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BONAFIDE CERTIFICATE

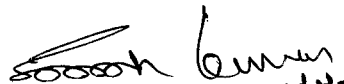
Certified that this project report titled **“A STUDY ON COMPENSATION MANAGEMENT WITH REFERENCE TO PONNI SUGARS, ERODE”** is the bonafide work of **Ms. S. SUDHA (0720400049)** who carried out the research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.


Project Guide


Director

Viva – Voce Examination held on 5.5.09


Internal Examiner 5.5.09


External Examiner 5/5/09

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9001/14001
CERTIFIED

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PER/C-1/889.

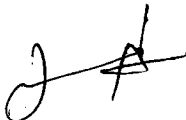
2009-04-28

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Ms.S.SUDHA, Roll.No. 0720400049 M.B.A.** Student of KUMARAGURU COLLEGE OF TECHNOLOGY, COIMBATORE has successfully completed her " **PROJECT WORK - A study on Compensation management with reference to Ponni Sugars (Erode) Limited**" in our Organization for the period from 27.01.2009 to 27.04.2009.

During the above period, her performance was Good.

For PONNI SUGARS (ERODE) LTD



DEPUTY MANAGER (PERSONNEL)

DECLARATION

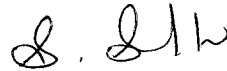
DECLARATION

I, hereby declare that this project report entitled as "**A STUDY ON COMPENSATION MANAGEMENT WITH REFERENCE TO PONNI SUGARS, ERODE**", has been undertaken for academic purpose submitted to Anna University, Coimbatore in partial fulfillment of requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of **Prof. V.S. Elamurugan**, Lecturer, MBA Department during the academic year 2007-2009.

I, also declare hereby, that the information given in this report is correct to the best of my knowledge and belief.

Date: 29.4.09

Place: Coimbatore



SUDHA.S

ACKNOWLEDGEMENT

I am indebted to the powerful **Almighty God** for all the blessings he showered on me and for being with me throughout the study.

At the Outset I am grateful to our honorable Correspondent **Mr. Balasubramanian M**, and other college trust members for allowing me to develop the project in their institution.

I extend my heartfelt thanks to our Principal **Dr. Joseph V Thanikal**, for providing the facilities to do this project.

I would like to express my sincere thanks to **Dr. S V Devanathan**, Director, Department of management studies, **Kumaraguru College of Technology**, who provided me an opportunity to do this project.,

In great honour and with indebt gratitude I think my inspiring guide **Prof. V.S. Elamurugan** who has taken great interest in helping me on and often in the successful pursuit of my project. I am very much fortunate to get such a good guide, who encouraged me constantly with good counsel and helped me to complete the project successfully on time.

I express my sincere gratitude to **Mr. Thomas Anandham**, Asst. Manager,**PONNI SUGARS ERODE Limited**, Chennai for giving me the opportunity to carry out the project at his concern and for his valuable guidance all through.

I express my profound gratitude to my **Family Members & Friends** for their help and encouragement. I also take this opportunity to thank all those creative minds and helpful hearts for their assistance in making this project work.

SUDHA.S

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ABSTRACT

ABSTRACT

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.

The study assumes the characteristics of exploratory and descriptive research. The study based on the population of 75 employees of ponni sugars. The main objective of the study is to identify the leads for the compensation and to understand the effectiveness of compensation process in the organisation. The study also highlights the influence of demographic variables of compensation factors. The findings of the study will enable the management to frame suitable strategies to enhance the rate and effectiveness of the recruitment.

The study also highlights the compensation factors and also to assist organisation in the development of a focused employee recruitment procedure. Analysis regarding the level of satisfaction reveals that the respondents are satisfied with the consistent improvement of recruitment processes. Further it reveals the significant relation between the designation and the choice of the compensation factors

The study highlights the respondents' decisions are very much dependent on their demographic factors. These findings of the study would enable the management to frame and modify the suitable strategies to enhance the rate of recruitment. Effective Recruitment can be achieved by concentrating on the factors highlighted in the study and also considering the recommendations made to improvise the compensation procedure. This will lead to enhance the productivity and efficiency of the organization.

CHAPTER 1

CHAPTER 1

1.1 ABOUT THE STUDY

The increasing competitiveness of the labour market and turnover of employees had resulted in nightmare in compensation planning. Apart from this, the growing demands of the employees and competitive salaries offered by multinational companies had almost resulted in a compensation war in certain industries.

Therefore, the human resources managers and tax experts have to evolve proper compensation planning for High end and qualified employees. The components of compensation have to be devised in such a way that, it focuses on the growing demands of employees while retaining the competitiveness and profitability of the company.

Industry driven factor:

There are also certain driven factors that are influencing the compensation planning. The compensation Packages of knowledge workers are different from that of manufacturing sector. The employees working in call centers are compensated differently (vs) employees of technology driven companies.

Some notable examples are.,

- a) Compensation paid in IT/ITES,
- b) Investment banking/Equity research,
- c) Software companies,
- d) High-end industries having high technology content like Bio/Nano technology.
- e) Private research and related fields.

Components of compensation:

Basic wages/salaries:

These refers to the cash component of the wage structure based on which other elements of compensation may be structured. It is normally a fixed amount which is subject to changes based on annual increments or subject to periodical pay hikes. It is structured based on the position of an individual in the organization and differs from grades to grades.

Dearness allowance:

The payment of dearness allowance facilitates employees and workers to face the price increase or inflation of prices of goods and services consumed by him. The onslaught of price increase has a major bearing on the living conditions of the labour. The increasing prices reduce the compensation to nothing and the money's worth is coming down based on the level of inflation.

The payment of dearness allowance, which may be a fixed percentage on the basic wage, enables the employees to face the increasing prices.

Bonus:

The bonus can be paid in different ways. It can be fixed percentage on the basic wage paid annually or in proportion to the profitability. The Government also prescribes a minimum statutory bonus for all employees and workers.

There is also a bonus plan which compensates the Managers and employees based on the sales revenue or Profit margin achieved. Bonus plans can also be based on piece wages but depends upon the productivity of labour.

Commissions:

Commission to Managers and employees may be based on the sales revenue or profits of the company. It is always a fixed percentage on the target achieved. For taxation purposes, commission is again a taxable component of compensation.

The payment of commission as a component of commission is practised heavily on target based sales. Depending upon the targets achieved, companies may pay a commission on a monthly or periodical basis.

Mixed plans:

Companies may also pay employees and others a combination of pay as well as commissions. This plan is called combination or mixed plan. Apart from the salaries paid, the employees may be eligible for a fixed percentage of commission upon achievement of fixed target of sales or profits or Performance objectives.

Nowadays, most of the corporate sector is following this practice. This is also termed as variable component of compensation.

Piece rate wages:

Piece rate wages are prevalent in the manufacturing wages. The laborers are paid wages for each of the Quantity produced by them. The gross earnings of the labour would be equivalent to number of goods produced by them.

Piece rate wages improves productivity and is an absolute measurement of productivity to wage structure. The fairness of compensation is totally based on the productivity and not by other qualitative factors.

The GANTT productivity planning and Taylor's plan of wages are examples of piece rate wages and the related consequences.

Sign on bonuses:

The latest trend in the compensation planning is the lump sum bonus for the incoming employee. A person who accepts the offer, is paid a lump sum as a bonus.

Even though this practice is not prevalent in most of the industries, Equity research and investment banking companies are paying this to attract the scarce talent.

Profit sharing payments:

Profit sharing is again a novel concept nowadays. This can be paid through payment of cash or through ESOPS. The structuring of wages may be done in such a way that, it attracts competitiveness and improved productivity.

Profit sharing can also be in the form of deferred compensation at the time of retirement. At the time of retirement the employees may be paid a lump sum or retirement benefits.

Fringe benefits:

The provision of fringe benefits does not attract any explanation. These include.,

- a) Company cars
- b) Paid vacations
- c) Membership of social/cultural clubs
- d) Entertainment tickets/allowances.
- e) Discounted travel tickets.
- f) Family vacation packages.

Reimbursements:

Employees, depending upon their gradations in the organization may get reimbursements based on the Expenses incurred and substantiated. Certain expenses are also paid based on expenses incurred during the course of business.

In many cases, employers provides advances to the employees for incurring certain expenses that are incurred during the course of the business.

Some examples are;

- a) Travel expenses.
- b) Entertainment expenses
- c) Out of pocket expenses
- d) Refreshments expenses during office routine outside office premises.

Sickness benefits/pregnancy:

The increasing social consciousness of corporates had resulted in the payment of sickness benefit to the Employees of companies. This also includes payments during pregnancy of women employees.

The expenses incurred due to injury or illness are compensated or reimbursed to the employees. In certain companies, the death of an employee is compensated financially.

Companies are also providing supporting financial benefits to the family of the bereaved employees. However, companies covering these cost through appropriate insurance policies like, Medical and life insurance.

1.2 ABOUT THE INDUSTRY:

India has been known as the original home of sugar and sugarcane. Indian mythology supports the above fact as it contains legends showing the origin of sugarcane. India is the second largest producer of sugarcane next to Brazil. Presently, about 4 million hectares of land is under sugarcane with an average yield of 70 tonnes per hectare. In Brazil, out of the total available, 45% goes for sugar production and 55% for the production of ethanol directly from sugarcane juice. This gives the industry in Brazil an additional flexibility to adjust its sugar production keeping in view the sugar price in the international market as nearly 40% of the sugar output is exported. This could be a perfect solution for ongoing odds of excess production being faced by Asian industry.

