An Empirical Study on Compensation Management Practices in Digital Marketing Company

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Abstract
Compensation management is often referred as salary and wage administration. Human resource management department designs compensation policy. Organizations can be competitive if they update their compensation package according to market conditions. Standard human resource policy gives high priority for better compensation package. The parameters considered while designing compensation management are job responsibilities, experience, company budget and job market. Human resource managers design compensation strategy through scorecard. Pay equity can be attained with competitive compensation package. The research was conducted to the employee working in Hyderabad digital marketing companies. The hypotheses were tested using chi square test, ANOVA & other statistical testing tools.

Keywords: Compensation Management, Human Resource Management, Digital Marketing

Introduction:
Compensation packages ensure appropriate pay for employees and it gives motivation for them to do their tasks. In large organizations human resource managers assign the task of compensation management to compensation manager. According to the size of organization, the complexity of compensation management increases. Some global organizations face challenges when are designing compensation package for expatriate employees. Based on the job roles and responsibilities, compensation manager need to think scientifically for designing compensation strategy. Everyone immediately thinks about salary when they hear the term compensation management. But along with salary employees expect many things like benefits, flexible work hours, and educational support, housing and employee assistance programs. All those elements are considered while designing compensation package. In this regard, this research work describes about compensation management at Digital Marketing Company it is also known as Digital Marketing Company's. Both terms Digital Marketing Company and Digital Marketing Companies are used interchangeably in this project report. Pay to representatives implies compensation to workers for the administrations delivered by them to the association. Ultimately, money is a trade-off for a representative's commitment to the organization. A worker's daily routine is significantly influenced by the remuneration they get from their employer, which has a direct impact on everything from their social standing to their motivation and productivity. Representative pay or worker compensation is critical to the success of an association or board because of its role in the development of the organization. A great deal of communication occurs between the company (the board or organization) and the representatives on matters related to compensation or rewards and perks or other advantageous assets. The HRM's ability to provide representative compensation is critical since each employee is concerned mainly with the salary, scale, and other recompenses that they get. While each delegate aspires to get the highest possible monetary reward, each organization aims to contribute as little as possible in return. The executives, who are experts in human capital, have the difficult task of determining fair compensation and pay differentials for employees and their supervisors.

Review of Literature

Tripathi and Solanki (2020) had taken approximately seventy companies from BSE FMCG sector. They have described about employee compensation, shareholders wealth and economic valued added. It is found that managers are positive and feeling it as their own company and thereby working towards organizational goal. Mahajan (2020) had described that panic had been created in Indian FMCG sector due to pandemic Covid-19 recently. Organizational pay structure had been affected with negative effect of Covid-19. Even though FMCG are more essential products, the consumption pattern had changed a lot and it got negative impact on profitability.

Karanth et al (2018) had described about compensation for people in India due to calamities. When natural environment cause trouble to farmers then compensation is given to overcome the crisis situation. Compensation management is a scientific procedure to fix funds for a particular activity performed by employees in organization. Khalid and Nawab (2018) had compared compensation management systems in six industries. It is found that compensation management is unique with regard to industry and in some industries again it is unique for each kind of job. Santhanam et al (2017) had conducted a study with a sample size of 294 and used multiple regression analysis. It is found from their study that compensation practices are associated with turnover intention of employees.

Singh (2019) had reviewed literature on employee retention and found that skill development programs and career advancements programs are more important for attaining retention of employees. Along with compensation, employees are more interested in flexible working hours and leadership of top management. Aruna and Anitha (2015) had conducted a study on elements important for Generation Y and found that career development and leadership style are important for staying with the organization. Modern employees are thinking about career advancement rather than job security.

Kundu and Lata (2017) had described that employee retention from the perspective of compensation management can be achieved by development of supportive work environment. Organizational engagement acts as mediating variables between employee retention and supportive work environment. Chatterjee (2016) had argued that growth of Indian economy had increased potential for job opportunities. Due to vast job opportunities people are moving between the organization and they are stay with their job. In this regard for making the employees to stay with organization, it is essential to design better compensation package.

