

## **Role of Compensation Management in Balancing the Employees relationship in Retail Industry in India**

<sup>1</sup>Dr.A.Krishna Sudheer, , <sup>2</sup>Dr. D. Rajasekar,

<sup>1</sup>KLEF, KLHBS, KL University (Deemed to be University), Hyderabad, Telangana

<sup>2</sup>Professor, AMET Business School, AMET Deemed to be University, Kanathur, Chennai 603112

[krishna.sudheer@klu.edu.in](mailto:krishna.sudheer@klu.edu.in)

**Article History:** Received: 11 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 10 May 2021

---

**Abstract::** Compensation, in layman's terms, refers to something provided or obtained as payment or reparation, such as property, for a service or loss. The word Reward, on the other hand, refers to something offered or earned as a reward for good behaviour or as a form of retaliation for bad behaviour. In this context, the current paper focuses on wage management as a means of balancing employee relationships. The study is conducted by taking 199 employees of selected retail industry. The data has been collected by administering a structured questionnaire and analysis is done using regression analysis.

---

**Key words:** Incentives, Performance, Compensation, rewards.

---

### **1. Introduction:**

Cash is included in direct compensation (also known as basic salary or wage, i.e. gross pay) that the employee is entitled to for his employment, overtime-work and holiday premiums, performance incentives, benefit sharing, and preferred stock benefits. Although benefits are classified as indirect compensation, they can include life, injury, and health insurance, as well as the employer's commitment to retirement (pensions), pay for vacation or sickness, and the employer's mandatory payments for employee welfare, such as social security. According to French, the word "incentive scheme" has a narrow definition that excludes a wide range of incentives given to people to perform.

### **2.Relevant Studies**

In their research, **Tripathi and Solanki (2020)** found that managers are optimistic and feel like they are running their own business, resulting in them working toward the organization's goals. In his report, **Mahajan (2020)** looked at how fear was generated in the Indian FMCG sector recently as a result of the pandemic Covid-19, as well as how pay structures were influenced by the negative effects of Covid-19. In their research, **Karanth et al (2018)** discovered that wage management is a scientific technique for determining funds for a specific task conducted by workers in an organisation. In their research, **Khalid and Nawab (2018)** compared compensation management systems in six industries and discovered that compensation management differs by sector, and in some industries, compensation management differs by work type. **Santhanam et al. (2017)** performed a study with a sample size of 294, using multiple regression analysis, and discovered that compensation patterns are correlated with employee turnover intentions.

### **3.Statement of the problem**

Employee retention has become a problem for today's businesses. People are switching between organisations because of the abundance of resources and competitive wages. When employees are retained, the company becomes more productive. Compensation management has long been regarded as a crucial mechanism for ensuring worker satisfaction and employee retention.

Employee perceptions and expectations of compensation administration have been critical to Retail Industry Foods Limited's long-term viability.

### **4. Objectives of the research**

- To investigate various aspects of employee benefits management in the retail industry.
- To describe the challenges that employees in the retail industry face.

### **5. Research Methodology**

It's a casual study with a convenient sample size. The sample size for this study is 199 people, who were chosen from various shifts and divisions of the retail industry. Employees took part in the survey and gave their feedback on a scale of one to five stars. The data was analysed using software such as SPSS, R, and Ms-Excel.

## Role of Compensation Management in Balancing the Employees relationship in Retail Industry in India

Data was analysed using both qualitative and quantitative approaches. The things for each variable were taken from previously published articles. The products are tested for reliability for each variable. The table from the exploratory factor study can be found in the annexure of this research report. All of the variables have a Cronbach's alpha of greater than 0.70, indicating that the scale is accurate. The relationship between the dependent and independent variables was tested using multiple regression tests.

**Table 1: Descriptive Statistics**

	N	Mean	Std. Deviation
Salary	199	4.7292	.87
Employee Benefits	199	4.6667	.021
Leave Benefits	199	4.5694	.099
Performance Appraisal	199	4.9417	.72
Job Satisfaction	199	5.0250	.64
Employee Retention	199	5.0300	.025
Valid N (list-wise)	199		

Based on the mean score, the employee retention (5.03) is the most important factor on compensation management followed by job satisfaction (5.02), followed by performance appraisal (4.94) followed by salary (4.72), followed by employee benefits (4.56) and the least factor is taking leave benefits.

### 6. Testing of Hypothesis

#### Regression Analysis – Hypothesis Testing

H1: There is an impact of compensation package on job satisfaction of employees at Retail industry

**Result:** Hypothesis H1 is rejected based on significant value for compensation in the below regression analysis table. The p-value for compensation is 0.115 which is above 0.05. Hence, there is no significant correlation between compensation package and job satisfaction at Retail industry.

**Table 2 : Regression Analysis**

Coefficient						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.404	.489		11.048	.000
	Compensation	.128	.080	.200	1.588	.115
	Salary	.141	.067	.190	2.100	.038
	Employee Benefits	.260	.065	.406	4.001	.000
	Leave Benefits	.157	.070	.269	2.249	.026

a. Dependent Variable: Job Satisfaction

H2: There is significant relationship between salary and job satisfaction at Retail industry.

**Result:** P-value for the variables salary is 0.038 in the above regression analysis table. Hence, hypothesis H2 is accepted which means there is positive impact of salary on job satisfaction and beta value is 0.190.