.The sugar prices will start rising again from June 2009 as the rapid depletion of inventories will build tremendous upward pressure on them," Centre for Monitoring Indian Economy (CMIE) said in its latest report. CMIE believes that the Government would be able to restrict the price rise for two more months through curb on hoarding and higher free releases of sugar. The report attributes depletion in inventories to the decline in sugar production for the second consecutive term. "The sharp fall in sugar production for the second consecutive year is going to lead to a rapid depletion of sugar inventories to historically low levels." Sugar production plummeted by 49.6 per cent to 26.1 lakh tonnes in February 2009. The steep decline aggravated the fall in cumulative production during October-February 2008-09 to 26.1 per cent, CMIE said. The total sugar production for the year 2007-08 was 263.36 lakh tonnes and for 2006-07 it was 283.28 lakh tonnes. Overall, the sugar production for October-September 2008-09 would be 160 lakh tonnes, the report said. The production of sugar in the country for October-September 2008-09 will be 160 lakh tonnes due to sharp fall in production and number of mills shutting their operations due to unavailability of sugarcane," it said. To bring the rising prices of sugar under control, the Government today decided to release an extra 600,000 tonnes of free sale sugar in the market.

Of this, 250,00 tonnes each will be released this month and in May, and 100,000 tonnes in June, an official statement said. Although, there is no shortfall of sugar, prices of sugar have been rising recently, mainly on account of a perception of shortage.

The Government has already released 5.4 million tonnes of non-levy (free sale) sugar for April-June (1.9 million tonnes for April, 1.85 million tonnes for May, and 1.6 million tonnes for June). The corresponding release in the same quarter of the preceding year was 5.2 million tonnes. Sugar mills have been instructed to strictly comply with the release orders, failing which the balance unsold quantity will be converted into levy sugar and sold through public distribution system. "The Government is keeping a close watch on actual sales by sugar mills which will now be expected to report their sales, including the details of parties to whom sugar has been sold.

"The Government is also contemplating a continual and vigorous checking of stocks of sugar mills to ensure compliance with release orders and smooth supply of sugar to the market.

1.3 ABOUT THE COMPANY:

Ponni Sugars (Erode) Ltd is an offspring of Ponni Sugars and Chemicals Ltd (PSCL) under a Demerger Scheme sanctioned by the Hon'ble High Court of Madras on 10th September 2001. In terms of the Scheme, the company took over the business of Erode Undertaking with concurrent transfer of major part of stakeholders' interest in PSCL to the company

The Erode sugar mill was set up with 1250 TCD capacity in 1984 in a record time of 12 months. It achieved full capacity crushing during the very first year of its commercial operation that enabled declaration of a maiden dividend of 10% in that very first year, a record in the annals of sugar industry. It was a trendsetter in mobilising surplus cane during its infancy stage from neighbouring sugar mills and extending crushing season to well above industry average. Its capacity was expanded to 2500 TCD in 1994.

The Erode sugar mill has successfully implemented an innovative Lift Irrigation Scheme by bringing in dry lands under cane cultivation, utilizing the effluent discharge of the neighbouring paper mill. This has helped secure multitudinal benefits – providing a dependable and perennial source of irrigation to farmers in the neighbourhood, increase of land value manifold in the region, transforming the livelihood of local rural population, resolving the raw material needs of sugar

and paper mills and addressing ecological concerns in effluent discharge

Right at its inception, Ponni was structured on the concept of total diversion of bagasse for paper. Accordingly it installed a coal fired boiler and later added a multi fuel boiler in place of conventional bagasse fired boilers. It has a bagasse tie up arrangement with Seshasayee Paper and Boards Ltd for a mutually beneficial and rewarding long term relationship.

Ponni is an efficient and quality producer of sugar, catering to both domestic and international markets. It is a venerable partner for villagers growing sugarcane in its neighbourhood. It enjoys cordial relationship with employees. It firmly believes in transparent and fair dealings with all its stakeholders by following sound corporate governance norms both in letter and spirit.

Date Chart

26-12-1996	Company incorporated under the name SPB Sugars and Chemicals Limited
25-01-2000	Name of the company changed to Ponni Sugars (Erode) Limited
10-09-2001	Demerger Scheme for the transfer of Erode Undertaking of Ponni Sugars and Chemicals Ltd established in 1984 to the company effective 01.04.1999. Sanctioned by High Court of Madras.
18-10-2001	Completion date of Demerger Scheme which comes into effect from 01.04.1999.

Factory Factsheet

Year of Establishment	:	1984
Initial Capacity (TCD)	:	1250
Present Capacity (TCD)	:	2500
Factory Area (acres)	:	33.51
Colony Area (acres)	:	9.10
No of Employees		
Regular - 233	:	371
Seasonal – 138		
No. of Employee Quarters	:	145
No. of Cultivators	:	7475
Annual Cane Area under Registration (acres)	:	21300

Quality and Environmental Policy

ISO 9001:2000 for quality Management System Standard and **ISO 14001:2004** Environmental Management System Standard as certified by **Det Norske Veritas** The Netherlands. The company commits itself to:

- | |
|---|
| •To manufacture Quality Sugar in a clean,green and safe environment and strive to enhance customer satisfaction. |
| •To continually improve our Quality and Environmental performance by process improvements and effective utilization of available resources. |
| •To Comply with relevant legislations. |
| •To minimise air emissions, effluents and solid waste to the extent possible. |
| •To monitor and review our Quality and Environmental Management Systems to meet stated objectives and targets. |
| • |

CHAPTER 2

CHAPTER 2

2.1 OBJECTIVES OF THE STUDY:

- To study about the compensation provided by the organization.
- To evaluate the level of satisfaction of the workers towards the different compensation benefits provided by the organization.
- To know about the worker management relationship.

2.2 SCOPE OF THE STUDY:

- To identify the compensation benefits provided by the organization.
- To know the job performance of the employees after the compensation benefits are provided.
- To identify the facilities provided by the company is sufficient, and employee involvement and other factors to be improved.

LIMITATIONS OF THE STUDY:

- Detailed information was not available in certain areas as it is considered highly confidential.
- Certain employees gave biased answers.
- The study is confined to limited number of samples that is 70 respondents.
- Some employees did not answer to some questions due to lack of Knowledge, Inability to understand certain information made analysis difficult.

2.3 RESEARCH METHODOLOGY

Research in common parlance refers to a search for knowledge. One can also define research as scientific and systematic search for patient information on a specific topic. In fact research is an art of science investigation.

Research can define as” a careful investigation or inquiry especially through search for new facts .in any branch of knowledge. ”

Size of population:

The population of the company is 1400 employees.



Sample size:

The sample size of this study is 75. The sample size is taken as 5% of the total population

Period of study:

The study is carried out for the period of 3 months.

Research design:

The study is designed as descriptive research method. The primary data was collected through Interview.

Sampling design:

The sampling technique used for this study is convenient random sampling.

Area of study

The study was carried out at ponni sugars, Erode.

Collection of data

Data collection is through Primary data and Secondary data.

Primary data:

The primary data are those data which are collected freshly for the first time and they are original in character. There are several methods of primary data collection. The questionnaire and personal interview was preferred in this research problem over other methods.

Secondary data:

The secondary data are those data which have been already collected by someone else and which have been already passed through the statistical process. The various sources from which the data can be obtained are from reports of the company.

Statistical tools used:

The collected data were analyzed with reference to each of the specific objectives of the study and the following statistical tools were used in the study.

- a. Chi- Square test.
- b. Cross tabulation.
- c. Simple percentage analysis.

2.4 REVIEW OF LITERATURE:

K A Adebisi et.al., The article reports on the creation of medical assessment process by the Elision for the largest personal injury compensation scheme in Great Britain. The project started on November 4, 1999 by Elision with the design and implementation of the physical infrastructure for 30 regional assessment centers locate throughout Great Britain. There are 580,000 claimants in the compensation scheme and is the largest of its kind ever in the world. Using an appointment system developed by Elision, all the assessment centers were operational and medical assessments were being scheduled.

Koep, Peter Frank As national and international interest in the mining sector in Namibia increases, the question of access to land on, or under, which the mineral deposit may lie, as well as compensation payable to exercise a right in a mine, becomes ever more relevant. This legislation attempts to balance the rights of the landowner as against the holder of a mineral licence. In doing so, the legislation attempts to balance the rights of a landowner to be able to continue his/her activities on the land in question, with the right of the holder of a mineral licence who wishes to exercise his/her rights in terms of the licence. This model is based on the premise that people enter the organizations in different ways and it outlines four decision pathways describing different kinds of decisions to start. A notable feature of the unfolding model is its emphasis on an event or 'shock' (positive or negative) that prompts some decisions to start.

K A Adebisi et.al., "The world's largest personal injury compensation scheme", Records Management Society Bulletin; Dec2005 Issue 129, p[27-27].