Noe et al (2017) had explained that competitive advantage can be attained with employee retention and talent management. These both activities are dependent on design of better compensation package. Employees are looking for many things apart from competitive salary like paid vocation and flexible benefits plan. The standard human resource practices and traditional practices are not convincing the modern employees. But it is important to note that employee retention helps saving four times cost of recruitment. It means when employees are with the organization it helps organizations to sustain in the business.

Tung (2016) had described the association between globalization and compensation management. Now managers working in Multinational Corporation need to think globally and design the compensation packages. For motivating expatriate employees, human resource managers need to create better working environment in offshore location and salary which need to be paid with high compensation. Some organizations give both home country salaries along with salary in offshore location.

Research Objectives

➢ To examine the relationship between remuneration and employee happiness at a digital marketing company.
➢ To know the impact of compensation on employee retention at Digital Marketing Company.
➢ To know the association between employee retention and job satisfaction at Digital Marketing Company.

Statement of Problem

Employee retention had become an issue for modern organizations. Due to abundant opportunities and attractive salaries people are moving between organizations. When employee retention is attained then it leads to productivity in organization. Compensation management had been the important tool for achieving job satisfaction and employee retention. The perception of employees and their preferences towards compensation management had been important aspect for sustainability of Digital Marketing Company.

Scope of Research

Information Technology sector is huge and it is continuously growing at high speed. In this study only Digital Marketing Company's Products Company had been selected with regard to dairy and agribusiness industry. Only employees of Telangana in Digital Marketing Company have been considered for this study.

Hypothesis Statement

Compensation management helps in attaining organizational goals with regard to Digital Marketing Company.

Research Methodology

It is casual research with convenient sampling. The sample size for this study is 120 and they have been selected from different shifts and different branches of Digital Marketing Company. Employees have participated in this survey and they have given their opinion through rating scale.

Table 1: Variables in the Measurement Scale

Independent Variables	Dependent Variables
▪ Compensation ▪ Salary ▪ Leave Benefits ▪ Employee Benefits	▪ Job Satisfaction ▪ Employee Retention

Source of Data

Primary Data: Structured Closed-Ended Questionnaire.

Secondary Data: Books, Journals, Magazines, Internet and Company Website.
Each of the respondents had been explained about the objective of the study. Employees were met after completion of their shift. Prior consent was taken from store manager for conducting this research work. The privacy details of the employees have not been collected at any point of time while collecting the data. The

Research Testing Tools
- Bar charts
- Grouped bar charts
- Regression Analysis
- Correlation Analysis
- Descriptive Statistics
- Frequency Analysis
- One-way ANOVA Test
- Sentiment Analysis (Using R)

Limitations
- Employee may have not given their original intention.
- Respondents are from Telangana regions only, therefore results cannot be generazlied.
- Due to pandemic, it would be tough to understand salary structure of organizations.
- Sample size is small and they are selected based on convenience.
- Employees may have casually given response instead of giving their serious opinions or ratings for the items in the questionnaire.

