

# A STUDY ON ASSOCIATION OF DEMOGRAPHIC ATTRIBUTES WITH EMPLOYEE SATISFACTION: WITH RESPECT TO COMPENSATION POLICIES OF 'IT' SECTOR, HYDERABAD

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## ABSTRACT

*Compensation policy and benefits given by the organization are the key factors which attract the fresher's and also help in retaining the existing employees. If a talented employee not satisfied with the compensation and benefits, his performance will effect adversely. Hence, the organization should take care such that the employee is satisfied with the compensation and benefits. Employee satisfaction is an important factor which helps the organization in withstanding the competition and also in running successfully. Hence, the compensation policy and benefits should be designed carefully by the organization. In general every compensation policy is the sum of base salary, travelling allowances, dearness allowances, house rent allowances, bonuses, yearly increment etc., and the benefits include refreshments, food facility, medical facility, retirement benefits, paid holidays etc.. IT sector is one of the most successful and dominant sectors in providing employment. Hence, in this study it is focused on association of demographic attributes of IT employees with respect to the employee satisfaction towards compensation and benefits in IT sector is considered. The present study gives a clear view that there is an association of demographics with satisfaction of employees in few attributes and there is no association in few others. So that it is concluded that the compensation policy makers has to consider these attributes also while farming policies or making change of any existing compensation policies. Therefore talented employees can be retained and new talent attract as well.*

**Keywords:** Employee satisfaction, Compensation policy, demographics

## I. INTRODUCTION

In this era of frequent corporate restructuring and rapid technological change successful companies must have employees who are open to innovation and to changing roles and are able to work together productively. Employees most likely to be adaptable, cooperative and productive are those who are satisfied with their jobs. Job satisfaction is also an extremely useful predictor for management. An employee's level of job satisfaction is the single most important piece of data a manager or organization can have to predict an employee's rate absenteeism, decision to resign or retire. Employee level of satisfaction is based not only on events in the present and past but also on his perceptions of the future. The factors affecting the satisfaction of the employee are good pay, promotions, good working conditions, work load and stress level, respect from co-workers, relationship with supervisors, financial rewards.

Compensation can be regarded as the total monetary value given to the employee in return to his working. Total compensation generally includes base salary, bonuses, dearness allowances, house rent allowances, travel allowances and other monetary rewards. Compensation can be differentiated from benefits mainly through the pay that is, the total amount paid to the employee by the organization.

Types of compensation

There are various types of compensations. Based on nature of work compensation is divided into three types, they are:

- **Basic compensation:** some companies give basic pay as compensation to the employees. Depending on the pay grade the basic pay scale changes. The one with higher qualifications receive higher base salary, whereas the one with low qualification receives less base salary.
- **Performance related compensation:** Some companies give compensation based on their performance. This involves unit production or the whole organization performance. Sometimes it is also based on individual, team, unit performance.
- **Piece rate compensation:** Some companies, mainly manufacturing companies pay the employees according to piece rate compensation. The more number of units or pieces the employee, the more is the compensation. It can also be defined as commission based pay, where each single piece produced has certain percentage of total revenue to be paid to the employee.

## II. REVIEW OF LITERATURE

**Mishra and Wagh (2004)** in their study found that reward, work culture and environment, challenging job, delegation of powers have positive effect on job involvement.

**Chirayath (2006)** found that there is a close relationship between organizational climate and job satisfaction.

**Punnoose and Modekurti (2008)** in their study found that there exists a positive relationship between wages and output produced by the firms.

**Souza and Noronha (2011)** in their work have attempted to find the relationship between labor welfare activities and job satisfaction. Employees in the Multinational companies reported better provisions of labour welfare facilities and had higher level of job satisfaction.

**Gupta, Conroy & Delery (2012)** in his study on pay variations and organizational outcome examined whether pay differences across organizational hierarchy help in achieving organization's strategic objective and whether the variation also influence employee's performance. They defined pay variation as the extent to which pay varies within a collective.

**Gieter & Pepermans (2013)** explained that there are individual differences in the link between job rewards and job satisfaction. They found that for some people extrinsic rewards are related to satisfaction, whereas for other people intrinsic reward could result in improving job satisfaction.

**Peters and Hopkins (2014)** from their study suggest employees whose workload was characterized as high effort/low reward had significantly greater rates of dissatisfaction.

**Lardner (2015)** in his study found that strong reward culture in an organization positively affects employee engagement and suggests that staff familiarity and awareness to the reward system will lead to higher levels of employee engagement and performance.