Koep, Peter Frank " Access and the Payment of Compensation" Journal of Energy & Natural Resources Law; Feb2007, Vol. 25 Issue 1, p[103-109].

Young, Mark The article focuses on the annual salary survey conducted by the Asian Robotics League (ARL) which reveals the outperform inflation met by the librarians' salaries in the U.S. It points out that such increase comes from the 2.4 % increase in the consumer price index (CPI) from the rebound significant effect of the Canadian dollar with the American dollar. This model is based on the premise that people enter the organizations in different ways and it outlines four decision pathways describing different kinds of decisions to start. A notable feature of the unfolding model is its emphasis on an event or 'shock' (positive or negative) that prompts some decisions to start. Further, such data reveals salaries earned by men and women in the ARL university library salaries.

Jay Wiggan The article suggests that the payroll department is one of the few entities in the company that must start the new year's functions immediately after closing out the old year's making for a very stressful and difficult year-end. Payroll practitioners must be totally prepared for the new year, including updating all charts, tables, and databases in the computer system before the first payroll and accounting for all benefits in the old and new years. The best way for the department to go about this is by making a list, and checking it twice.

Katherine A The article offers guidelines in selecting the right *compensation management* solution for companies in the U.S. It points out the importance of taking strategic views to ensure that the selected solution will position the company for growth, will engage, develop and retain top performers, and improve corporate performance. It explores eight considerations for organizations in selecting the right solution.

Young, Mark," ARL Salary Survey Highlights" , A Bimonthly Report on Research Library Issues & Actions; Oct2007 Issue 254, p4-5.

Jay Wiggan , "The Way to Survive" Payroll Practitioner's Monthly; Dec2004, Vol. 12 Issue 12, p11-14.

Katherine A, "Selecting A *Compensation Management* Solution", Workforce Management; 10/20/2008, Vol. 87 Issue 17, pS7-S7.

Summers, Lynn Over the past few years, there has been a surge of interest in pay for performance. One by-product of this trend is that more HR executives are placing pay-for-performance technologies--systems that successfully automate and link compensation management with employee performance management at the top of their priority list. The attraction is clear: Individuals benefit from enhanced rewards, and organizations benefit from the cumulative boost in performance. However, establishing pay for performance effectively has always been the hard part. An effective pay-for-performance strategy requires that two processes--compensation management and performance management not only function well separately but also operate together in an integrated way. Compensation management cannot fully realize its potential without accurate assessments of individual employee performance--assessments that properly come from a performance management system and performance management cannot fully realize its potential without a well-administered compensation system.

Barnes, Mitchell Although broad compensation management was rarely outsourced in the past, times are changing. After defining compensation outsourcing, the authors of this article describe the primary components of an operating model that is effective and adaptable for many organizations' specific needs. This model is based on the premise that people enter the organizations in different ways and it outlines four decision pathways describing different kinds of decisions to start. A notable feature of the unfolding model is its emphasis on an event or 'shock' (positive or negative) that prompts some decisions to start. They then discuss how organizations are expanding their view of outsourcing, leveraging their internal and external resources more effectively and learning important lessons about compensation outsourcing along the way.

Summers, Lynn," Integrated Pay for Performance", Compensation & Benefits Review; Jan/Feb2005, Vol. 37 Issue 1, p18-25.

Barnes, Mitchell," New Outsourcing Opportunities in Compensation Management" Benefits Quarterly; 2004 Third Quarter, Vol. 20 Issue 3, p42-47.

Allard, Bob Discusses ways that computers and application software can be used to improve the compensation management function in United States corporations. Event management tool that links the compensation team with managers through the Internet/intranet; Ways that an effective compensation system contributes to a corporation's bottom line. This model is based on the premise that people enter the organizations in different ways and it outlines four decision pathways describing different kinds of decisions to start. A notable feature of the unfolding model is its emphasis on an event or 'shock' (positive or negative) that prompts some decisions to start.

Manicatide, Mircea Deals with the development in approaches to managing and compensating employees. Identification of the changing concepts that compensation practitioners must take into consideration; Description of the change in the practice of job comparability; Reasons behind the need for the compensation manager to be steeped in the business activity and stay close to the operational action.

Reuter, Charles D Presents business strategies that will contain escalating health care cost. Linkages between the performance of claims administrators and the achievement of manage-care objectives; Discussion on the maximizing of performance; Information on the approaches to the validation of diagnosis-related groupings (DRG); Elements that may be negotiated into the managed care programs; Information about the managed-care performance measurement.

Allard, Bob," Improving Compensation Management Through Technology", Employee Benefit Plan Review; Aug2002, Vol. 57 Issue 2, p41.

Manicatide, Mircea," Key Developments in Compensation Management", HR Focus; Oct92, Vol. 69 Issue 10, p3.

Reuter, Charles D," compensation management in Practice", Compensation & Benefits Review; May/Jun90, Vol. 22 Issue 3, p14.

Olson Presents a case study on the compensation management in metropolis. Proposal to exclude pregnancy as one of the personnel ordinance forbidding the payment of sick leave; Activities mandated by the Coeducational Employment and Training Act; Plan to double the testing staff to reinstitute performance testing and exam validation. This model is based on the premise that people enter the organizations in different ways and it outlines four decision pathways describing different kinds of decisions to start. A notable feature of the unfolding model is its emphasis on an event or 'shock' (positive or negative) that prompts some decisions to start.

Vicki S Presents an employee attitude survey, a tool for obtaining information and a process by which managers can more effectively make strategic compensation decisions. Determining objectives for the survey; Defining survey population and subpopulations; Outlining the information needed to match survey objectives; Specifying compensation management goals and hypothesis. This model is based on the premise that people enter the organizations in different ways and it outlines four decision pathways describing different kinds of decisions to start. A notable feature of the unfolding model is its emphasis on an event or 'shock' (positive or negative) that prompts some decisions to start.

Solveig This paper presents a design for compensation systems for green strategy implementation based on parametric and non-parametric approaches. The purpose of the analysis is to use formal modeling to explain the issues that arise with the multi-task problem of implementing an environmental strategy in addition to an already existing profit-oriented strategy. For the first class of compensation systems (parametric), a multi-task model is used as a basis. For the second class of compensation systems (non-parametric), data envelopment analysis is applied.

Olson," Compensation Management in Metropolis", Public Personnel Management; May/Jun76, Vol. 5 Issue 3, p205.

Vicki s," Employee attitude surveys for strategic compensation management", Compensation & Benefits Review; Jan/Feb91, Vol. 23 Issue 1, p52.

Solveig," Compensation systems for green strategy implementation: parametric and non-parametric approaches", May/Jun2003, Vol. 12 Issue 3, p191-203.

Donn E. Presents a paper aimed at identifying improved methods of management by contractors for their in-house workers' compensation insurance programs. Examination of experience modification rate (EMR); Inability of many contractors to take active role in workers' compensation management; Reference to improved workers' compensation management practices; Discussion of EMR as a measure of a contractor's safety performance.

David E Cantor⁵ provides several potential research opportunities that can increase awareness of the importance of improving a firm's workplace safety practices. To inform the Brown typology, the paper follows the procedures described in Carter et al. and Maloni and Carter to conduct the comprehensive review of the safety literature across six logistics and transportation journals. the logistics and transportation safety literature has evolved across the human, operational, and regulatory safety domain across the following journals: International Journal of Logistics Management, International Journal of Physical Distribution & Logistics Management, Journal of Business Logistics, Journal of Supply Chain Management, Transportation Research Part E, and Transportation Journal. The paper identifies 14 future research opportunities within the workplace safety.

Donn E. "Improving workers' compensation management in construction", Journal of Construction Engineering & Management; Sep97, Vol. 123 Issue 3, p285,

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CHAPTER 3

CHAPTER 3

DATA ANALYSIS AND INTERPRETATION

This chapter deals with analysis and interpretation of data collected through questionnaire.

Table1: Satisfaction with the compensation system

Satisfaction	No of respondents	Percentage
Strongly agree	43	57.3
Agree	25	33.3
No opinion	6	8
Disagree	1	1
Strongly disagree	0	0
Total	75	100

From the table it is inferred that 57.3% of the respondents are strongly agree with the compensation system provided by the organization. Thus we infer that compensation system is very important to motivate the employees.

