



A STUDY ON SALARY ADMINISTRATION AND ITS IMPACT ON PRODUCTIVITY IN PUNE ZILLA SAHAKARI DUDH UTPADAK SANGH MARYADIT KATRAJ,PUNE.

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Abstract

Purpose of the Study

This study is based on the salary administration and opinion of employee regarding salary administration in Pune Zillha Sahakari Dudh Utpadak Sangh Maryadit Katraj.The main purpose of this study is to find out relation between salary administration and its effects on employee motivation and productivity.

Research Methodology

For conducting present research study questionnaire was prepared and information was collected through 236 employees from various categories. The collected data was analysed with the help of techniques like average and percentage, mean median, mode. Hypothesis was tested with the help of chi square test.

Scope and Limitation

The geographical study is confined with Pune district only. The topical scope focuses on the salary administration of Katraj Dudh Sangh. Present study related to only one dairy organization which is working on cooperative basis. Hence salary structure of Government and private dairies not considered in the present study.

Findings

It can be concluded that salary administration is a most important work which directly effects on employee satisfaction, motivation and productivity.

Key words: Salary, Administration, Employee, Satisfaction, Motivation, Productivity.

1. Introduction

Employee compensation is a vital part of human resource management. Salaries and other forms of employee compensation constitute a very large component of operating cost. Salary administration has significant influence on distribution of income, consumption, savings, employment and prices. Employee's compensation is a very significant issue from the view point of employers, employees and the nation as a whole.

The salary administration is concerned with the financial aspect of needs, motivation and rewards. These factors are also affects on the productivity of that particular organization. Organizational morale cannot be maintained at high level without a fair, equitable and sound remuneration perks system. Salary administration is a crucial issue therefore researcher has selected aspect title as "A study on salary administration and its impact on productivity in Pune zilla sahakari dudh Utpadak Sangh Maryadit Katraj" related to the personnel of co-operative organization for present study.

2. Objectives of the study

1. To study present salary structure of Katraj Dudh Sangh.
2. To point out impact of salary structure on productivity of employees.
3. To study the employee opinion for salary administration.

3. Significance of the study

Employee's motivation and satisfaction depends upon the salary policy of a particular organization. If employees are not satisfied with salary structure then its affects on organizations productivity and organizations brand value. It also affects on profitability of the organization.

This study will help management to design proper salary and perk structure. This study will help to management to know employee pulse, employee feedback.

4. Hypotheses of the study

H1-The employees are not satisfied with their salary administration.

H2- There is a co-relation between salary and productivity of employees of Katraj Dudh Sangh.

5. Methodology

I) Selection of sample

In Katraj Dudh Sangh there are 580 employees working on permanent basis. Out of 580 employees 236 employees are selected for the present study. Here stratified sampling method and simple Random sampling method is used for selection of sample. In katraj dudh sangh total employees are divided in five categories according to their cadre. This each category constitutes a 'strata', which are having common characteristics. From each stratum samples are selected on the basis of simple random sampling method.

Table-1.1.Total Number of Employees Selected for Study according to Categories

Sr.No.	Category	Selected Number of employees	Percentage of sample to the universe
1.	Managerial	06	40.00
2.	Administrative	35	40.22
3.	Technician	47	40.17
4.	Supervisory	25	47.16
5.	Supportive	123	40.00
	Total	236	40.68

The Average percentage of number of selected employees to total universe is 40.68%. However, the percentage of selection of employees according to categories ranges from 40.00 to 47.16 Stratified sampling method will be applied for selection of these employees from each category.

II) Methods of data collection

The required data for the study was collected from the following sources.

A) Primary Data- Primary data was collected by conducting survey of selected employees of Katraj Dudh Sangh. Secondary data was collected through questionnaire and discussion and observation Method.

B) Secondary Data:

The secondary data was collected from Annual reports of katraj Dudh Sangh, published library sources such as books, Journals and relevant websites.