**Ismail and Razak (2016)** from their study revealed three key findings: first, job satisfaction is significantly correlated with job motivation. Second, intrinsic satisfaction is significantly correlated with job motivation. Third, extrinsic satisfaction is significantly correlated with job motivation. These findings demonstrate that the ability of administrators to provide adequate intrinsic satisfaction and extrinsic satisfaction may lead to greater employees' job motivation.

**Calvin and Bongani (2017)** from their studies say that it is imperative to understand the complex nature in the compensation, job satisfaction relationship and how to improve compensation in order to meet the needs of employees. Hence, they recommend designing a rewards strategy in order to retain employees.

**James Heskett (2018)** says that disclosing employee's compensation within the organization is helpful in two ways: it quantifies what value the company puts on each function ... (and) it allows employees to get a clear idea about where they are within their compensation band.

### III. RESEARCH METHODOLOGY

The design of present study is empirical. The research objectives, hypothesis and statistical tools of analysis are made accordingly. The suggestions of the study emerged from the inferences drawn from the sample survey of middle level management employees in HCL Technologies Company in kondapur located in Telangana State. Questionnaire had been constructed to understand the contribution of various components towards employee satisfaction towards compensation policies of the organization.

The survey method was used in this study for data collection through structured questionnaires. The relevant secondary data was collected through journals, magazines, newspapers, research articles, published information. In this study, the responses for the questionnaire were collected online to overcome the difficulty involved in reaching the respondents. The respondents are the middle level management employees of HCL Technologies located in kondapur in Telangana state.

As the population considered is only the middle level management employees of HCL Technologies (Hyderabad), the population size is below 1000 from that 10 per cent were taken as sample size for the study that is 100. The sampling method followed in this research is convenience sampling method.

### IV. OBJECTIVE

- To study the association of demographics of IT employees with their satisfaction regarding compensation.

### V. HYPOTHESES

$H_{0_1}$ : There is no association of demographics on satisfaction of employees with reference to compensation policies of the company.

$H_{0_{1a}}$ : Gender has no significant association with satisfaction of employee with compensation policies of the company.

$H_{0_{1b}}$ : Age has no significant association with satisfaction of employee with compensation policies of the company.

$H_{0_{1c}}$ : Experience has no significant association with satisfaction of employees with compensation policies of the company.

$H_{0_{1d}}$ : Marital status has no significant association with satisfaction of employees with compensation policies of the company.

$H_{0_{1e}}$ : Qualification has no significant association with satisfaction of employees with compensation policies of the company.

### VI. DATA ANALYSIS

In the present research, the reliability of questionnaire was determined by using Cronbach's coefficient alpha.

Table no.:2 Reliability table

Cronbach's Alpha	N of Items
.958	45

As per Table, the reliability coefficient indicate that the scale for measuring is quite optimum. An alpha value of 0.7 or above is considered to be the criterion for demonstrating internal consistency of new scale and established scales respectively.

## ➤ Hypotheses Testing

### A). Gender Vs satisfaction of employees

Null hypothesis ( $H_{01a}$ )

Gender has no significant association with satisfaction of employee with compensation policies of the company.

Alternate hypothesis ( $H_{11a}$ )

Gender has a significant association with employee satisfaction with compensation policies of the company.

A chi-square test is conducted on employee satisfaction with compensation policies and gender to know whether gender has any association with employee satisfaction with compensation policies of the company.

#### Gender \* Satisfaction towards Compensation and Benefits Cross tabulation

Table No.:3 Gender\* Satisfaction cross tabulation

		Satisfaction towards Compensation and Benefits					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Gender	Female	1	0	17	22	7	47
	Male	0	1	13	33	6	53
Total		1	1	30	55	13	100

Table no.:4 Gender chi square test table

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.466 <sup>a</sup>	4	.347
Likelihood Ratio	5.239	4	.264
Linear-by-Linear Association	.550	1	.458
N of Valid Cases	100		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .47.

**Inference:** The association between two variables are statistically independent as asymptotic significance (2-sided)  $>0.05$ . From the table it is clear that the values 0.347, 0.264 and 0.458 are  $>0.05$ , where the null hypothesis is accepted. The cross tabs and Chi Square analysis indicate that null hypothesis is accepted. Therefore, there is no significant association of gender with satisfaction of employee with compensation policies of the organization.

### B). Age Vs satisfaction of employees

Null hypothesis ( $H_{01b}$ ):

Age has no significant association with satisfaction of employee with compensation policies of the company.