Chart1: satisfaction with the compensation system

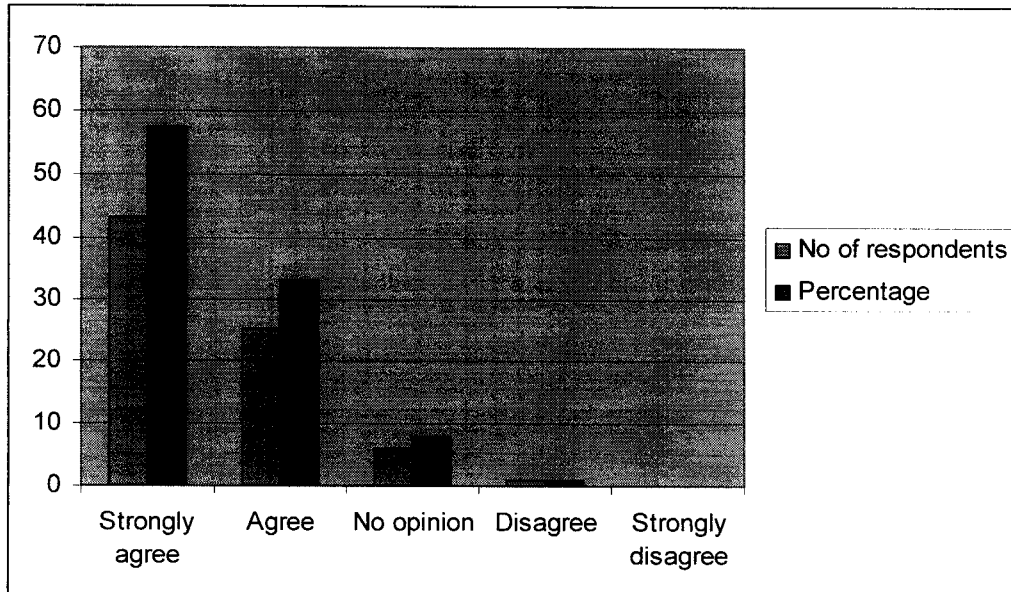


Table 2: compensation system at par with industrial standards

Industrial standards	No of respondents	Percentage
Strongly agree	28	37.33
Agree	23	30.7
No opinion	22	29.3
Disagree	2	2.7
Strongly disagree	0	0
Total	75	100

From the table it is inferred that 37.33% of the respondents are strongly agree with the compensation system provided by the organization is based on the industrial standards .Thus we infer that compensation system provided by the organization should follow industrial standards.

Chart 2: Industrial standards

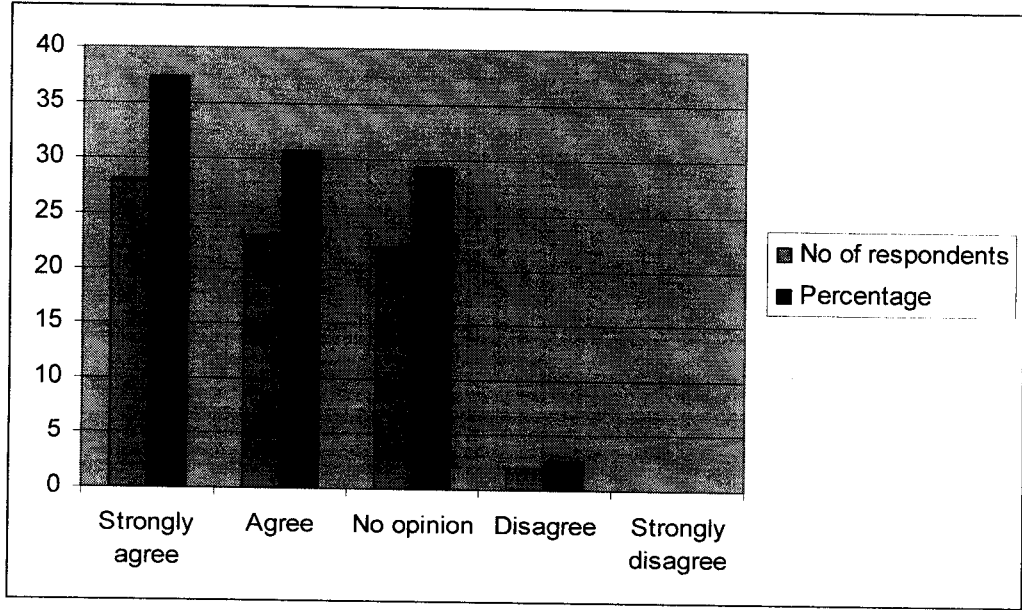


Table 3: Compensation increases Efficiency and cooperation

Efficiency and cooperation	No of respondents	Percentage
Strongly agree	33	44
Agree	21	28
No opinion	11	14.7
Disagree	7	9.3
Strongly disagree	3	4
Total	75	100

From the table it is inferred that 44% of the respondents are strongly agree that the compensation increases efficiency and cooperation among the employees. Thus we infer that compensation increases efficiency and cooperation among the employees.

Chart 3: Efficiency and Cooperation

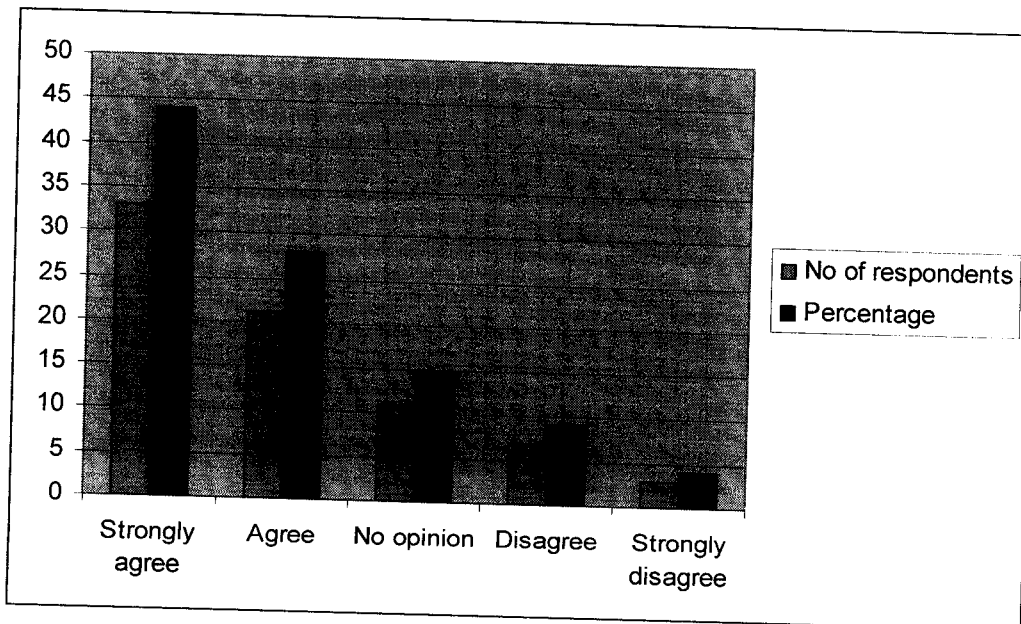


Table 4: Retaining the best talent

Talent	No of respondents	Percentage
Strongly agree	29	38.7
Agree	34	45.3
No opinion	6	6
Disagree	4	5.3
Strongly disagree	2	2.7
Total	75	100

From the table it is inferred that 38.7% of the respondents are strongly agree that the compensatiSon helps the organization to retain the best talent.

Chart 4: Retain the best talent

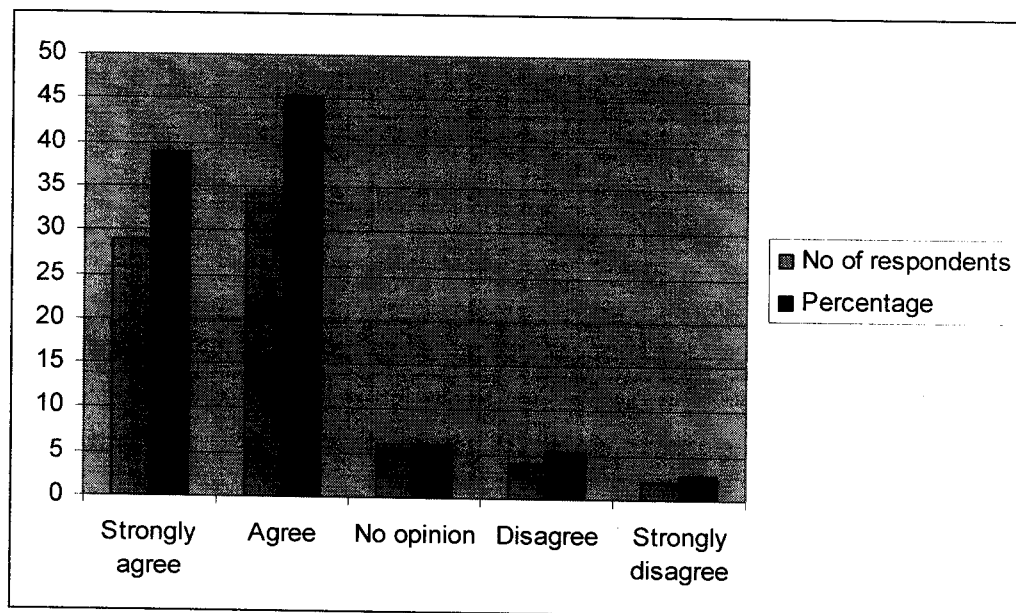


Table 5: Hallmark for organization success and prosperity

Hallmark	No of respondents	Percentage
Strongly agree	35	46.7
Agree	22	29.3
No opinion	10	13.3
Disagree	5	6.7
Strongly disagree	3	4
Total	75	100

From the above table it is inferred that 46.7% of the respondents are strongly agree that the compensation benefits are the hallmark for the organization success and prosperity.