H3: Employee benefits at Retail industry have an impact on job satisfaction at Retail industry.

**Result:** Hypothesis H3 is accepted because p-value for employees benefits in above table is 0.00 which is less than 0.05 (benchmark value). Hence, employee benefits have positive impact on job satisfaction at Retail industry Company. In previous research works also, there is evidence that employee benefits always lead to job satisfaction and the result of H3 is in line with those results.

**Table 3: One-way ANOVA**

ANOVA						
Dependent Variable		Sum of Squares	df	Mean Square	F	Sig.
Compensation	Between Groups	57.335	3	19.112	35.631	.000
	Within Groups	62.219	116	.536		
	Total	119.555	119			
Job Satisfaction	Between Groups	6.632	3	2.211	6.063	.001

	Within Groups	42.293	116	.365		
	Total	48.925	119			
Employee Retention	Between Groups	31.874	3	10.625	13.985	.000
	Within Groups	88.126	116	.760		
	Total	120.000	119			

Result: Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to factors of compensation, job satisfaction and employee retention. Hence, there is a significant difference between age group of employee with regard to compensation, job satisfaction and employee retention

### 7.Findings

- At a company in the retail sector, compensation administration is flawlessly applied.
- In the FMCG organised retailing market, employees at Retail Industry Company are paid competitively.
- Employees in the retail sector have a higher than average degree of job satisfaction.
- Employee benefits have a positive impact on employee engagement in the retail sector.
- Based on feedback from internet websites, employee reviews are both positive and negative about the work climate.
- Overall, workers are enthusiastic about working for the Retail industry Business.
- Married and unmarried employees are giving preference for flexible work timings.
- The majority of workers are recent graduates who expect flexible compensation programmes.
- Many workers of less experience anticipate traditional pay policies.
- Experienced workers in the retail sector are looking for a benefits plan that is tailored to their needs.
- Employee benefits encourage workers to stick with their companies.
- Employees in the retail sector have a high degree of job satisfaction, which has little to do with the company's pay plan.
- Employees in the retail sector benefit from a learning atmosphere and a positive work environment.

### 8. Suggestions

- Now is the time to introduce the pay-for-performance approach in the retail industry.
- Employees must receive instruction in order to support customers in shops.
- Employee benefits must be raised and operating expenses must be reduced.
- Job rotation among employees at the same level should be done..
- Currently, the organisational structure should be redesigned so that the majority of staff interact with regular clients and deliver to their homes.
- Covid-19 must be taken into account in order for hygiene and social distance to be introduced in the shops.
- The stores must be relocated from prime locations to other locations in order to minimise rental costs and expand shelf space.
- It is now important for the organisation to provide communication skills training to all departments' employees.
- Employee benefits must be tailored, but limits must be adhered to in accordance with corporate policy.
- Advertisements should be given so that customer flow is increased at the stores.

### 9.Conclusion

In human resource management, compensation is a crucial component. Compensation policy is critical to an organization's growth. With more employment openings in the retail sector, consumers' priorities have shifted. For well-organized retail stores, employee retention is now more critical. Employees reflect the company's community and assist consumers in making the best product choices. As a result, now is the time for the retail industry to rethink compensation policies in light of the changing market climate.

In the retail market, employees would be a strategic advantage. The retail industry promotes a variety of branded goods to consumers. The success of the retail industry is inextricably linked to the output of its employees. Employee satisfaction is critical because employee recruitment is more expensive than employee retention. The level of job satisfaction can also be used to gauge an organization's brand reputation. For well-organized retail stores, leadership is more critical. From the viewpoint of compensation administration, the retail business company had been active in introducing world-class human resource management practises.

**References:**

1. Aruna, M., & Anitha, J. (2015). Employee retention enablers: Generation Y employees. *SCMS Journal of Indian Management*, 12(3), 94.
2. Bailey, C., Mankin, D., Kelliher, C., & Garavan, T. (2018). *Strategic human resource management*. Oxford University Press.
3. Ghosh, D., & Gurunathan, L. (2015). Do commitment based human resource practices influence job embeddedness and intention to quit?. *IIMB Management Review*, 27(4), 240-251.
4. Karanth, K. K., Gupta, S., & Vanamamalai, A. (2018). Compensation payments, procedures and policies towards human-wildlife conflict management: Insights from India. *Biological Conservation*, 227, 383-389.
5. Khalid, K., & Nawab, S. (2018). Employee participation and employee retention in view of compensation. *SAGE Open*, 8(4), 2158244018810067.
6. Mahajan, Y. D. (2020). Impact of Coronavirus pandemic on fast moving consumer goods (FMCG) sector in India. *Journal of Xi'an University of Architecture & Technology*, 12.
7. Morgeson, F. P., Brannick, M. T., & Levine, E. L. (2019). *Job and work analysis: Methods, research, and applications for human resource management*. Sage Publications.
8. Santhanam, N., Kamalanabhan, T. J., Dyaram, L., & Ziegler, H. (2017). Impact of human resource management practices on employee turnover intentions. *Journal of Indian Business Research*.
9. Tripathi, P. M., & Solanki, U. (2020). Economic Value Added and Employees' Compensation: A Study of the Indian FMCG Sector. *Solid State Technology*, 63(4), 1829-1838.