Alternate hypothesis ( $H_{11b}$ )

Age has a significant association with employee satisfaction with compensation policies of the company.

A chi-square test is conducted on employee satisfaction with compensation policies and age groups to know whether age groups have any association with employee satisfaction with compensation policies of the company.

#### AGE \* Satisfaction towards Compensation and Benefits Cross tabulation

Table no.:5 Age\*Satisfaction Cross tabulation

		Satisfaction towards Compensation and Benefits					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
AGE	Bellow 30	0	1	12	24	0	37
	31 – 40	1	0	9	28	0	38
	41 – 50	0	0	8	2	13	23
	Above 50	0	0	1	1	0	2
Total		1	1	30	55	13	100

Table no.:6 Age chi square test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	59.918 <sup>a</sup>	12	.000
Likelihood Ratio	59.867	12	.000
Linear-by-Linear Association	6.326	1	.012
N of Valid Cases	100		

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .02.

**Inference:** The association between two variables are statistically dependent because asymptotic significance (2-sided) <0.05. From the table it is clear that the values 0.000, 0.000 and 0.012 are <0.05, where the null hypothesis is rejected. The cross tabs and Chi Square analysis indicate that null hypothesis is rejected. Therefore, there is a significant association of age on satisfaction of employee with compensation policies of the organization. From the table 5 above it shows that more than 55 per cent employees are agreed that they are satisfied with compensation policy of the company (24% of bellow 30 year, 28% of 31 year to 40years respectively).

### C). Experience Vs satisfaction of employees

Null hypothesis (H<sub>0c</sub>):

Experience has no significant association with satisfaction of employees with compensation policies of the company.

Alternate hypothesis (H<sub>1c</sub>):

Experience has a significant association with employee satisfaction with compensation policies of the company.

A chi-square test is conducted on employee satisfaction with compensation policies and employee experience to know whether his/her work experience has any association with employee satisfaction with compensation policies of the company.

### Experience in present organization \* Satisfaction towards Compensation and Benefits Cross tabulation

Table no.:7 Experience in present organization\*Satisfaction cross tabulation

	Satisfaction towards Compensation and Benefits					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Experience in present organization 0-2 years	0	0	14	22	0	36
Experience in present organization 3-5 year	0	1	1	20	0	22
Experience in present organization 6-9 years	0	0	8	4	0	12
Experience in present organization > 9 years	1	0	7	9	13	30
Total	1	1	30	55	13	100

Table no.8 Experience chi square test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	57.570 <sup>a</sup>	12	.000
Likelihood Ratio	59.310	12	.000
Linear-by-Linear Association	4.953	1	.026
N of Valid Cases	100		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .12.

### Inference:

The association between two variables are statistically dependent because asymptotic significance (2-sided) <0.05. From the table it is clear that the values 0.000, 0.000 and 0.026 are <0.05, where the null hypothesis is rejected. The cross tabs and Chi Square analysis indicate that null hypothesis is rejected. Therefore, there is a significant

association of experience on satisfaction of employee with compensation policies of the organization. From the table 7 above it shows that more than 55 per cent employees are agreed that they are satisfied with compensation policy of the company (22% of bellow 30 year, 20% of 31 year to 40years respectively).

#### D). Marital status Vs satisfaction of employees

Null hypothesis ( $H_{0d}$ ):

Marital status has no significant association with satisfaction of employees with compensation policies of the company.

Alternate hypothesis ( $H_{1d}$ ):

Experience has a significant association with employee satisfaction with compensation policies of the company.

A chi-square test is conducted on employee satisfaction with compensation policies and employee marital status to know whether marriage has any association with employee satisfaction with compensation policies of the company.

#### Marital status \* Satisfaction towards Compensation and Benefits Cross tabulation

Table no.:9 Marital status\*Satisfaction cross tabulation

		Satisfaction towards Compensation and Benefits				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Marital status	Married	1	1	16	32	12
	Unmarried	0	0	14	23	1
Total		1	1	30	55	13

#### Marital status \* Satisfaction towards Compensation and Benefits Cross tabulation

Table no.:10 Marital Status\*Satisfaction cross tabulation

		Total
Marital status	Married	62
	Unmarried	38
Total		100

Table no.:11 marital status chi square test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.591 <sup>a</sup>	4	.108
Likelihood Ratio	9.540	4	.049
Linear-by-Linear Association	1.768	1	.184
N of Valid Cases	100		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .38.