Data Analysis and Interpretation

Figure 1: Gender and Total Work Experience
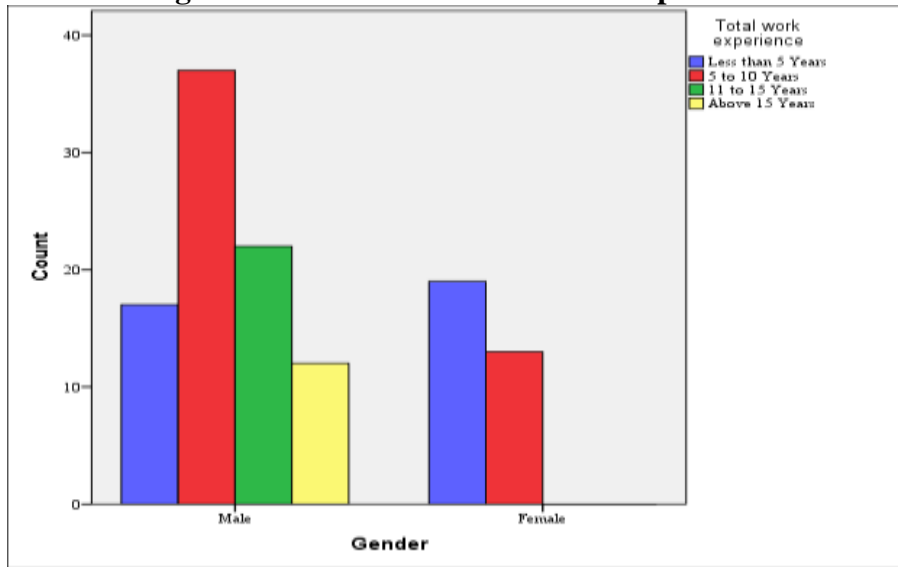
Interpretation: Above bar chart had been developed with category as gender and total work experience. It is found from the above that majority of the respondents in this survey are having experience from five to ten years. Among the male respondents, highly experienced with above fifteen years have participated in the survey.

**Figure 2: Marital Status and Preferred Employee Benefits**
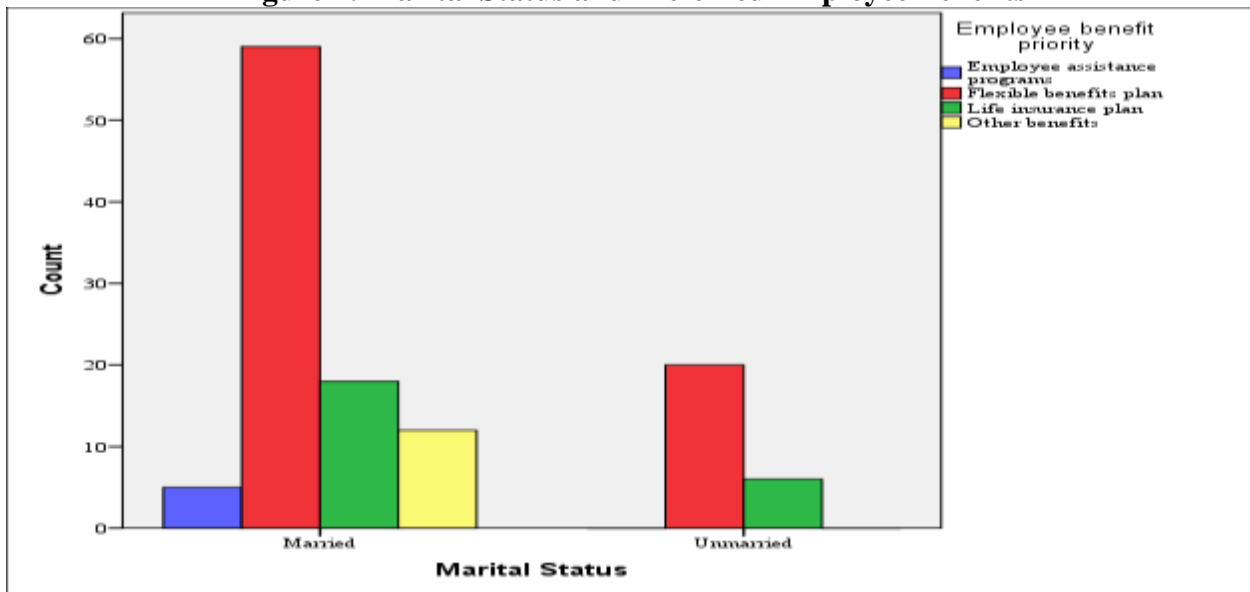
Interpretation: It is observed from the above group summary bar chart, that many respondents are having priority for flexible benefits plan. Next, they are thinking about life insurance plans. Both married and unmarried respondents are giving first priority towards flexible benefits plan. Next, insurance is second priority. Further married respondents have also opted for other benefits. It is important to know what other benefits they are expecting by future researchers.