Chart 5: Hallmark for organization success and prosperity

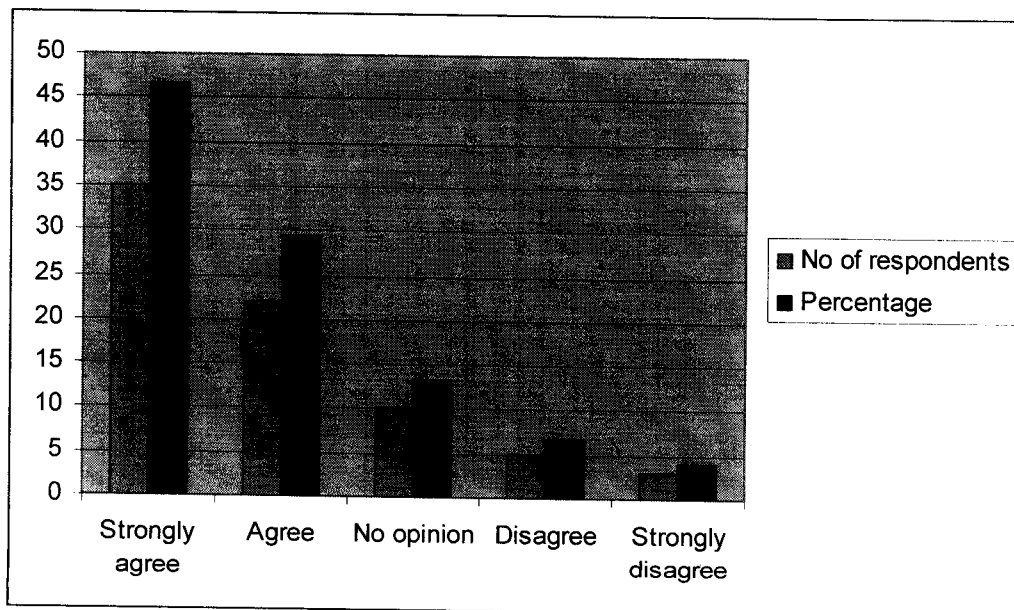


Table 6: Platform for happy and satisfied workforce

Platform	No of respondents	Percentage
Strongly agree	29	38.7
Agree	25	33.3
No opinion	9	12
Disagree	7	9.3
Strongly disagree	5	6.7
Total	75	100

From the above table it is inferred that 38.7% of the respondents are strongly agree that the compensation are the platform for happy and satisfied workforce

Chart 6:platform for happy and satisfied workforce

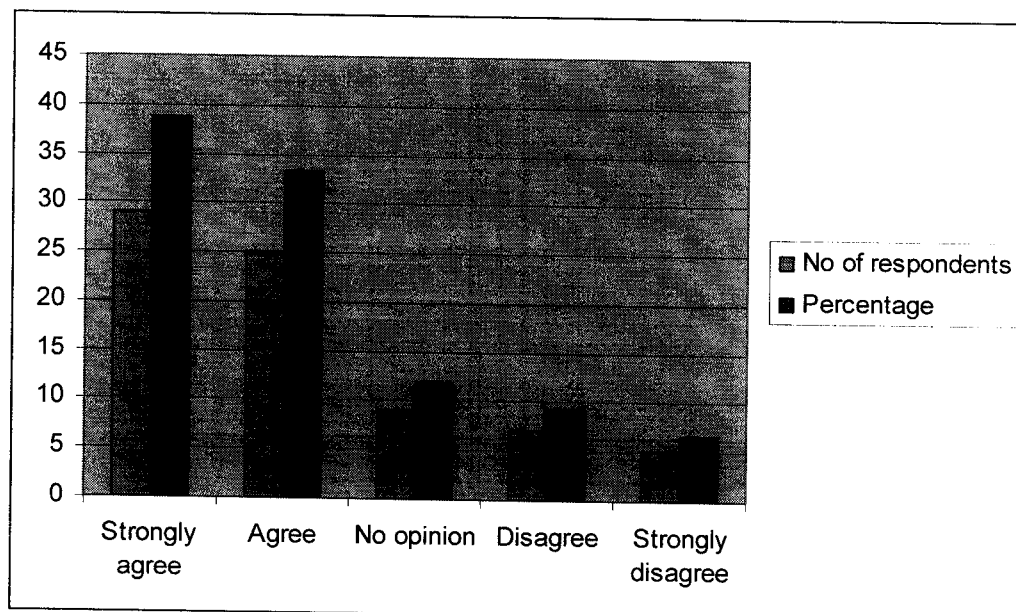


Table 7: Interaction among the employees

Interaction	No of respondents	Percentage
Strongly agree	39	52
Agree	27	36
No opinion	4	5.3
Disagree	4	5.3
Strongly disagree	1	1.3
Total	75	100

From the above table it is inferred that 52% of the respondents are strongly agree that healthy compensation increases interaction among the employees. thus the compensation increases interaction among the employees.

Chart 7: interaction among the employees

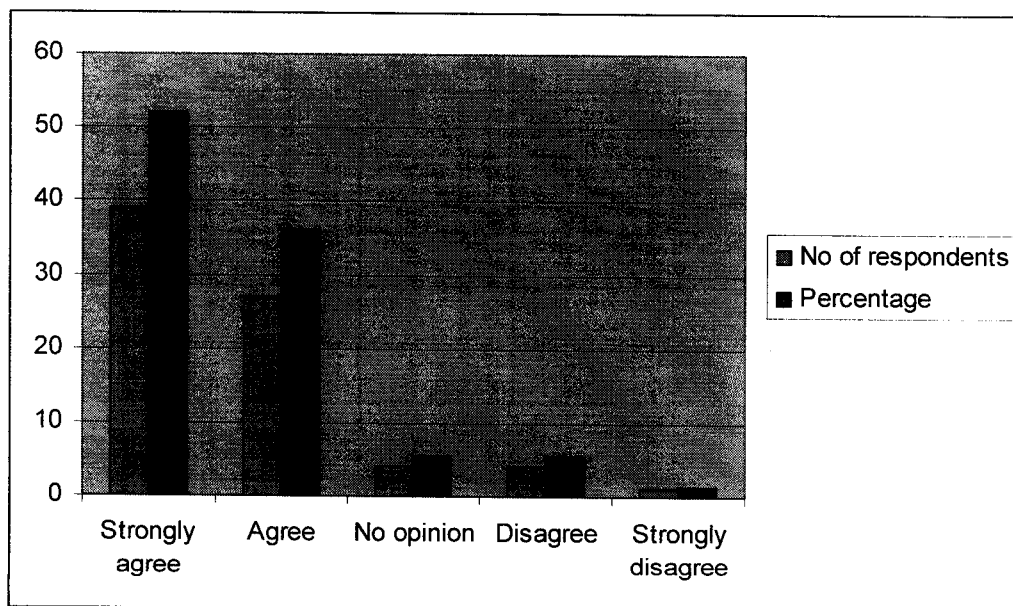


Table 8: Salary surveys

Salary	No of respondents	Percentage
Strongly agree	30	40
Agree	30	40
No opinion	10	13.3
Disagree	1	1.3
Strongly disagree	4	5.3
Total	75	100

From the table it is inferred that 40% of the respondents are strongly agree that salary surveys conducted from the employees increases employee satisfaction and increases productivity.

Chart: 8 salary surveys

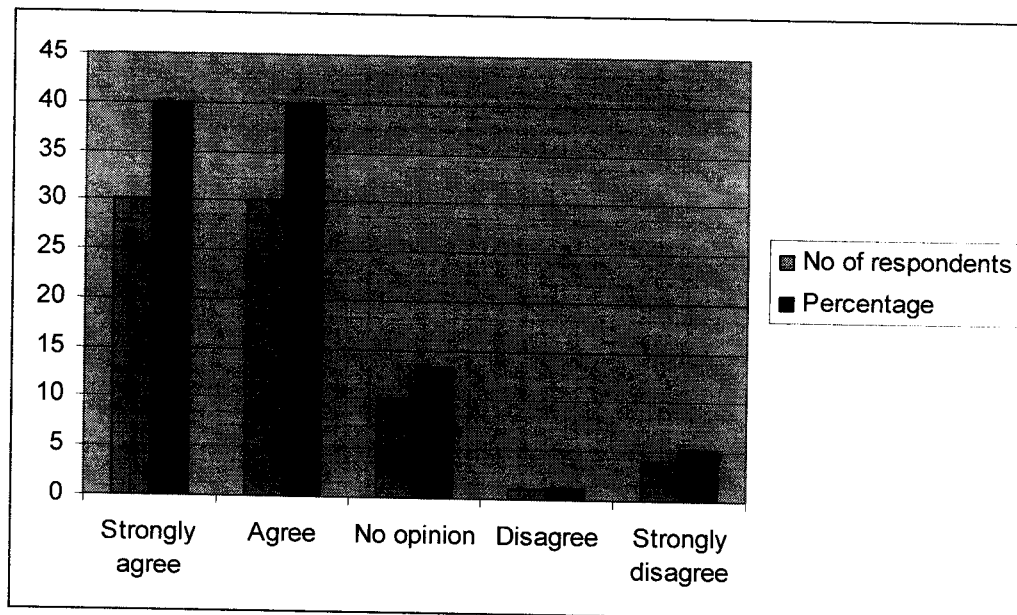


Table 9: Bonus and incentives

Bonus and incentives	No of respondents	Percentage
Strongly agree	33	44
Agree	26	34.7
No opinion	9	12
Disagree	5	6.7
Strongly disagree	2	2.7
Total	75	100

From the table it is inferred that 44% of the respondents strongly agree with the bonus and incentives given by the organization. Thus bonus and incentives motivate the employees to increase the productivity.

