

The Role of Compensation Management in Balancing Employee Relationships in India's Retail Industry

Sindhura.K¹, Nilesh Thakre², Jyoti Vyas Bajpai³, Reena Malik⁴, Pooja Nagpal⁵, Jahnvi K.N⁶

¹Research Scholar, Department of Management Studies, University of Madras-600005

²Associate Professor, University Department of Psychology, SNDTWU, Mumbai

³Associate Professor, Department of Human Resource Management and General Management, Prestige Institute of Management and Research, Indore, M.P., India

⁴Assistant Professor, Chitkara Business School, Chitkara University, Punjab, India

⁵Assistant Professor, Department of MBA, St. Aloysius Institute of Management and IT (AIMIT), Mangalore

⁶Assistant Professor, Department of Management, Dayananda Sagar Institutions, Bangalore

Abstract

Compensation is a systematic method in order to provide workers with a monetary value in return for labour done. Compensation may help recruiting, employment performance and work satisfaction for a number of reasons. An excellent compensation management system can allow you to improve your workers' performance considerably and build a dedicated workforce ready for your organisation. However, payment plans are more open in today's competitive environment, and the workers decide themselves on the basis of the compensation package. In layman's terms, compensation is anything supplied or gained as reimbursement or recompense for a service or loss, such as property. Reward, on the other hand, refers to anything given or gained as a reward for good behavior or as a kind of payback for poor behavior. The present study focuses on salary management as a technique of managing employee relationships in this environment. The survey included 199 workers from various retail companies. The data was gathered by delivering a standardized questionnaire, and it was analyzed using regression analysis.

Keywords: *Incentives, Presentation, Recompense, rewards.*

1. Introduction

Employee remuneration is important in the organization since it is at the core of both workers and employers. In other words, it is the compensation provided by the organization in exchange for the employee's efforts on behalf of the organization. Compensation is important in human resource management because it raises employee happiness, which improves organizational performance. The organization's pay is not usually in the form of money. Compensation may take many forms, including a house allowance, vehicles, bonuses, profit sharing, overtime pay, recognition prizes, compensation rewards, and so on. Compensation packages encourage workers to contribute more to the organization's productivity. Pay management's goals are to recruit, engage, and retain people via competitive compensation plans that are aligned with the corporate budget, related employment market, and government requirements.

Compensation and benefits are the perks provided by a firm to its employees in exchange for their labor. As a result, compensation and benefits are crucial components of human resource management. The term "incentive plan" has a restrictive meaning in French, excluding a wide variety of incentives offered to. Despite the fact that management strategies vary throughout the year, individuals take longer to absorb any change. Because of the harsh and competitive climate, firms must focus on compensation management. It is determined what techniques they can use to boost their level of performance, motivation, and loyalty in order to acquire a competitive advantage. Continuous process improvement is becoming more important. If the firm has adopted optimum compensation management techniques, it will be able to recruit the top people from its rivals. The most significant strategies that enable these firms to flourish in the present hard economy are salary and benefits, pay for performance and performance evaluations individuals to perform.

2. Literature Survey

Tripathi and Solanki (2020) discovered in their study that managers are positive and feel like they are operating their own firm, which leads to them working toward the organization's objectives. Mahajan (2020) examined how anxiety was developed in the Indian FMCG industry lately as a consequence of the pandemic Covid-19, as well as how the negative impacts of Covid-19 affected wage structures in his paper. Karanth et al. (2018) revealed in their study that pays management is a scientific approach for calculating money for a given activity performed by employees in a company. Khalid and Nawab (2018) conducted a study in which they evaluated compensation management systems in six sectors and found that compensation management varies by sector

and, in certain cases, by employment type. Santhanam et al. (2017) revealed, using multiple regression analysis on a sample size of 294, that remuneration patterns are associated with employee turnover intentions [8]-[10].

3. Problem Statement

Some significant problems have been explored and discussed below

- Employee retention is a major issue for today's firms. Because of the availability of resources and competitive pay, people are transferring across firms. When workers stay with the firm, it becomes more productive. Compensation management has long been seen as a critical strategy for promoting employee satisfaction and retention. Employee views and expectations of pay administration have been essential to the long-term success of Retail Industry Foods Limited.

4. Objectives

- The research goal has been underlined below.
- Research different areas of employee benefits administration in the retail business.
- To describe the difficulties that retail staff confront.

5. Research Methodology

It's lighthearted research with a manageable sample size. This study's sample size is 199 persons drawn from different shifts and divisions of the retail business. Employees completed the survey and rated it on a scale of one to five stars. SPSS, R, and Microsoft Excel were used to analyze the data. The data was evaluated using both qualitative and quantitative methods. The variables' values were derived from previously published papers. For each variable, the items are assessed for dependability. The table from the exploratory factor study may be found in the research report's annexure. Cronbach's alpha for all variables is more than 0.70, suggesting that the scale is accurate. Multiple regression tests were used to examine the connection between the dependent and independent variables.