#### Inference:

The association between two variables are statistically independent as asymptotic significance (2-sided)  $>0.05$ . From the table it is clear that the values 0.108, 0.049 and 0.184 are  $>0.05$ , where the null hypothesis is accepted. The cross tabs and Chi Square analysis indicate that null hypothesis is accepted. Therefore, there is no significant association of marital status with satisfaction of employee with compensation policies of the organization.

#### E). Qualification Vs satisfaction of employees

Null hypothesis ( $H_{0e}$ ):

Qualification has no significant effect on satisfaction of employees with compensation policies of the company.

Alternate hypothesis ( $H_{1e}$ ):

Qualification has a significant effect on employee satisfaction with compensation policies of the company.

A chi-square test is conducted on employee satisfaction with compensation policies and qualification to know whether educational qualification has any association with employee satisfaction with compensation policies of the company.

### Qualification \* Satisfaction towards Compensation and Benefits Cross tabulation

Table no.:12 Qualification\*Satisfaction cross tabulation

		Satisfaction towards Compensation and Benefits				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Qualification	Graduation	0	1	21	25	8
	PG	1	0	9	30	5
Total		1	1	30	55	13

### Qualification \* Satisfaction towards Compensation and Benefits Cross tabulation

Table no.:13 Qualification\*Satisfaction cross tabulation

		Total
Qualification	Graduation	55
	PG	45
Total		100

Table no.:14 Qualification chi square test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.017 <sup>a</sup>	4	.135
Likelihood Ratio	7.862	4	.097
Linear-by-Linear Association	.658	1	.417
N of Valid Cases	100		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .45.

### Inference:

The association between two variables is statistically independent if asymptotic significance (2-sided) <0.05. From the table it is clear that the values 0.135, 0.097 and 0.417 are >0.05, where the null hypothesis is accepted. The cross tabs and Chi Square analysis indicate that null hypothesis is accepted. Therefore, there is no significant association of qualification on satisfaction of employee with compensation policies of the organization.

## VII. FINDINGS

The following are the results from chi square test:

- There is no significant association of gender with satisfaction of employee with compensation policies of the organization. Out of 100 selected employees, 47 belong to female and 53 belong to male. 17 female and 13 male cannot stand either side but 22 female and 33 male agreed that the compensation policies make satisfaction to them. But as per chi-square results it is proved that the gender has no significance with employee satisfaction in IT companies. Therefore gender has no role on employee satisfaction with respect to compensation in IT companies of Hyderabad.
- There is a significant association of age on satisfaction of employee with compensation policies of the organization. The result shows that more than 55 per cent employees are agreed that they are satisfied with compensation policy of the company (24% of bellow 30 year, 28% of 31 year to 40years respectively). Therefore bellow 40 age group employees are more particular about their compensation and based on that their satisfaction level will effects in the company.

- There is a significant association of experience on satisfaction of employee with compensation policies of the organization. It shows that more than 55 per cent employees are agreed that they are satisfied with compensation policy of the company (22% of below 30 year, 20% of 31 year to 40years respectively). It proved that less than 5 years of experienced employees are particularly linking their satisfaction with the salaries and other compensation benefits they avail.
- There is no significant association of marital status with satisfaction of employee with compensation policies of the organization. There are 62 married and 38 unmarried employees were selected for the study but as per hi-square results it proved that marital status has no role in employee satisfaction in IT sector of Hyderabad.
- There is no significant association of qualification on satisfaction of employee with compensation policies of the organization. In selected respondents there are 55 graduates and 45 post graduates are there but the results says that employees educational qualification is not matters their satisfaction in Hyderabad IT sector.

## VIII. CONCLUSION

The employee satisfaction towards compensation policies plays a key role in helping the organization to retain the employees and also to attract the new employees. In this study it is specifically focused on association of demographic attributes of IT employees with respect to the employee satisfaction towards compensation and benefits in IT sector is considered. There are only five attributes were selected for the study based on convenience, answerability of selected respondents to get accurate/ most reliable responses for the study. The study given a clear view that there is an association of demographics with satisfaction of employees in few attributes and there is no association in few others. In case of age and experience it is proved that these attribute have association with employee's satisfaction whereas gender, marital status and qualification has no role to play on satisfaction on compensation. Therefore it is better to consider employees age and experience while fixing compensation to newly recruiting new employees and increments and incentives in case of existing employees. So that it is concluded that the compensation policy makers has to consider age and experience attributes also while farming policies or making change of any existing compensation policies. Therefore talented employees can be retained and new talent attract as well.



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