Chart 9 : Bonus and Incentives

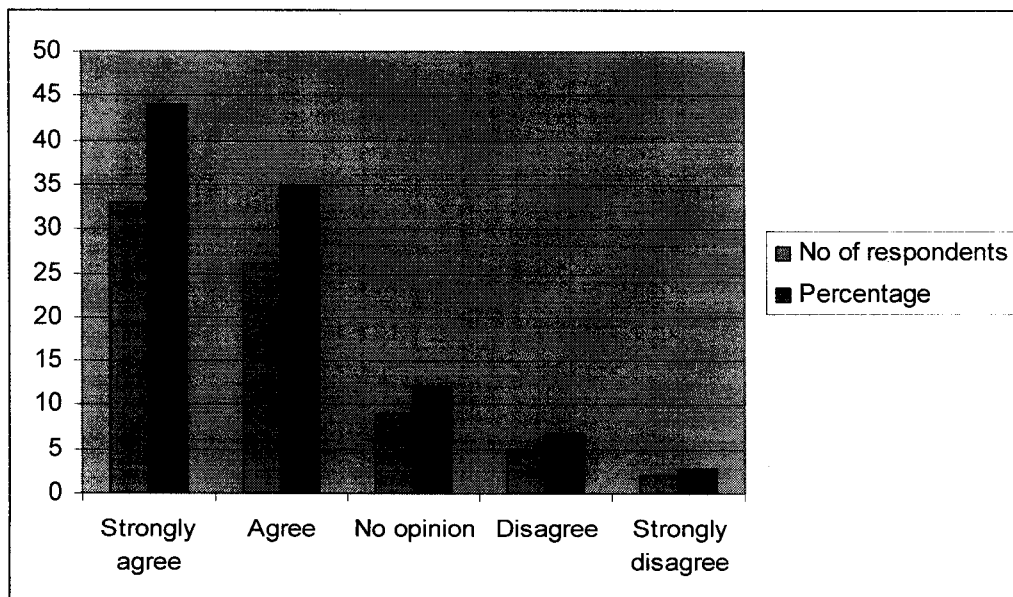


Table 10: House rent allowance

House rent allowance	No of respondents	Percentage
Strongly agree	30	40
Agree	30	40
No opinion	8	10.7
Disagree	5	6.7
Strongly disagree	2	2.7
Total	75	100

From the table it is inferred that 40% of the respondents strongly agree with the house rent allowance provided by the organization is motivating them to do the job effectively,

Chart 10: House rent allowance

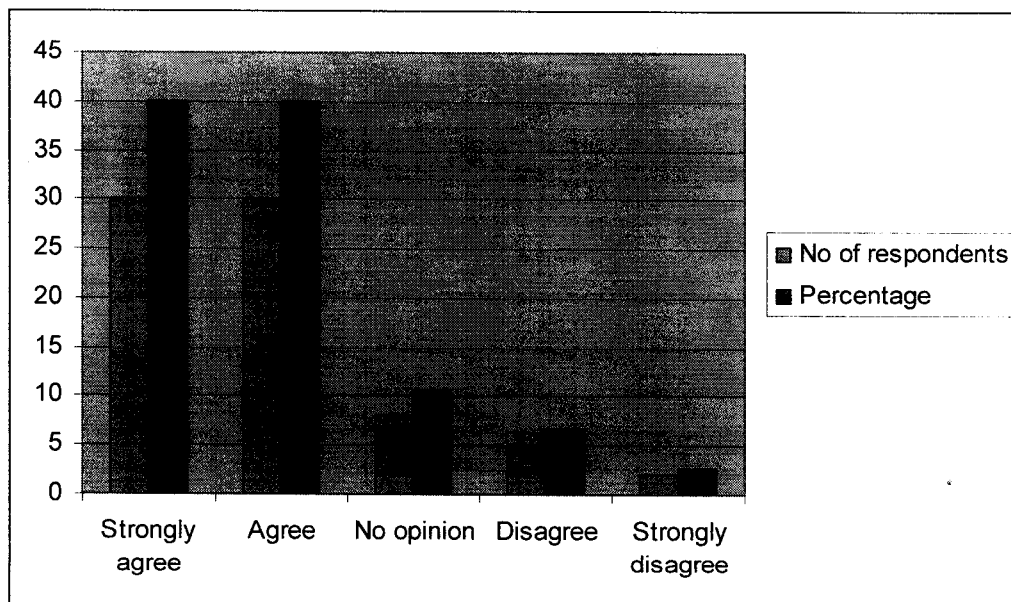


Table 11: Dearness allowance

Dearness allowance	No of respondents	Percentage
Strongly agree	24	32
Agree	36	48
No opinion	8	10.7
Disagree	4	5.3
Strongly disagree	3	4
Total	75	100

From the table it is inferred that 48% of the respondents are agree with the dearness allowance compensation, 32% of the employees strongly agree with the dearness allowance provided by the organization.

Chart 11: Dearness Allowance

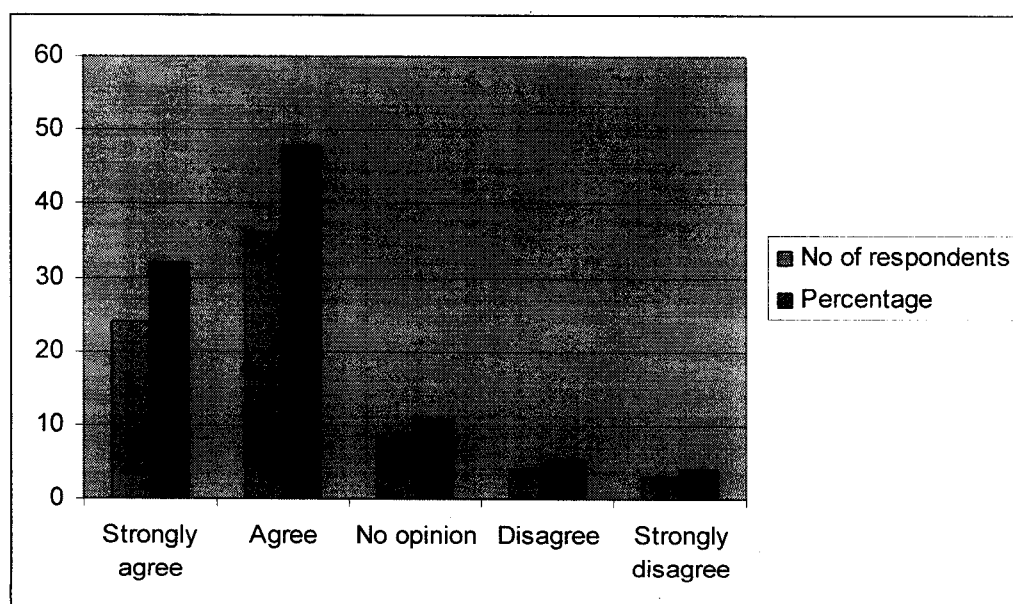


Table 12: Medical Reimbursement

Medical reimbursement	No of respondents	Percentage
Strongly agree	30	40
Agree	22	29.3
No opinion	17	22.7
Disagree	4	5.3
Strongly disagree	3	4
Total	75	100

From the table it is inferred that 40% of the respondents are strongly agree with the medical reimbursement compensation. Thus it increases the organization credit among the employees.

Chart 12: Medical Reimbursement

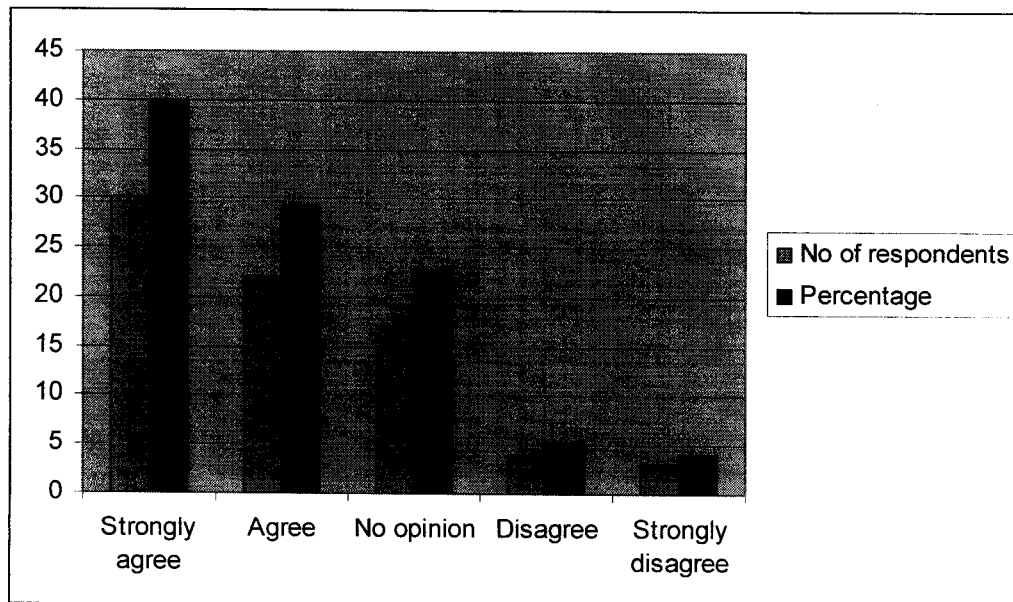


Table 13: Pension Facilities

Pension facilities	No of respondents	Percentage
Strongly agree	28	37.3
Agree	30	40
No opinion	10	13.3
Disagree	4	5.3
Strongly disagree	3	4
Total	75	100

From the table it is inferred that 40% of the employees agree with the pension facilities compensation provided by the company. It increases employee satisfaction.