III) Techniques of Analysis-

The collected data was tabulated in the way of table's .At the times of analyzing the data the statistical technique such as percentage, average was used. The data was presented with the help of charts, graphs. Moreover, the techniques such as ratio analysis, mean, median, mode, standard deviation, are applied for analyzing the financial information.

6. Theoretical part

I) Compensation

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees.

II) Salary-

Salary is a fixed amount of money or compensation paid to an employee in return for work performed, salary is commonly paid in fixed intervals. For example: Monthly payments of one-twelfth of the annual salary.

III) Incentives-

A monetary gift provided to an employee based on performance, which is thought of as one way to entice the employee to continue delivering positive results. In other words incentive means inducement or supplemental reward that serves as a motivational device for a desired action or behaviour.

IV) Employee-

For any organization employee is the most important resource. How employees are treated and how much they value the organization, they work for will have an impact on how the organization performs.

7. Data analysis: Salary is the important components which are counted under financial aspects studied by the researcher in relation to Katraj Dudh Sangh. All data pertaining to salary of employees of Katraj Dudh Sangh have been analyzed and interpreted. The results are presented and explained with the help of tables, and in different types of graphs. Data analysis was done by using percentage and measures of central tendency.

A) Employee category:

In Katraj Dudh Sangh employees are working in three levels i.e. top level, middle level and lower level. Following table shows the employee categories.

Table no.1.2, Classification of Employee categories in Katraj Dudh sangh

Sr. no.	Category	Total Number	Percentage
1.	Managerial	6	2.54
2.	Administrative	35	14.83
3.	Technical	47	19.92
4.	Supervisory	25	10.59
5.	Supportive	123	52.12
	Total	236	100.00

(Source: Primary Data complied)

Table 1.2 indicates that, highest employees are included in supportive category and lowest employees are included in managerial category. Managerial category includes 2.5% employees, whereas other category employees are 97.5%. Katraj Dudh sangh maximum employee's work in supportive category and the ratio of supportive staff to managerial staff is 21:1.

B) Salary structure

In every organization Salary plays very important role for each employee. Salary structure of every organization is different. Salary structure depends upon the organizations profitability. In all organizations salary is paid on monthly basis. In Katraj Dudh Sangh employees are getting Salary regularly on monthly basis. Following table shows the components of salary structure of Katraj Dudh sangh employees.

Table 1.3, Components of salary structure in Katraj dudh Sangh employees

Sr. No.	Particulars
1.	Basic Pay
2.	Dearness Pay(D.P.)
3.	Dearness Allowance(D.A.)
4.	Overtime(O.T.)
5.	House Rent allowance(H.R.A.)
6.	Medical Allowance
7.	Washing Allowance
8.	Night Allowance
9.	Special Allowance
10.	Special Pay

(Source: Primary Data complied)

In salary structure of Katraj Dudh Sangh 10 components are included.

C) Salary Deductions

Every organization has certain deductions from salary as per state legislation. Following table shows the salary deductions in Katraj dudh sangh.

Table no.1.4, Employee Salary deductions in Katraj Dudh sangh

Sr. No.	Particulars
1.	Provident Fund Contribution
2.	Employee State Insurance
3.	Professional Tax
4.	Income Tax
5.	Festival Advance
6.	Life Insurance Contribution
7.	Society loan Installment

D) Ratio of Salary Expenses to Total Expenses from 2007-08 to 2012-13

Table 1.5, Ratio of Salary Expenses to Total Expenses from 2007-08 to 2012-13
(Figures in Lakhs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Salary Exp.	Rs.851.32	922.79	1045.19	1185.41	1254.96	1363.97
Total Exp.	Rs.1246.65	1448.25	1708.85	1732.68	1985.59	2422.45
Ratio (%)	68.28	63.71	61.16	68.41	63.2	56.3

(Source: Office Records of Katraj Sangh)

Table 1.5, indicates that salary expenses ranges between Rs.851.32 to Rs.1363.97.Highest salary was paid in the year 2012-13 was Rs.1363.97 and lowest was paid in the year 2007-08 was Rs. 851.32.Average salary expense of six years was Rs.1103.94.Total expenses ranges between Rs.1246.65 to Rs.2422.45. Highest ratio of salary expenses to total expenses was 68.41% in the year 2010-11 and lowest ratio was in the year 2012-13 was 56.3%. Average ratio of salary expenses to total expenses was 63.51%. Salary expenses to total expenses decreasing in the year 2011-12 and 2012-13 because management decided to control the cost of salary.