Figure 3: Educational Qualification and Experience at Digital Marketing Company
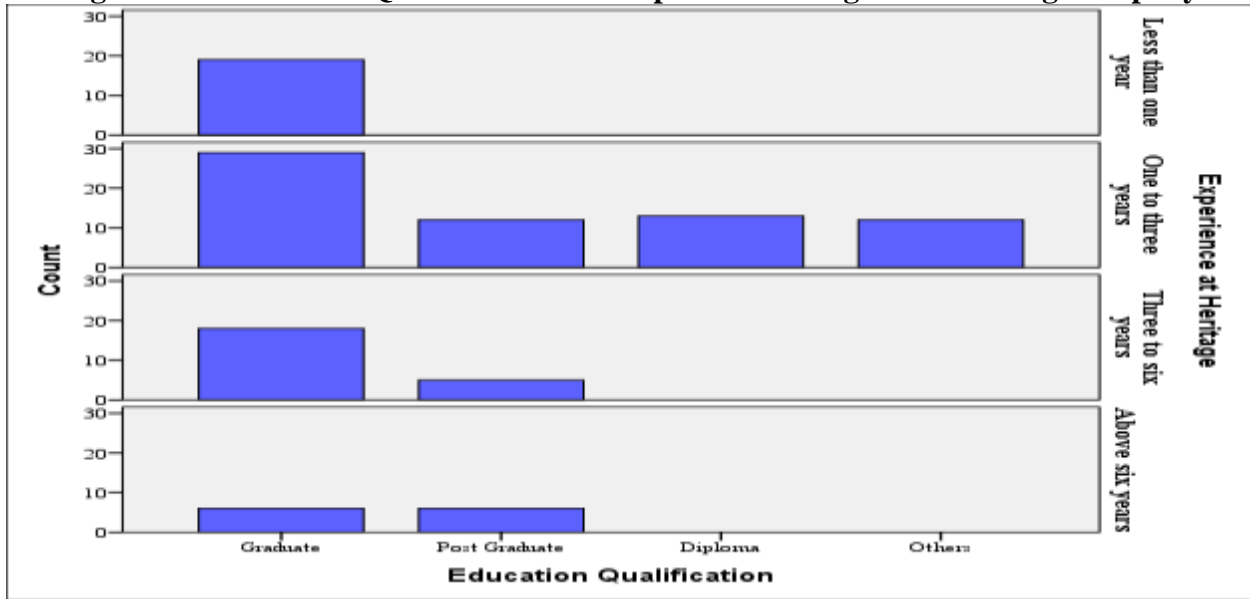

Interpretation: Group bar chart based on employee experience at Digital Marketing Company and education qualification had been developed using SPSS software. It is found that majority of the respondents are graduates with regard to educational qualification and employees with more post-graduation qualification are having more than one year experience at Digital Marketing Company.

**Figure 4: Total work experience and Compensation Policy**
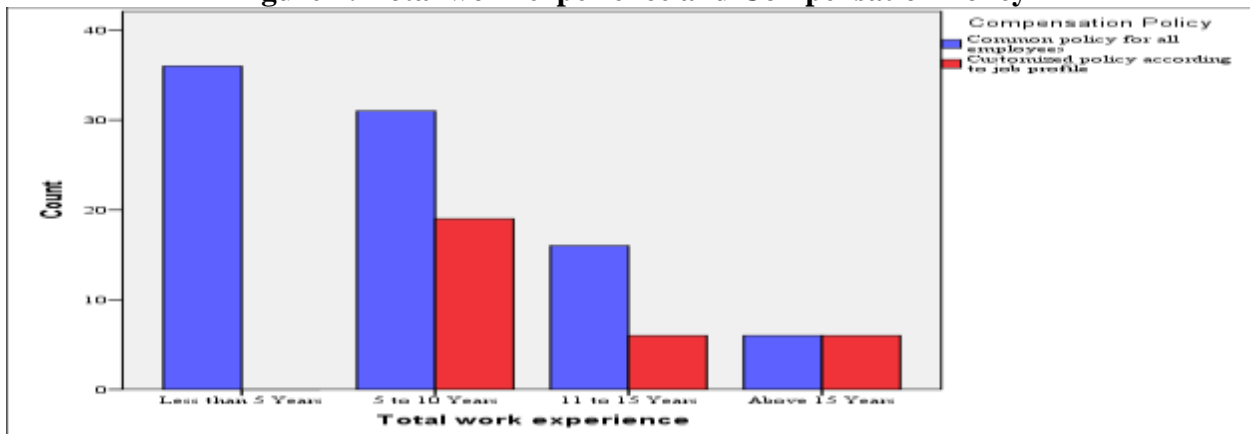
Interpretation: Based on total work experience the intention towards compensation policy had been displayed through above bar chart. Employees with above five years of experiencing are showing positive intention towards common policy and customized policy. But, employees with less than five years of experience are interested towards common compensation policy. It can be understood that employees after gaining experience they need customized compensation based on their contribution to the company.

