COMPENSATION MANAGEMENT PRACTICES AND ITS IMPACT ON WORK LIFE OF PRIVATE BANK EMPLOYEES WITH REFERENCE TO HYDERABAD CITY-A STUDY

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Abstract
The study on the compensation management was undertaken with the objective of getting an insight into the compensation policies and practices in an organization. The present study focuses on understanding how the pay rates are established, the procedure involved in this. The study aims to find out the impact of the compensation on the employee productivity and the employee perception and satisfaction levels towards the compensation.

The study is done at Hyderabad in Private sector banks with the employees as the respondents of the study. The sampling technique used was convenience sampling. The respondents were asked to fill the questionnaires and thus the primary data is collected. Secondary data was collected from various sources like books, survey reports, web etc. The study is based on the hypotheses that the employee production and retention are not related to the compensation in an organization.

The data collected from the primary source and the secondary sources was analyzed using appropriate research tools like graphs, tables etc. From the study, it was found that the employees are satisfied with the compensation and the salary administration policy and they feel that their compensation is worth the value of their position. And the employees agree that the compensation policy in their organization helps employees and their families achieve improved quality of life and financial security.

Key Words: Compensation Management, Private Bank Employees, Employee Productivity.

1. INTRODUCTION
The term compensation as a substitute word for wages and salaries is of recent origin. Wages is now considered as a cost factor. Therefore, strategic management of wages and salaries is very important for organizations. It has become imperative for organizations to balance the cost of compensation and employee motivation (for retention) to survive in a competitive world.

Employee compensation is a better team than employee benefits or wages or salaries. What the employee provides the employer is a labor service, usually known as work. This labour service consists of many different kinds of employee behaviour, such as showing up regularly and on time, carrying out tasks dependently, cooperative with others and making useful suggestions.

Pay or compensation represents an exchange between the employee and the organization. Each gives something in return for something else. In the past, the compensation issue was often confidential and governed by individual employer's preference and choice. However, in today's competitive world, compensation issues are more transparent.

Different scholars in different countries have defined the world compensation from different perspectives. Globally, almost every country views compensation as a measure of justice. Also, some countries (particularly developed ones) consider compensation as a means of protection against potential job loss.

Compensation should be fair, irrespective of economic consideration. Many scholars believe that compensation is the outcome of productivity. In India, right from Vedic Age, the volume of work and the time required to perform the work were considered to decide compensation.

The modern definition of compensation, however, considers both intrinsic and extrinsic components of compensation. While extrinsic compensation covers both monetary and non-monetary rewards, intrinsic compensation covers both monetary and non-monetary rewards; intrinsic compensation reflects the employees' mental satisfaction with their job accomplishments.

2. LITERATURE REVIEW
The use of compensation-based incentives is a well-known research issue, although it is less prominent in OM than in organizational behaviour and economics. Jensen and Meckling (1976) and Cadsby *et al.* (2007), among others, define

compensation-based incentives as variable money paid by principals to agents based on their actions or performance. Locke (1968), Klein (1973), and Ross (1973) published seminal studies on incentives; however, it was mainly in the 1980s and 1990s that using incentives to influence organizational behaviour started being viewed as a major business phenomenon (Zenger and Marshall, 1995; Bucklin and Dickinson, 2001).

As documented elsewhere (Bloom and Milkovich, 1998; Prendergast, 1999), relationships between incentives and effort have been significantly explored in studies of agency and related economic-behavioural theories (Bonner and Sprinkle, 2002; Gibbons, 2005). Honeywell-Johnson and Dickinson (1999), Prendergast (1999) and Bucklin and Dickinson (2001) provided extensive reviews of the incentives literature, yet Prendergast (1999) identified a lack of empirical studies on incentives, a problem we believe is still standing.