E) Satisfaction of employees on existing House Rent Allowance

In Katraj Dudh Sangh house rent allowance is provided to their employees. Following table shows the satisfaction level of employees regarding existing house rent allowance.

Table no.1.6,Satisfaction of employee on existing House Rent Allowance

Sr. no	Particulars	Total Number of Employees	Percentage
1.	Yes	51	78.39
2.	No	185	21.61
	Total	236	100.00

(Source: Primary Records of Sangh)

Table 1.6 shows that employees who are satisfied with the house rent allowance are less as compared to satisfied employees. Ratio of satisfied employees to unsatisfied employees is 27:1. Therefore it is inferred that in Katraj dudh Sangh the house rent allowance which is provided to employees is not sufficient, so Sangh needs to modify their policies as far as house rent allowance is concerned.

F) Best rule for salary administration

Table 1.7,Best rule for salary and perks administration

Sr. no	Purpose	Total Number	Percentage
1.	According to consumer Index	106	44.92
2.	To consider demand of employees	79	33.47
3.	To consider skills and experience of worker	38	16.10
4.	To consider salary scales and perks plans exists at other dairies	13	5.51
	Total	236	100.00

(Source: Primary Records of Sangh)

Table1.7 indicates that, maximum employee are of the opinion that salary structure should be prepared on the basis of consumer Index. Negligible percentage of employee stated that it should be designed after consideration of salary scales and perks policies of other dairies. Whereas 49.57% employees feels that salary and perks policies should be fixed after consideration of demand of employees, skills and experience of employee. Therefore it can be concluded that, Maximum employees are of the opinion that salary structure should be according to consumer Index.

G) Opinion regarding Outcome of sound and fare salary administration:

Table 1.8,Outcome of sound and fare salary administration:

Sr. no	Purpose	Total Number	Percentage
1.	Increase in employees satisfaction	48	20.34
2.	Increase in employee motivation which results in increase in productivity	115	48.73
3.	To maintain healthy relation between employee and employer	35	14.83
4.	All of the above	38	16.10
	Total	236	100.00

(Source: Primary Records of Sangh)

Note: Figures in Bracket indicates percentage

Table 1.8 shows that, 48.73% of the employee feels that the sound and fare salary and perks administration will lead to increase in employee motivation which result in increase in productivity. The employees who are of the opinion to maintain healthy relation between employee and employer are negligible. Whereas 20.34% employees feel that it will increase

employee's satisfaction. Approximately 16% of employees feel that all the above factors shall be the result of sound and fare salary & perks administration. Therefore it can be concluded that, maximum i.e.48.73% employees are of the opinion that result of sound and fare salary and perks administration is to increase in employee motivation which result in increase in productivity.

H) Opinion about Need of incentive plan

Table 1.9,Need of incentive Plan according to employees in Katraj dudh sangh

Sr. no.	Particulars	Total number	Percentage
1.	For higher productivity	80	33.90
2.	To avoid disputes	31	13.14
3.	To creating motivation	124	52.54
4.	To increase works satisfaction	1	0.42
	Total	236	100.00

(Source: Primary Data complied)

Table1.9 shows that, 47% employees are of opinion that incentive plans are necessary for higher productivity and to avoid disputes. Maximum employees feels that for creating motivation incentives are necessary and very less i.e. one employee feels that it is necessary to increase works satisfaction.

Therefore it can be concluded that the employees who are of the opinion that incentive plans are necessary for creating motivation are more than the remaining three opinions.