Figure 5: Compensation Type and Age Category
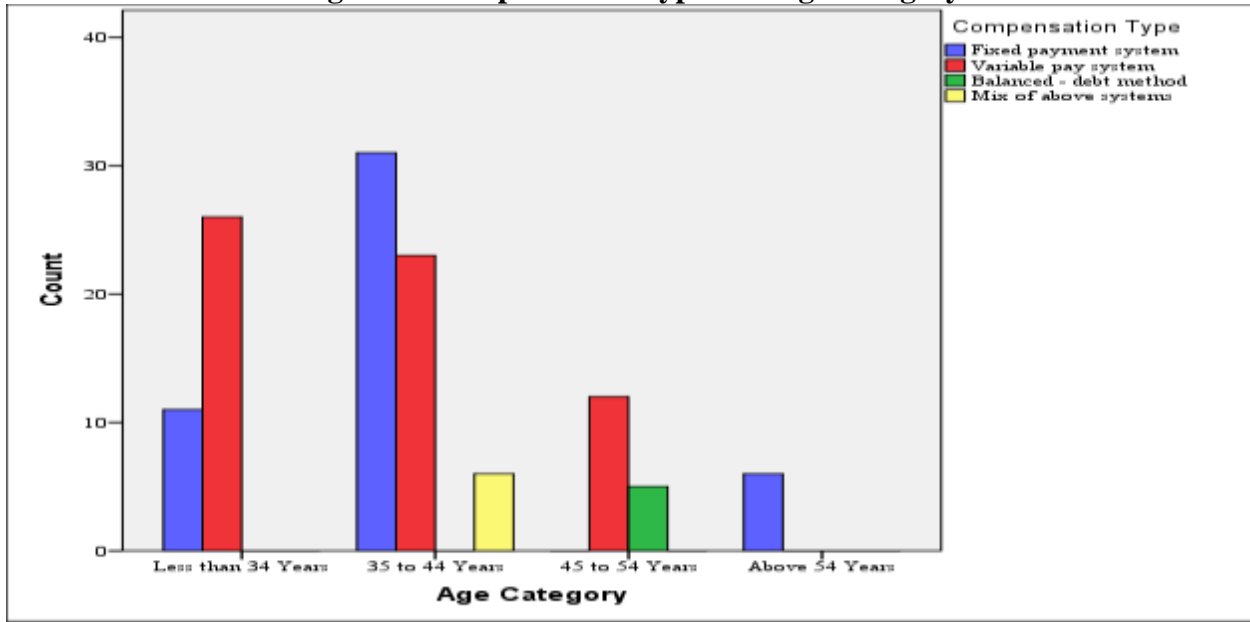
Interpretation: Based on the age category, it is observed that majority of the respondents are likely towards fixed payment system followed by variable payment systems. Employees belonging to age group from 35 to 44 years are not interested in balance debt method whereas employees belonging to 45 to 54 years age group are interested in mix of all the compensation systems.

