

# A Study On The Effectiveness Of Compensation Management At Anand Water Meter Mfg Co.Pltd , Kochi

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**Abstract-** *This research project focuses on analyzing the effectiveness of the compensation management system at Anand Water Meter Manufacturing Co. Pvt Ltd, Kochi, with the primary objective of studying its compensation practices and their impact on employees. Compensation management plays a crucial role in attracting, retaining, and motivating employees, ultimately contributing to organizational success. In a competitive manufacturing industry, a well-structured compensation system can enhance employee satisfaction and drive performance. The secondary objectives of this study include identifying the existing compensation policies, evaluating employee satisfaction with these policies, and providing actionable recommendations for improvement. The study employs a combination of quantitative and qualitative research methods to comprehensively assess the company's compensation framework. Key areas explored include the structure of fixed and variable pay, allowances, incentives, employee benefits, and how these elements align with employee expectations and industry standards. The study also examines employees' perceptions of fairness, transparency, and adequacy of the compensation system in relation to their roles and contributions. Research findings indicate that while Anand Water Meter Manufacturing Co. provides a stable and competitive fixed pay structure along with standard benefits such as provident fund and medical insurance, there is moderate satisfaction among employees regarding performance-based incentives and recognition. The study highlights that while most employees appreciate the security offered by fixed pay, there is a desire for a more robust incentive system that rewards individual and team performance.*

*This project provides valuable insights into compensation management practices within the manufacturing sector and offers practical suggestions for creating a more engaging and performance-oriented workplace.*

**Keywords-** Fairness, Transparency ,Recognition ,Retention ,Evaluation .

## I. INTRODUCTION

Compensation management is a pivotal aspects of human resources management that involves the systematic design and the implementation the system of remuneration strategies to reward employees for their contributions to an organization. It encompasses not only direct financial rewards such as salaries and bonus but also indirect benefits like health insurance, retirement plans and other perks. The primary objectives of compensation management is to attract , motivate, and retain , thereby enhancing organizational performance and achieving strategic goals.

The effectiveness of compensation management lies in its ability to align employee objectives with organizational goals. A well-structured compensation system ensures that employees feel valued and recognized for their efforts, which in turn fosters job satisfaction and loyalty. Conversely, inadequate or inequitable compensation can lead to dissatisfaction, decreased productivity, and higher turnover rates.

In today's competitive business environment, organizations must continually assess and adapt their compensation strategies to meet evolving market demands and employee expectations. This includes benchmarking against industry standards, understanding the diverse needs of a multigenerational workforce, and integrating non-monetary rewards that contribute to overall employee well-being.

This study aims to explore the various dimensions of compensation management and evaluate its effectiveness in achieving organizational success. By examining contemporary practices, challenges, and emerging trends, the research seeks to provide insights into how organizations can optimize their compensation strategies to foster a motivated and high performing workforce. Recommendations include revising the variable pay structure to include performance-linked incentives, implementing periodic compensation reviews based on industry benchmarks, and enhancing non-monetary rewards such as recognition programs and skill development

initiatives. The study further suggests improving transparency in performance evaluations and fostering open communication between management and employees regarding compensation decisions. In conclusion, while Anand Water Meter Manufacturing Co.'s compensation management system is positively regarded for its stability and basic benefits, strategic enhancements focusing on variable pay, recognition, and feedback mechanisms can significantly boost employee satisfaction, motivation, and overall organizational productivity.

In conclusion, effective compensation management is integral to an organization's ability to attract and skilled employees. By aligning compensation strategies with both employee expectations and organizational objectives, companies can create a harmonious work environment that promotes productivity and long-term success.

## II. REVIEW OF LITERATURE

**Armstrong & Michael (2006):** It deals with the approaches and philosophies that affect how people are managed in organizations, the roles of the HR function and its members, and the special considerations that affect international people management. The term "people management" embraces the two related concepts of human resource management (HRM) and human capital management.

**Som A. (2008):** This paper tried to understand the role of innovative HRM practices and specifically questions how HRM practices, like the role of HR department, recruitment, retraining & redeployment, performance appraisal and compensation enhance corporate performance during the change process.

**Bourantas, D. & Papalexandris, N. (2014):** Based on data collected from public and private organizations in Greece, this paper examines the differences in individual traits between public and private-sector employees, differences which eventually influence employees' attitudes and behaviours towards their organizations and their consequent performance, specifically in organizational commitment and neglect behaviour.

**Gagne, M et al., (2010):** The Motivation at Work Scale (MAWS) was developed in accordance with the multidimensional conceptualization of motivation postulated in self-determination theory. The authors examined the structure of the MAWS in a group of 1,644 workers in two different languages, English and French.

**Bob (2011)** This constitutes measuring job values, designing and maintaining pay structures, paying for performance, competence and skill, and providing employee benefits. However, compensation management is not just about money. It is also concerned with that non-financial compensation which provides intrinsic or extrinsic motivation.

## III. OBJECTIVES OF THE STUDY

### Primary objective

1. To study about compensation management in Anand Water Meter, Kochi

### 1. Secondary objectives

1. To identify the existing compensation management policies
2. To analyse employees satisfaction level in the compensation management
3. To provide recommendations for improving compensation management.