Incentives are offered by principals to align the objectives of agents to their own objectives (Jensen and Meckling, 1976; Prendergast, 1999; Gibbons, 2005). Without having a risk component of income, agents might exert inadequate effort or pursue objectives that were different from those of principals (Prendergast, 1999; Knight *et al.*, 2001; Bénabou and Tirole, 2003; Cadsby *et al.*, 2007). As indicated in Klein (1973), Mitchell and Mickel (1999) and Bassett-Jones and Lloyd (2005) among others, similar arguments are proposed in reinforcement and expectancy theories of organizational behaviour.

The OM literature on incentives addresses two alternative objectives with incentives adoption. Some authors view incentives as direct predictors of performance; however, most of them, e.g. Jarimo and Kulmala (2008) and Lu *et al.* (2009), appear to rely more on mathematical modeling than on empirical evidence. With a model akin to ours, Malhotra *et al.* (2001) found that "equity of incentives" moderated relationships between the "sophistication" of a CAD technology, and product design flexibility and quality in manufacturing.

Several research fields focus on the concept of learning at work, many of them promoting the idea of so-called learning organizations. The idea of a learning organization is ambiguous and can include anything from planning systems for formal on-the-job training to the organization of the informal learning that occurs as people perform their work. Moreover, the theoretical views vary and roughly there are four partly conflicting views on learning at work, views that are often "freshly" mixed and perhaps even confusing (Fenwick, 2006).

The first approach is what we call "pragmatic" and is clearly embedded in the modern management concepts and in the common-sense view of learning. This approach focuses mainly on the individual. Learning is seen as a practical method and something that can be captured, measured, managed and planned on both the individual and organizational level (Szulanski, 2003). Learning is sometimes described in terms of specific tacit knowledge. This version of learning is often connected to discussions of education, skills and formal qualifications. New types of work tasks demand a new type of competence. Learning, skills and knowledge are seen as outcomes and products, "black boxes", that can be created, stored, used, exchanged and moved from one part of the organization to another.

The second approach can be called "cultural". Because it emanates from the first one, it is quite similar although more about individuals' learning of new value systems, attitudes and methods (i.e. teamwork, willingness for change, entrepreneurship and agency). The idea is that this will bring a broader cultural change in the organization. Many of the most common definitions of learning organization are built on Senge's models of the five disciplines; system thinking, personal mastery, mental models, team learning and shared vision. Other focal points have been psychological ideas that address motivation, attitudes, behavior and leadership styles among individuals, but also ideas of communities of practice. Like the first approach it often has a clear top-down perspective.

The third approach, the "creating" approach, is related to the above ones, but has a more bottom-up perspective. Here, learning is even more seen as important in itself – a process and an organizational phenomenon. The focus is on the collective, constant and simultaneous creating and sharing of knowledge in the organization. Some researchers discuss experiences, micro-interactions and relations, while others discuss workplace structures, activities and different forms of development-oriented learning embedded in the work tasks (e.g. Ellström, 2006, 2008). This situated and informal learning can be likened to the "everyday learning" that takes place as part of the professional exercise. These ideas sometime draw from Wenger's (1998) notion of communities of practice and Säljö's (2000) contextual learning – individuals learning through continuous participation in social practices and contexts. In its broadest terms, learning is seen as sense-making, as the continuous collective construction of a social reality (Billett, 2000). As with the two approaches above, this can also be found in the management concepts (where workplace learning is seen as a tool to create agency, creativity, innovation, and change), but perhaps even more in research on learning organizations and learning in work.

In all three approaches above, learning is by definition good and unproblematic and is seen as positive processes and results. The discourse on learning can certainly be described as infused with value. In other words, learning means deliberate and desired learning. Employees are meant to learn specific things that are good and sometimes necessary for them. The win-win idea is strong, especially in the modern management concepts' version of learning organizations. What is good for the organization is also good for the employee. There is also a movement towards individualism, sometimes described in terms of empowerment, emancipation, autonomy and self-control. In the same positive way, work, workplace, organization, communication, relationships, groups, the collective and communities of practice are seen as unproblematic and just ways of supporting learning (Fenwick, 2006).