**Figure 6: Educational Qualification and Preferred Employee Benefit**
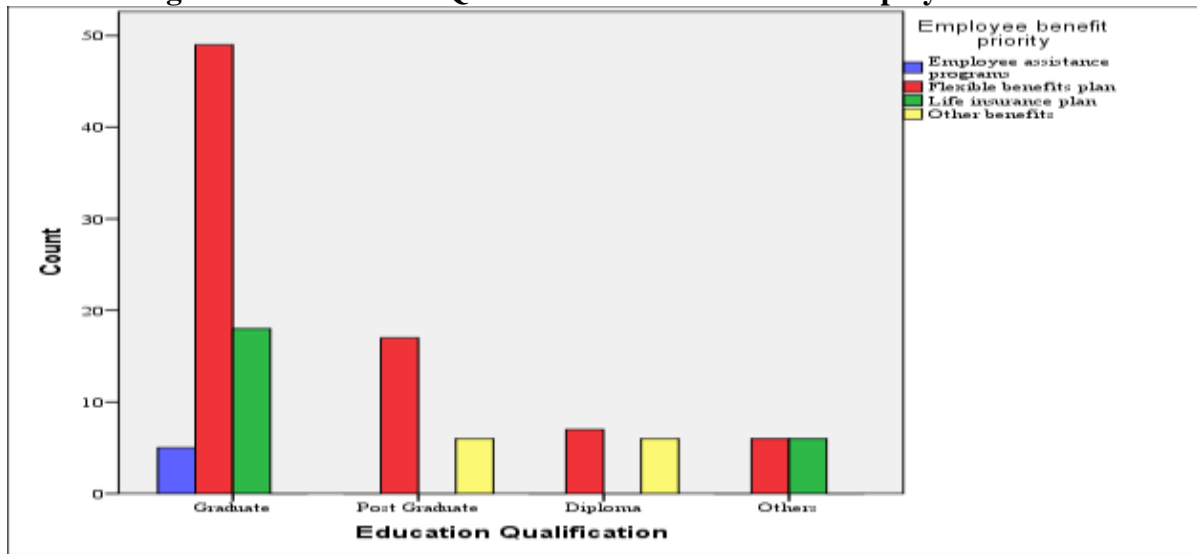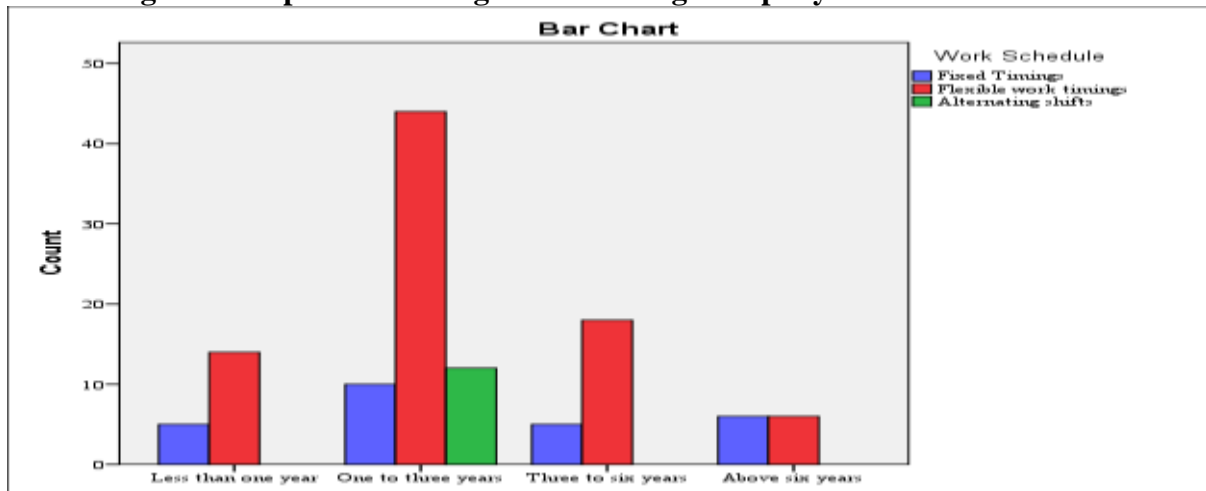

Interpretation

From the above grouped bar chart it is evident that employees with kinds of qualification are showing interest towards flexible benefits plan. Employees with graduation qualification are having priority towards employee assistance programs. Post graduates and diploma holders are expecting other kinds of employee benefits.

