of these employees compensation as motivators can be related to the various motivational theories for compensation decision.

At the present time, the use of performance evaluations was expanded beyond the employees' performance rating to factors such as motivation.

Employees are every company's assets. This research explores the influence of the compensation system on the efficiency of the workforce.

Employee engagement can help resolve the impact of compensation on the results of employees Organizational productivity depends on the performance of the employees.

Properly organizational efficiency would surely increase if employees' efforts are recognized and the company provides the employees with worthy employee compensation.

Proper management of workers by providing them with opportunities and a program of rewards, and also showing concern for their work life balance, is successful for an organization.

And also providing a creative environment within the company will develop employees' skills The creation of an effective compensation plan will produce and facilitate these essential elements.

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