Although such a "glorifying" and sometimes simplistic approach to learning is probably necessary for implementing a learning organization, there are of course a number of criticisms (Fenwick, 2006). We group these critiques into the fourth approach, the "critical" approach. This approach often highlights the other side of the coin by discussing, for example, discourses, power aspects, unplanned and unintentional learning at workplaces or even learning gaps. The hidden curriculum of workplace learning includes the ongoing process of qualifying, selecting, adapting and shaping the attitudes of employees with regard to organizational culture, workplace tasks and occupational health conditions: this is sometimes a process that is on the verge of indoctrination and manipulation (Gerhardi and Nicolini, 2000; Ahl, 2006). This form of learning is sometimes discussed as socialization, as a part of the process of becoming a full member of an organization (Wenger, 1998) or a sub-group. People learn very quickly what counts in the organization and adapt accordingly. Members of an organization create, consciously or not, ideas, opinions, attitudes and actions together – for good and for bad. Sometimes this can mean reproducing the status quo (Abrahamsson, 2006) and be in direct conflict with intentional and planned learning at the workplace. Examples of negative aspects that are learned are subordination, passivity and helplessness or accepting a worse work environment than what is appropriate or needed.

3. RESEARCH METHODOLOGY
Productivity improvement does not rely for its success on the application of specific productivity techniques - it depends much more on the commitment and creativity of all members of the organization. However, the techniques cannot be ignored - they are the armory of approaches to improving productivity. They must not be regarded as the providers of improved productivity but as assisting agents in the process, a part of the overall approach. Ideally they should be provided by the productivity specialists for deployment by the operational staff and work groups. Such specialist staff thus becomes correctly providers of support services. One of the terms in general usage for such specialist staff is that of "management services". In the light of our desire to fully involve all members of the organization, and not just managers, in our productivity improvement programme, perhaps another title is required. To fully represent their new role, perhaps that of "productivity support" or "productivity services officers" is more appropriate as a job title for such specialists.

There are a number of approaches and techniques which have grown out of the productivity movement - work study, organization and methods, operational research, etc. - and to deny or ignore their existence would be foolish. They must, though, be used as part of a structured and targeted campaign aimed at examining and improving all the relevant factors that contribute to output-enhancing productivity. That means that they should not be employed in a mechanistic way but rather that the questioning and analytical approach they normally use should be harnessed together with the intuitive and creative approach that can be obtained through the motivation and enthusing of the workforce.

NEED OF THE STUDY
The compensation management play's vital role in the employee productivity. The study compensation management gives the brief information about the employee compensation in the organization and it explains employee reward system and it determine the performance of employee on their work. The Rationale for the study is to design the suitable compensation package for employees which is Cost Effective and at the same time provides Job Motivation to Employees.

SCOPE OF THE STUDY
The study focuses on compensation management in the Private sector Banks in Hyderabad. It gives the detail information on employee compensation based on their performance and employee levels in Private Banks.
This project is to study of the compensation management strategies & to evaluate the behavior & performance of employee on their work

OBJECTIVES OF THE STUDY
1. To Study the impact of compensation management on performance level of Private bank employees in Hyderabad.
2. To know the various types of compensations provided by the company.

3. To identify the satisfaction level of employees of their compensation.
4. To Study the problems related to Compensation faced by Bank Employees and bring out suitable measures to solve them

Data was collected from the Bank employees of HDFC, ICICI, AXIS and Kotak Mahindra Bank form part of 100 Sample units randomly using well-structured questionnaire and the results were analyzed using charts and graphs.

LIMITATIONS OF THE STUDY
1. The study was undertaken from among respondents residing in Hyderabad city only.
2. The Study was undertaken for a period of 40-50 days
3. The sample size is Limited to 100 only.
4. The opinion of the Respondents may change during post Research period.