Chart 13: Pension Facilities

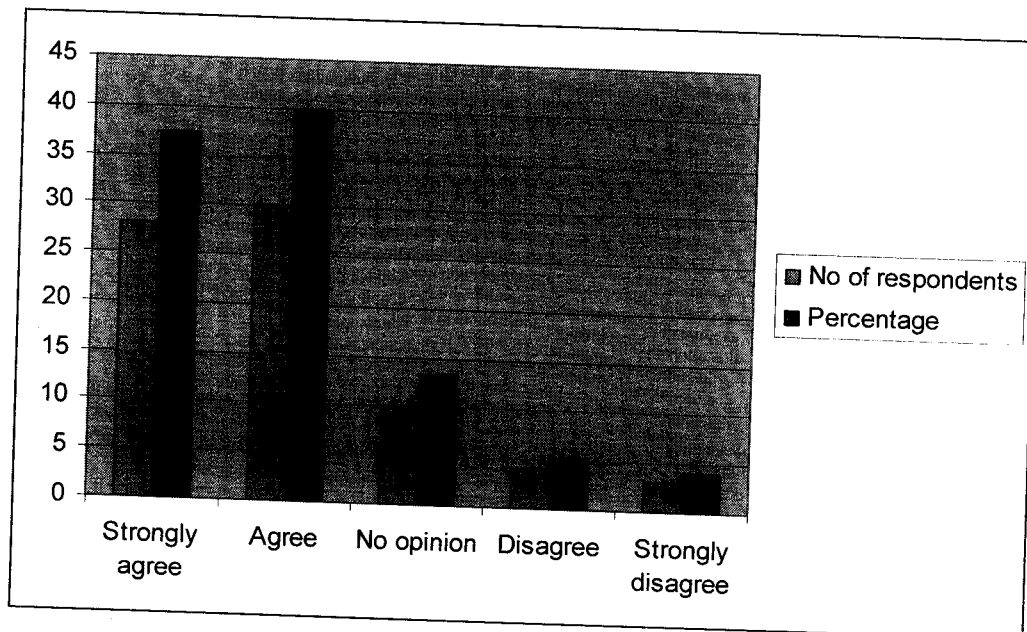


Table 14: Retirement Benefits

Retirement benefits	No of respondents	Percentage
Strongly agree	27	36
Agree	37	49.3
No opinion	5	6.7
Disagree	4	5.3
Strongly disagree	2	2.7
Total	75	100

From the table it is inferred that 49.3% of the respondents agree with the retirement benefits given by the organization. Thus it increases organization credit among the employees.

Chart 14: Retirement Benefits

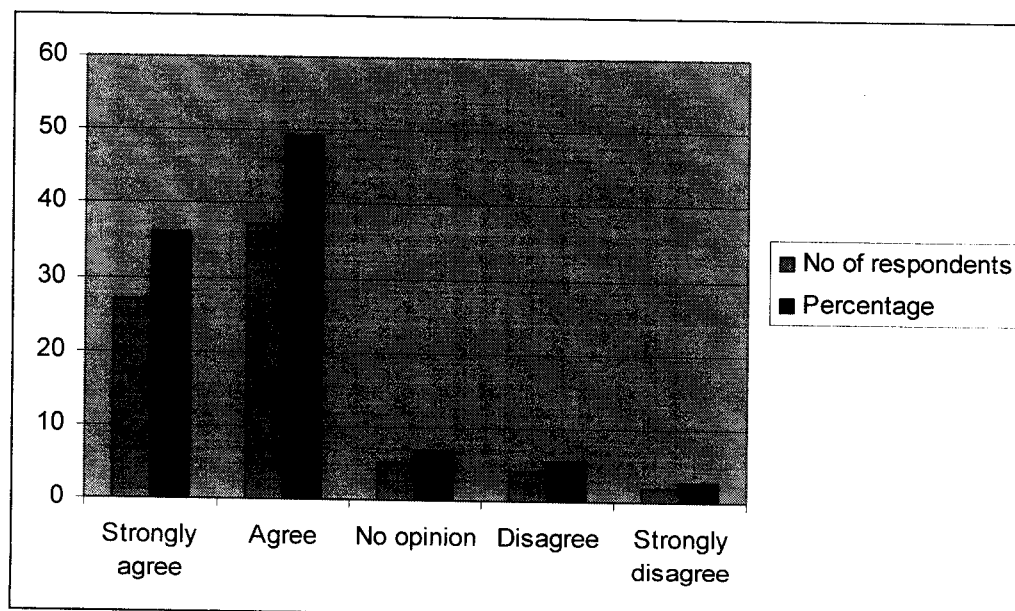
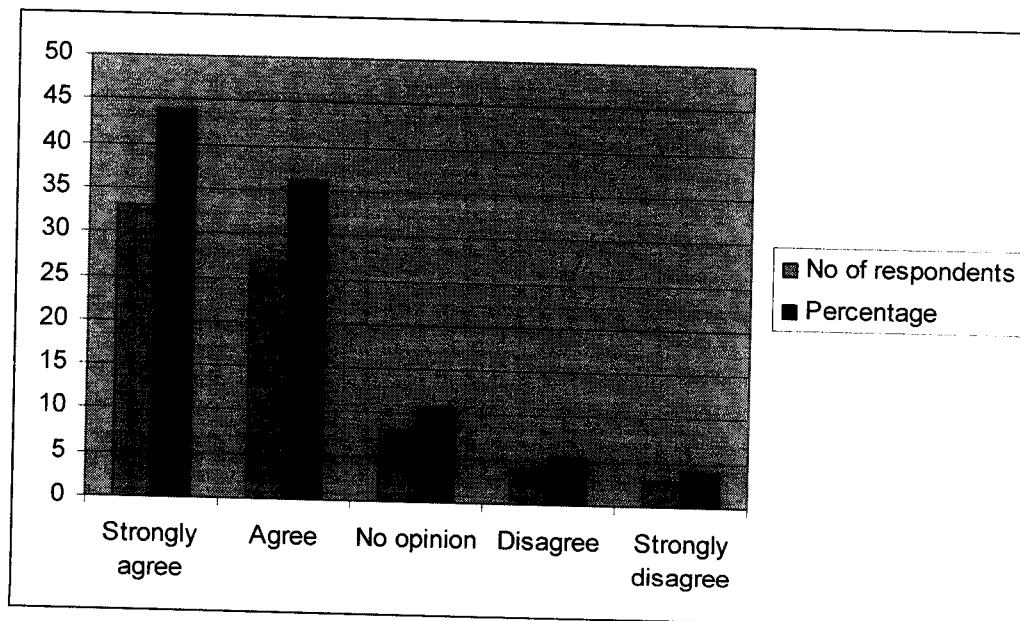


Table 15: Insurance Facilities

Insurance facilities	No of respondents	Percentage
sStrongly agree	33	44
Agree	27	36
No opinion	8	10.7
Disagree	4	5.3
Strongly disagree	3	4
Total	75	100

From the table it is inferred that 44% of the respondents are strongly agree with the insurance facilities provided by the organization. 36% of the employees agree with the insurance facilities compensation system.

Chart 15: Insurance Facilities



CHI SQUARE ANALYSIS

Chi square analysis tests enable us to test whether more than two population proportions can be considered equal. If we classify a population into several categories with respect to two attributes, we can use chi square test to determine whether the two attributes are independent of each other.

Defining the problem:

The chi square test is used to find whether there is a relation between those two attributes.

Stating the hypothesis:

H₀: There is no significant relation between department and compensation factors.

H₁: There is significant relation between department and compensation factors.

Table 16: Demographic variable (department) vs compensation factors

Factors	Chi-square Value	Degrees of freedom	P-value
Satisfaction	6.143	4	0.00
Bonus and incentives	8.052	3	0.00
House rent allowance	15.551	4	0.00
Dearness allowance	12.682	5	0.00
Medical reimbursement	19.743	3	0.00
Retirement benefits	15.143	4	0.04
Others	14.629	2	0.01

Interpretation:

At 0.05% level of significance, chi square values are shown in the table. Since the P-value is lesser than 0.05 ($P < 0.05$), we reject the null hypothesis (H_0). Thus we can conclude that there is significant relation between the age and the compensation factors.

Defining the problem:

The chi square test is used to find whether there is a relation between those two attributes.

Stating the hypothesis:

Ho: The Departments does not have a significant influence on the age and compensation factors.

H₁: The Departments have a significant influence on age and compensation factors.