Table 1: Descriptive Statistics

	N	Avg.	Std.Deviation
Salary	200	4.7292	.87
EmployeeBenefits	200	4.6667	.021
LeaveBenefits	200	4.5694	.099
PerformanceAppraisal	200	4.9417	.72
JobSatisfaction	200	5.0250	.64
EmployeeRetention	200	5.0300	.025
ValidN(list-wise)	200		

4. Testing of Hypothesis

Regression Analysis – Hypothesis Testing

H1:In the retail business, there is a considerable association between compensation and work satisfaction.

Table 2: Regression Analysis

Coefficient					
Model	UnstandardizedCoefficients		StandardizedCoefficients	t	Sig.
	B	Std.Error	Beta		
(Constant)	5.404	.489		11.048	.000
1 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: JobSatisfaction					

H2:In the retail business, there is a considerable association between compensation and work satisfaction.

Result:In the preceding regression analysis table, the P-value for the variable salary is 0.038. As a result, hypothesis H2 is accepted, indicating that income has a positive influence on work satisfaction, and the beta value is 0.190.

Result: Because the p-value for employee benefits in the preceding table is 0.00, which is less than 0.05, Hypothesis H3 is accepted (benchmark value). As a result, employee perks have a favourable influence on work satisfaction in the Retail business. Previous study has also shown that employee perks always lead to work satisfaction, and H3's conclusions are consistent with previous findings.

Table 3: One-way ANOVA

ANOVA						
<i>DependentVariable</i>		<i>SumofSquares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
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: Because the P-value is less than 0.01, the null hypothesis is rejected at the 1% level for characteristics such as salary, job satisfaction, and staff retention. As a result, there is considerable variance in salary, work satisfaction, and employee retention based on an employee's age group.

5. Findings

Some of the actual results have been selected and discussed using the data table, which is highly relevant in the context of the study.

- Compensation administration is precisely performed at a retail organization.
- Employees at Retail Industry Company are compensated competitively in the FMCG organized retailing sector.
- Retail employees are more satisfied with their jobs than the general population.
- Employee perks improve employee engagement in the retail industry.
- According to comments from online sources, employee evaluations regarding the work environment are both favorable and negative.
- Employees are often happy about working for the Retail sector Business.
- Both married and unmarried workers desire flexible work hours.
- The vast majority of employees are recent grads who anticipate flexible remuneration plans.
- Traditional compensation systems are expected by many employees with less experience.
- Experienced retail employees want a benefits package that is customized to their specific demands.
- Employee perks encourage employees to stay with their employers.

Why do Retail employees enjoy a high level of work satisfaction, which has nothing to do with the company's wage structure.

- Retail employees gain from a learning environment and a good work environment.

6. Suggestions

The authors have sought to highlight some of the important suggestions that would be useful, which are as follows:

- The moment has come to implement a pay-for-performance model in the retail business.
- Employees must be trained in order to assist consumers in stores.
- Employee benefits must be increased, but operational costs must be decreased.
- Job rotation among personnel at the same level is recommended.
- At the moment, the organizational structure should be modified such that the majority of employees engage with frequent customers and deliver to their houses.
- Covid-19 must be considered in order for cleanliness and social distance to be implemented in stores.

- Stores must be shifted from prime sites to other areas to save leasing costs and increase shelf space.
- It is now critical for the business to give communication skills training to all workers in all departments.
- Employee benefits must be customized to the individual, but restrictions must be followed in line with business policy.
- Advertisements should be distributed in order to promote consumer traffic in shops.

Conclusion

In recent years, it has been critical to research, examine, and investigate the function of pay management in balancing employee relationships in the retail industry in India. Human Resource Management (HRM) is crucial in reaching the balancing element since it plays a significant part in the growth or collapse of any firm. Compensation is an important aspect of human resource management. Compensation policy is crucial to the development of any firm. Consumers' preferences have evolved as there are more job vacancies in the retail industry. Employee retention is becoming more important for well-organized retail shops. Employees represent the company's community and help customers make the greatest product selections. As a consequence, it is the moment for the retail sector to reconsider compensation practices in light of the shifting market environment. Employees would be a strategic advantage in the retail business. Consumers are promoted a range of branded items by the retail business. The retail industry's performance is directly related to the production of its workers. Employee retention is more costly than employee recruiting; thus, employee happiness is crucial. Job satisfaction may also be used to assess a company's brand reputation. Leadership is more important in well-organized retail establishments. In terms of pay administration, the retail firm has been engaged in establishing world-class human resource management methods.

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