4. DATA FINDINGS
1. Compensation available in the organization
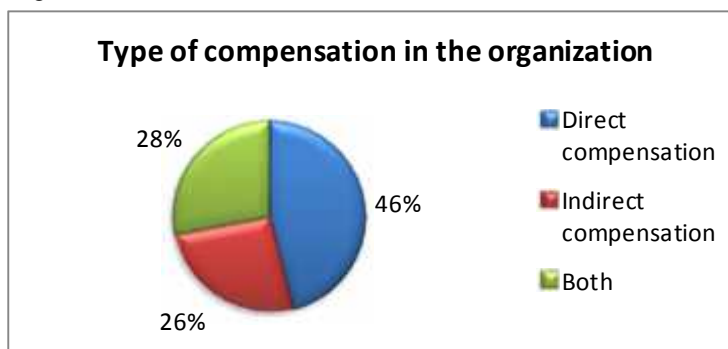

Figure- 1

2. on what basis of providing compensation to the employees?
   a. Base pay   b. Commissions   c. Overtime pay   d. Merit pay   e. Profit sharing   f. Stock options   g. Allowances   h. Benefits
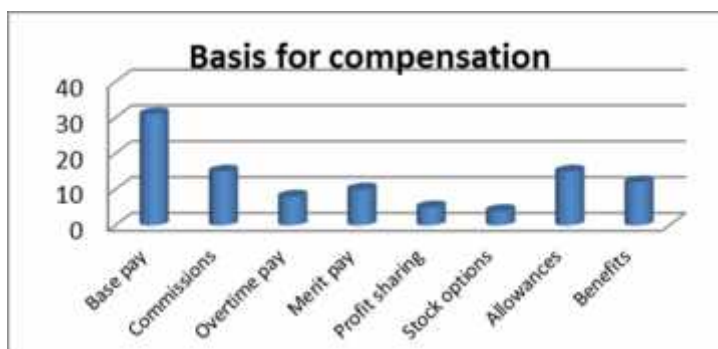

Figure- 2

3. Kind of compensation do employees prefer?
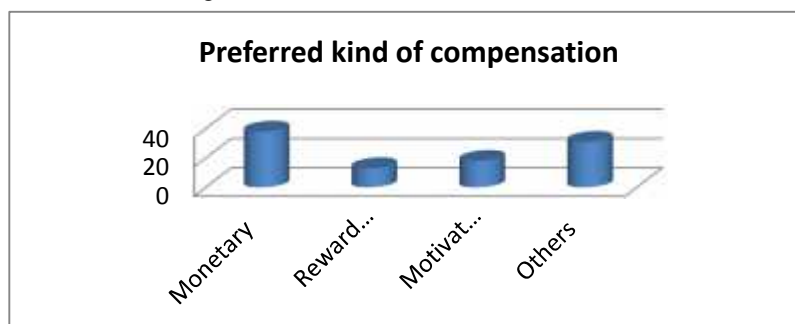   a. Monetary   b. Rewarding   c. Motivation   d. Others

Figure - 3

4. The level of satisfaction with the compensation received
    a. Highly satisfied   b. satisfied   c. Neither satisfied nor dissatisfied   d. Not satisfied   e. highly dissatisfied
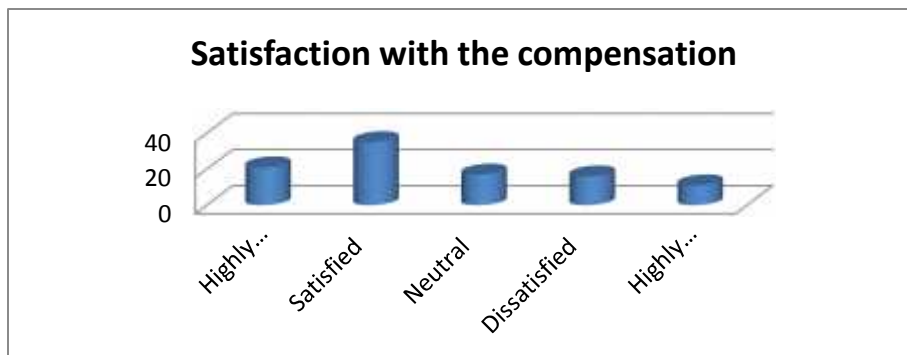
Satisfaction with the compensation