Table 17: Demographic variable(age) vs compensation factors

Factors	Chi-square Value	Degrees of freedom	P-value
Satisfaction	26.400	3	0.00
Bonus and incentives	43.971	4	0.00
House rent allowance	30.000	5	0.00
Dearness allowance	50.543	3	0.00
Medical reimbursement	19.743	4	0.00
Retirement benefits	15.143	2	0.04
Others	14.629	6	0.01

Interpretation:

At 0.05% level of significance, the chi square values are shown in the table. Since the P-Value is lesser than 0.05 ($P < 0.05$), we reject the null hypothesis (H_0). Thus we can conclude that the Departments have a significant influence on the compensation factors.

Cross tabulation

Table 18: Age * Satisfaction of Compensation Benefits Crosstabulation

Age * Satisfaction of Compensation Benefits Crosstabulation

		strongly agree	agree	no opinion	disagree	strongly disagree	
Age	21-30	2	1	1	1	0	5
	31-40	1	1	1	2	1	6
	41-50	14	13	7	2	2	38
	>50	16	6	2	2	0	26
Total		33	21	11	7	3	75

From the table it is infer that majority of the respondents with the age of 50 and above are strongly agree that they are satisfied with the compensation benefits provided by the company.

Table 19: Education * Satisfaction of Compensation Benefits Crosstabulation
Education * Satisfaction of Compensation Benefits Crosstabulation

	strongly agree	agree	no opinion	disagree	
education 10th std	33	13	2	1	49
12th std	3	4	2	0	9
ug	2	4	2	0	8
pg	5	3	0	0	8
others	0	1	0	0	1
Total	43	25	6	1	75

From the table it is infer that majority of the respondents with the education of 10th are strongly agree that they are satisfied with the compensation benefits provided by the company.

Table 20: Designation * Satisfaction of compensation benefits Crosstabulation

Designation * Satisfaction of compensation benefits Crosstabulation

	strongly agree	agree	no opinion	disagree	
designation electrician	1	0	1	0	2
semi skilled worker	7	6	0	0	13
crane operator	2	5	1	0	8
trainee	2	0	0	0	2
fitter	2	2	0	1	5
others	29	12	4	0	45
Total	43	25	6	1	75

From the table it is infer that majority of the respondents with the designation of semi skilled workers and others are strongly agree that they are satisfied with the compensation benefits provided by the company.

Table 21: Department * Satisfaction of Compensation Benefits Crosstabulation

Department * Satisfaction of Compensation Benefits Crosstabulation

	strongly agree	agree	no opinion	disagree	
department engineering	15	5	2	0	22
manufacturing	10	5	1	0	16
boiler	4	2	0	1	7
ETP	6	3	0	0	9
admin	4	4	2	0	10
others	4	6	1	0	11
Total	43	25	6	1	75

From the table it is infer that majority of the respondents with the department of engineering and manufacturing and others are strongly agree that they are satisfied with the compensation benefits provided by the company.

Table 22: Age * Bonus and Incentives provided by company Crosstabulation

Age * Bonus and Incentives provided by company Crosstabulation

		strongly agree	agree	no opinion	disagree	strongly disagree	
age	21-30	2	1	1	1	0	5
	31-40	2	2	1	1	0	6
	41-50	16	13	5	3	1	38
	>50	13	10	2	0	1	26
Total		33	26	9	5	2	75

From the table it is infer that majority of the respondents with the age of above 50 years are strongly agree that they are satisfied with the bonus and incentives compensation benefits provided by the company.

Table 23: Education * Bonus and Incentives Crosstabulation

Education * Bonus and Incentives Crosstabulation

	strongly agree	agree	no opinion	disagree	strongly disagree	
education 10th std	24	13	7	3	2	49
12th std	4	4	1	0	0	9
Ug	1	4	1	2	0	8
Pg	4	4	0	0	0	8
others	0	1	0	0	0	1
Total	33	26	9	5	2	75

From the table it is infer that majority of the respondents with the age of above 50 years are strongly agree that they are satisfied with the bonus and incentives compensation benefits provided by the company.

CHAPTER 4

CHAPTER – 4

FINDINGS AND SUGGESSTIONS

FINDINGS:

The findings of the study are summarized below

- Majority of the respondents are above the age group of 40 years.
- All of the respondents are male.
- Most of the respondents are semi skilled labours.
- Most of the respondents are belongs to the administration department.
- Majority of the respondents have above 25 years of experience in this organization.
- Most of the respondents satisfied with the compensation system provided by the organization.
- Most of the respondents agree that the compensation system at par with the industrial standards.
- Most of the respondents agree that the compensation encourages efficiency and cooperation.
- Most of the respondents agree that the organization provide sufficient compensation to the employees to retain the best talent persons.
- Majority of the respondents agree that the sound compensation system is hallmark of organization success and prosperity.
- Majority of the respondents have agreed that a perfect compensation system provides platform for happy and satisfied workforce.
- All the respondents agreed that they are conducting Psychometric test and it is level specific.
- The most of the respondents are satisfied with the organization's consistent improvement in compensation management .
- Most of the respondents accept that they had personally good experience in compensation.
- Most of the respondents agree that a good compensation system creates a healthy competition among the employees and encourage them to work.

- Majority of the respondents agreed that a sound compensation system brings a good relationship between the employees.
- Most of the respondents accepted that the hiring process takes 2-4 days.
- Majority of the respondents agreed that the compensation system follows the management principle of equal pay.
- Most of the respondents agree that the organization conduct salary survey before determining the salary of the employees.
- Majority of the employees agree with the bonus and incentives given by the management.
- Majority of the employees are from operations department.
- Majority of the employees are satisfied with the dearness allowance provided by the organisation.
- Majority of the respondents satisfied with the conveyance allowance provided by the organisation is good.
- Majority of the respondents are strongly agreed that the medical reimbursement given by the organization.
- Majority of the respondents are agreed with the special allowance provided by the company.
- Majority of the respondents are strongly agreed with the leave policy and overtime policy.
- Majority of the respondents are strongly agreed that they are satisfied with the consistent improvement in the organization with respect to their departments.
- Majority of the respondents agree that they have good balance between the home and work.

SUGGESSTIONS:

The following recommendations emanate from the study

- As 60% of the employees are satisfied with the company's compensation system, the management should motivate and encourage employees to perform better and also should provide more opportunities for those who wish to earn.
- The company should device a suitable method to arrive at a sound compensation plan and the same may be implemented. So that it can provide a platform for happy and satisfied workers.
- A healthy compensation can be created among the employees by providing incentives or by honoring the employees for their outstanding performance.
- The compensation such provided can direct in the form of monetary benefits such as perks, time off, insurance, retirement benefits, etc.

CONCLUSION

CONCLUSION:

Compensation and reward system plays vital role in a business organization. Since, among four M's i.e. Men, Money, Machine and Material, 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 landlord, capitalist expects interest and organizer i.e. entrepreneur expects profits. Similarly the labour expects wages from the process. To keep human power happy and content, compensation management system has become the most important objective of every management. From the study carried out, we can conclude that the compensation management system has to given more importance in order to use it as an effective performance motivating tool.

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INTERNET SOURCE:

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**A STUDY ON COMPENSATION MANAGEMENT WITH
SPECIAL REFERENCE TO PONNI SUGARS, ERODE .**

QUESTIONNAIRE

1.Name: _____

2.Age (years): _____

3.Education:

10th std 12th std UG PG Others

4.Gender

Male Female

5.Number of years working in this organization:

Less than 1 1-3 3-5 6-8 more than 8

6.Designation: _____

7.Department: _____

Indicate the extent to which you agree with the following statements by selecting the appropriate box against each using the scale given below.

(1=strongly agree, 2=agree, 3=no opinion, 4=disagree, 5=strongly disagree)

The following factors which influence the compensation among the employees

S.NO	Factors	1	2	3	4	5
1.	Are you satisfied with your companies compensation system?					
2.	Do you agree that the present compensation offered by the organization is in par with industrial standards?					

3.	Do you agree with the present compensation system encourages efficiency and co-operation among employees?					
4.	Does your organization is able to retain the best talent by providing them adequate compensation?					
5.	Do you agree that the sound compensation system is hallmark of organizations success and prosperity?					
6.	A perfect compensation system provides platform for happy and satisfied workforce					
7.	A good compensation system creates a healthy competition among the employees and encourages them to work hard					
8.	A sound compensation system brings a good relationship between the employer and the employee					
9.	Does your compensation system follows the management principle of equal pay?					
10.	Does your organization conduct salary surveys before determining the salary of the employees?					
11.	Do you satisfied with the bonus and incentives given by your management?					
12.	Do you satisfied with the house rent allowance given by your management?					
13.	Are you comfortable with the variable dearness allowance given by your management?					
14.	Opinion about the conveyance allowance provided by the management					
15.	The medical reimbursement provided by					

	your organization is satisfactory?					
16.	Opinion about special allowances(washing, service weight age) given by your management					
17.	Are you comfortable with the leave policy and overtime policy provided by your management?					
18.	Does the retirement benefits provided by your management is good?					
19.	Do you feel good about the pension facilities provided by the organization?					
20.	Do you agree the travel allowance provided by the management?					
21.	Do you agree with the insurance facilities provided by the management.					
22.	Do you enjoy a good balance between your home and work?					