I) Satisfaction of Incentive

Table 1.10,Employee Satisfaction of Incentive plan in Katraj dudh Sangh

Sr. no.	Particulars	Total number	Percentage
1.	Strongly Disagree	30	12.70
2.	Disagree	152	64.40
3.	Neutral	12	5.10
4.	Agree	31	13.10
5.	Strongly Agree	11	4.70
	Total	236	100.00

(Source: Primary Records of Sangh)

Statistics

Sr. no.	Particulars	Median	Mode
1.	Satisfaction of Incentive plan	2	2

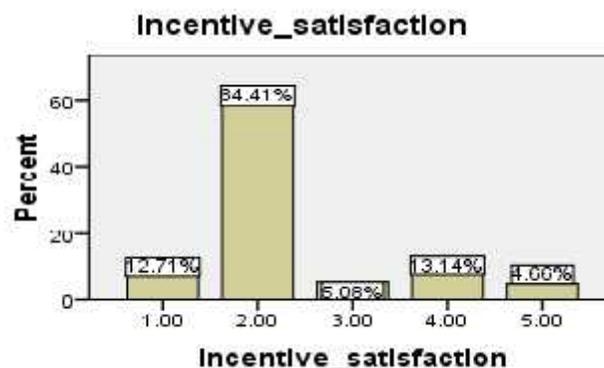


Figure no.4.5

The table 1.10 shows 12.71% employees are strongly disagree with current incentive plan. 64.41% employees are disagreeing with current incentive plan. If we consider total employees who shows dissatisfaction with current incentive plan is 77.12%. 5% employees are not sure about their response to current incentive plan. 17.8% employees are satisfied with current incentive plan.

If we consider overall dissatisfaction level of employees which is 77.12%, we can conclude employees are not satisfied with current incentive plan and Dudh Sangh need to work on revising current incentive plan

Hypothesis Testing

H1-The employees are not satisfied with their salary administration.

H0: The employees are satisfied with their salary administration.

Result of sound and fare salary administration

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Result_of_sound_and_fare_salary_and_perks_administration	236	1.27	.964	0	3

Result_of_sound_and_fare_salary_administration			
Result_of_sound_and_fare_salary_administration			
	Observed N	Expected N	Residual
Increase in employees satisfaction	48	59.0	-11.0
Increase in employee motivation which results in increase in productivity	115	59.0	56.0
To maintain healthy relation between employee and employer	35	59.0	-24.0
All of the above	38	59.0	-21.0
Total	236		

Test Statistics	
	Result_of_sound_and_fare_salary_and_perks_administration
Chi-Square	72.441 ^a
Df	3
Asymp. Sig.	.000
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.0.	

Being the data categorical in nature, chi square test is run to test the hypothesis. If the obtained value is more extreme than the critical value, the null hypothesis cannot be accepted. If the obtained value does not exceed the critical value, the null hypothesis is the most attractive explanation. In this case, the obtained value is 72.441 and the critical value is 7.82 at Degree of freedom equals to 3 and 0.05 % level of significance with 95% level of confidence.

Since the obtained value exceeds the critical value – it is extreme enough to say that the distributions of respondents across the four groups are not equal. **Thus the Null Hypothesis is rejected and the Alternative hypothesis is accepted i.e. the employees are not satisfied with their salary administration.**

H2- There is a relation between salary and productivity of employees of Katraj Dudh Sangh.

H0: There is no relation between salary and productivity of employees of Katraj Dudh Sangh.

Need_of_incentive_plan		Need_of_incentive_plan	
	Observed N	Expected N	Residual
For higher productivity	80	59.0	21.0
To avoid disputes	31	59.0	-28.0
For creating motivation	124	59.0	65.0
None of the above	1	59.0	-58.0
Total	236		

Test Statistics	
	Need_of_incentive_plan
Chi-Square	149.390 ^a
Df	3
Asymp. Sig.	.000
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.0.	