Figure - 4

5. The level of satisfaction with the salary administration policy in your organization.
    a. Highly satisfied   b. satisfied   c. Neither satisfied nor dissatisfied
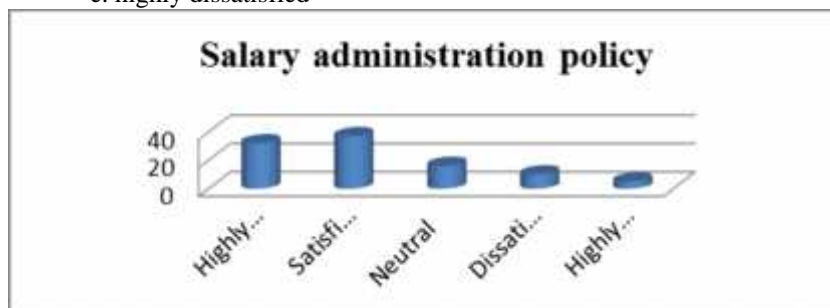   d. Not satisfied   e. highly dissatisfied

Salary administration policy

Figure - 5

6. The compensation package provided to the employees by your organization?
    a. Fair   b. Good   c. Satisfactory   d. Poor   e. Worst
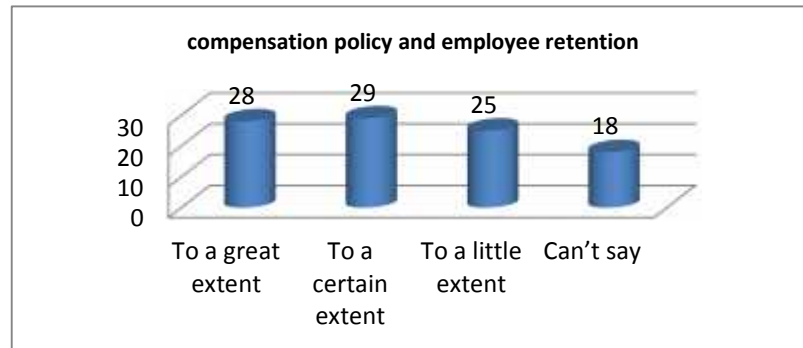
Compensation package

Figure- 6

7. Compensation fit with the value of your position
    a. Yes   b. No

**compensation fit with the value of position**

12%

88%

■ Yes
■ No
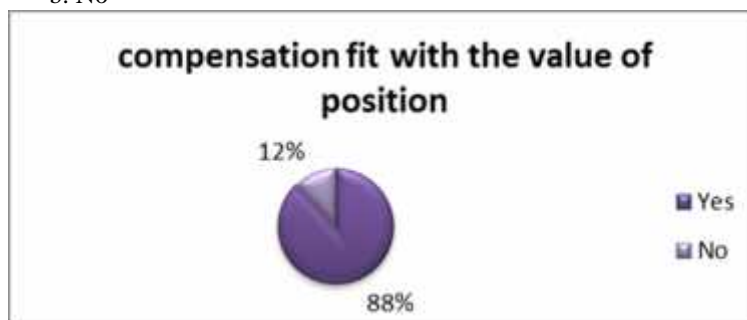
8. The compensation policy in your organization able to retain employees
  a. To a great extent b. To a certain extent   c. To a little extent   d. Can't say

compensation policy and employee retention

28   29   25   18

9. The dependency of the employee productivity on the employee compensation, according to you is ____
  a. Very high   b. High c. Average   d. Low   e. Too low