## IV. RESEARCH METHODOLOGY

The research employs a descriptive research design to analysis the effectiveness of compensation management at Anand Water Meter mfgco .pltd ,kochi. A census study was conducted with 53 employees, ensuring comprehensive data collection. Data was gathered through questionnaires, including rating scale ,closed-ended questions ,designed for clarity and alignment with study objectives . Primary data was collected via interviews and survey ,while secondary data came from company records .The study utilized statistical methods like percentage analysis , chi-square correlation ,ANOVA to interpret findings ,providing insights into employees perception and areas for improvement.

## V. DATA ANALYSIS TOOL

### PERCENTAGE ANALYSIS



The majority of respondents (54.7%) are satisfied with the salary package, and a combined 9.4% are highly satisfied or satisfied. However, there is still a segment of

respondents (26.5%) who feel the package is average, and a smaller proportion (9.4%) who are dissatisfied or view it as poor.

### CHI-SQUARE

Relationship between Experience and Compensation system  
Table showing the relationship between Experience and Compensation

**Null Hypothesis (H0):** There is no significant relationship between Experience and Compensation system .

**Alternative Hypothesis (H1) :** There is a significant relationship between Experience and Compensation system .

### OBSERVED FREQUENCY

EXPERIENCE	SALARY	BONUS/INCENTIVES	HEALTH BENEFITS	RETIREMENT	TOTAL
0-2 YRS	9	2	2	1	14
2-5 YRS	4	2	0	0	6
5-7 YRS	12	7	7	2	28
7-10 YRS	2	2	1	0	5
TOTAL	27	13	10	3	53

### EXPECTED FREQUENCY

EXPERIENCE	SALARY	BONUS/INCENTIVES	HEALTH BENEFITS	RETIREMENT
0-2 YRS	7.13	3.43	2.69	0.79
2-5 YRS	3.05	1.47	1.13	0.33
5-7 YRS	14.26	6.86	5.28	1.58

7-10 YRS	2.54	1.22	0.94	0.28
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EXPERIENCE	SALARY	BONUS / INCENTIVES	HEALTH BENEFITS	RETIREMENT	TOTAL
0-2 YRS	0.4904	0.5961	0.1551	0.0558	1.2974
2-5 YRS	0.2959	0.1910	1.13	0.33	1.9469
5-7 YRS	0.3581	0.0028	0.5603	0.1116	1.0328
7-10 YRS	0.1148	0.4986	0.0165	0.28	0.9099
TOTAL	1.2592	1.2885	1.8619	0.7774	5.187

The calculated value is less than the table value :  $5.187 < 9.488$   
Calculated  $\chi^2$  value 5.18 is less than the critical value 9.488 and the p value 1.0 is greater than the significance level 0.05 .Therefore ,accept the null hypothesis (H0).That means there is no significance relationship between experience and compensation structure .

### CORRELATION ANALYSIS

Correlation between compensation policies and compensation package.

Table showing the degree of association between compensation policies and compensation package .

**Null Hypothesis (H0) :** There is no significant relationship between compensation policies and compensation package .

**Alternative Hypothesis (H1) :** There is a significant relationship between compensation policies and compensation package.

Let's x = Experience  
Y=Annual income

X	Y	X <sup>2</sup>	Y <sup>2</sup>	XY
18	9	324	81	162
21	23	441	529	483

10	12	100	144	120
2	6	4	36	12
2	3	4	9	6
53	53	873	799	783

The Pearson Correlation Coefficient  $r = 0.00080$  indicates a strong positive correlation between compensation policies and compensation package. This means that fail to reject the null hypothesis at the 0.05 significance level. In other words, while there is a strong correlation, the result is not statistically significant at the 5% level.

## VI. SUGGESTIONS

The organization has a strong focus on employee satisfaction and retention, with regular feedback mechanisms and performance evaluations. The organization uses a performance-based approach to compensation, with clear criteria for evaluating employee's performance.

Employees also suggested that the organization could improve its compensation management by providing more opportunities for career advancement and professional development. The organization should also consider providing more opportunities for career advancement and professional development, such as training programs and mentorship schemes. The organization should adopt a total rewards approach, which considers all aspects of the employment relationship, including compensation, benefits, work-life balance, and career development opportunities.

## VII. CONCLUSION

The present study on the effectiveness of compensation management at Anand Water Meter Manufacturing Co. Pvt Ltd, Kochi, reveals the critical role compensation plays in influencing employee motivation, performance, and organizational success. The findings indicate that while the company has established a structured compensation system, comprising a mix of fixed pay and benefits, certain gaps need to be addressed to fully optimize employee satisfaction and productivity. The company's compensation management practices are moderately effective in maintaining employee morale and ensuring operational efficiency. However, there is clear evidence that the current compensation structure, which focuses predominantly on fixed pay components, lacks the dynamism required to attract,

motivate, and retain high-performing talent in the long term. Employees across different levels expressed concerns about the limited scope for performance-based incentives and the need for more transparent performance appraisal mechanisms. The absence of a comprehensive variable pay system and underutilization of non-monetary rewards have, to some extent, impacted the company's ability to create a highly motivated and performance-driven work culture. The study also identified that production employees, who are crucial to the company's manufacturing processes, feel undervalued due to the lack of differentiated rewards based on workload and skills. Anand Water Meter Manufacturing Co. stands out in providing stable employment, essential benefits like medical insurance, provident fund contributions, and a positive work environment, all of which are appreciated by employees.

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