Being the data categorical in nature, chi square test has been applied to test the hypothesis. If the obtained value is more extreme than the critical value, the null hypothesis cannot be accepted. If the obtained value does not exceed the critical value, the null hypothesis is the most attractive explanation. In this case, the obtained value is 149.390 and the critical value is 7.82 at Degree of freedom equals to 3 and 0.05 % level of significance with 95% level of confidence.

Since the obtained value exceeds the critical value – it is extreme enough to say that the distributions of respondents across the four groups is not equal. **Thus the Null Hypothesis is rejected and the Alternative hypothesis is accepted i.e. there is relation between salary and productivity of employees of Katraj Dudh Sangh.**

Findings

- Highest employees are included in supportive category and lowest employees are included in managerial category. Managerial category includes 2.5% employees, whereas other category employees are 97.5%.
- Employees who are satisfied with the house rent allowance are less as compared to satisfied employees. Ratio of satisfied employees to unsatisfied employees is 27:1.
- Most of the employees are of the opinion that salary administration is directly relates to motivation. 29.24% employees verdict financial aspect and rewards. More than 20% employees feels that it is concerned with all the factors i.e. rewards, financial aspect and motivation. Therefore on the basis of four opinions, 49% employees feel that it is concerned with motivation than the financial aspects and reward.
- Maximum employees are of the opinion that salary structure should be prepared on the basis of consumer Index. Negligible percentage of employee stated that it should be designed after consideration of salary scales and perks policies of other dairies. Whereas 49.57% employees feels that salary and perks policies should be fixed after consideration of demand of employees, skills and experience of employee.
- Maximum i.e. 48.73% employees are of the opinion that result of sound and fare salary administration is to increase in employee motivation which results in increase in productivity.
- Maximum i.e., 47% employees are of opinion that incentive plans are necessary for higher productivity and to avoid disputes. Maximum employees feels that for creating motivation incentives are necessary and very less i.e. one employee feels that it is necessary to increase works satisfaction.
- It is observed that, 12.71% employees are strongly disagreeing with current incentive plan. 64.41% employees are disagreeing with current incentive plan. If we consider total employees who shows dissatisfaction with current incentive plan is 77.12%, 5% employees are not sure about their response to current incentive plan. 17.8% employees are satisfied with current incentive plan.

suggestions

- It is suggested to refer Government, co-operative and private dairy scale while deciding salary structure of employee.
- It is suggested that while deciding salary structure Katraj Dudh sangh consider consumer Index.



3. To increase salaries Katraj Dudh Sangh have to increase their profitability, for increasing profitability Katraj Dudh Sangh has to increase their total sale of milk and milk products. For increasing sale Sangh should adopt new marketing, advertising strategy for promotion of their products and look into product quality.
4. Considering very less current house rent allowance, it is suggested that house rent allowance should be increased up to 10%. This will help employees to increasing standard of living.
5. In Kartaj Dudh Sangh employees are not satisfied with incentive plan. In case of Bonus along with money the Sangh also provide some gifts such as Watches, gifts to children, Books, raincoats, umbrellas etc. which is helpful for increasing employee satisfaction.
6. The management should send employee for various types of training programs to seminars, conferences which are conducted by government and private institutions which results in increase in productivity of employees.
7. Katraj dudh sangh should consider outcome based increments to motivate high performer employees. Sangh should provide promotion to employees based on the performance.
8. Sangh should consider Job rotation based on employee preference to improve the productivity.
9. It is suggested that while deciding salary structure sangh should take into consideration employee's view, skill, experience, market condition and other dairy scale.

Conclusion

In every organization employee plays very important role and money is the main motivation for every employee. Employee satisfaction, motivation depends on salary which is paid to them. The only way by which employee can be satisfied and retained is salary administration. In katraj dudh sangh they have devised a new mechanism for deciding salary structure. This research study is helpful for me to gain knowledge about salary administration and opinion of employees regarding their salary.

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