Dependency of the employee productivity on compensation
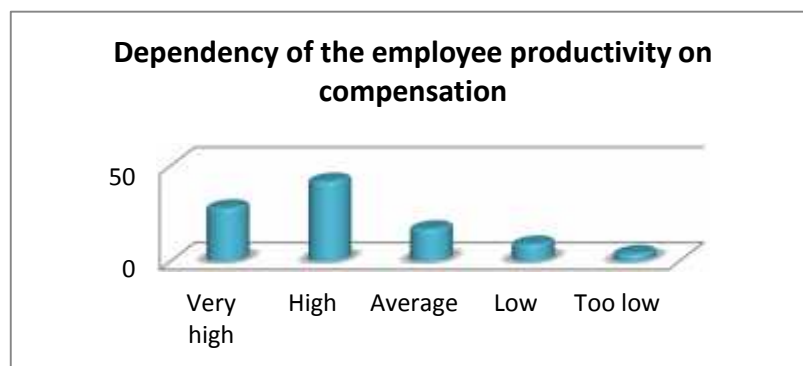
DATA FINDINGS
1. 46% of the respondents are compensated with direct compensation and 26% of the respondents are compensated with indirect compensation and the remaining are compensated with both.
2. The majority of the organizations are providing compensation on the base pay, commissions, overtime pay, merit pay, profit sharing, stock options, allowances and other benefits.
3. Most of the respondents prefer financial compensation followed by other types of compensations.
4. Half of the respondents are satisfied with the salary administration policy, salary and compensation which they receive from the organization.
5. 46 respondents feel that the cash is king in terms of employee compensation to a certain extent, 18 respondents feel to a great extent and 36 respondents feel that cash is king in terms of employee compensation to a little extent.
6. 88% of the respondents agree that the compensation fit with the value of position in the organization.
7. 76% of the organizations conduct salary survey and are conducted annually.
8. Above half of the respondents are unaware of the market value of salaries compared with the present salaries in the organization.
9. Only 18% of the organizations are unable to retain the employees with the compensation policy in the organization.
10. Almost all the employees feel that their productivity depends upon the compensation.

SUGGESTIONS
1. Nearly half of the employees are not satisfied with their compensation which calls for an immediate redesigning of the salary structure or hikes. The salary administration policy should also be taken proper care.
2. The management should not consider the compensation as the sole factor for getting the maximum output from the employees. Apart from compensation, importance should also be given to the other issues like autonomy, authority, work environment, motivation etc.

3. The organization should also conduct salary surveys regularly in order to have up to date information of the salaries in the market and should in par with the market so that the employees do not get disappointed or intend to switch to other companies.
4. The employees should be clearly communicated and encouraged to participate in the compensation management programs.
5. The compensation policy and the salary administration should be revised regularly in order to keep the compensation system effective.

CONCLUSION

The Performance of the employees depends on the existing compensation and performance management programs at an individual company. Typically, most employees respond to increases in pay and benefits with a positive and more productive attitude. However, the opposite is true as well. Sometimes, employees only notice rewards of a salary increase the day the increase is communicated to them, and the day they receive the first paycheck that includes the salary increase.

There are still some people in the work force that have a very strong work ethic, and continue to stay motivated regardless of the compensation package provided. On the other hand, there are also employees that need constant increases in pay, better benefits, more work-life balance, etc., in order to perform well on a consistent basis. In both of these cases, compensation is irrelevant and individuality is more important.

In the long run, the effects of compensation and benefits diminish as employees begin to feel a sense of loyalty and organizational commitment. When employees begin to feel they are an indispensable part of the organization, they often become dissatisfied with their compensation and benefits. Finally, when employees feel they are a superior part of an organization, they typically believe that the organization owes them much more than what they are already receiving. At this point, compensation is simply the glue which holds many dissatisfied employees in place. Furthermore, it does not mean that there is a positive correlation between better compensation and better performance.

On a final note, employee work ethic, loyalty, and good character far outweigh the effects of compensation and benefits. Highly competitive compensation packages do not make for talented employees. Rather, good employees make highly competitive compensation possible.

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