Figure 7: Gender and Work Schedule
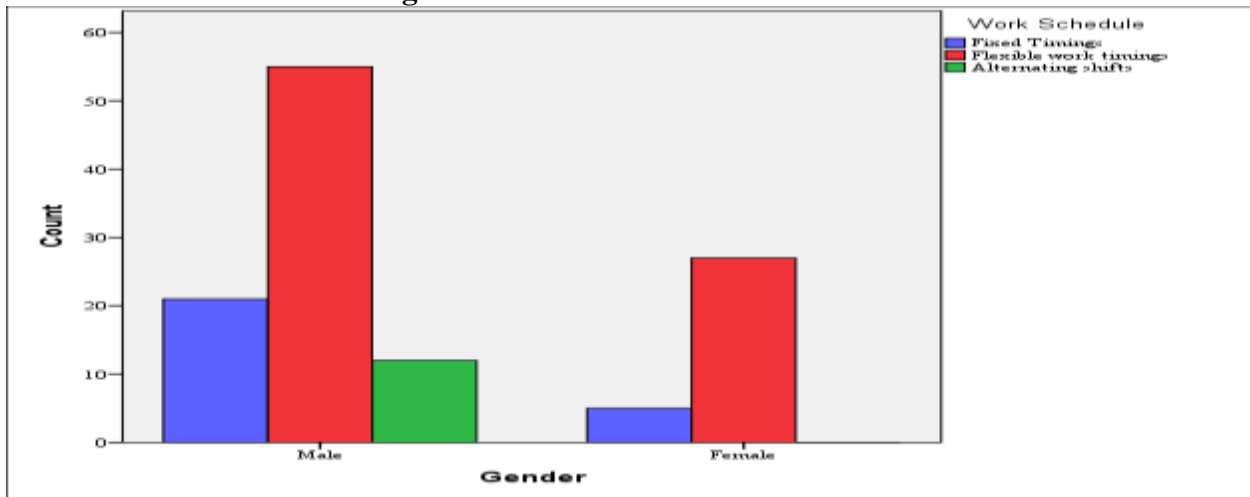
Interpretation: Based on gender as categorical variable the intention towards work schedule had been shown in group summary bar chart. It is evident that both and female are giving first priority towards flexible work timings. At the same time male respondents are giving priority for alternating shifts and none of the female respondents have shown interest for alternating shifts at Digital Marketing Company

Figure 8: Experience at Digital Marketing Company and Work Schedule

Interpretation: The preference for work schedule based on employee experience had been shown in the above group bar chart. Employees from one to three years' experience are giving first priority for flexible working timings followed by alternating shirts. Employees with above six years' experience are giving equal importance for fixed timings and flexible work timings.

Table 2: Descriptive Statistics

	N	Mean	Std. Deviation
Salary	120	3.7292	.86699
Employee Benefits	120	3.6667	.02070
Leave Benefits	120	3.5694	.09953
Performance Appraisal	120	3.9417	.71748
Job Satisfaction	120	4.0250	.64120
Employee Retention	120	4.0300	.02419
Valid N (list-wise)	120		

Interpretation: Sample size for this study is 120 and the mean value for the seven variables had been shown in the above table. There are no missing values in the primary data collected during this survey. The average value for items under each construct had been computed using SPSS software. In the stop after computing the value of variable then mean and standard deviation values are calculated. Mean value for employees' retention is high and second highest mean value is for job satisfaction. Standard deviation for salary variables is high and it is followed by performance appraisal.

Sentiment Analysis: Figure 1: Plot of Sentiment Analysis
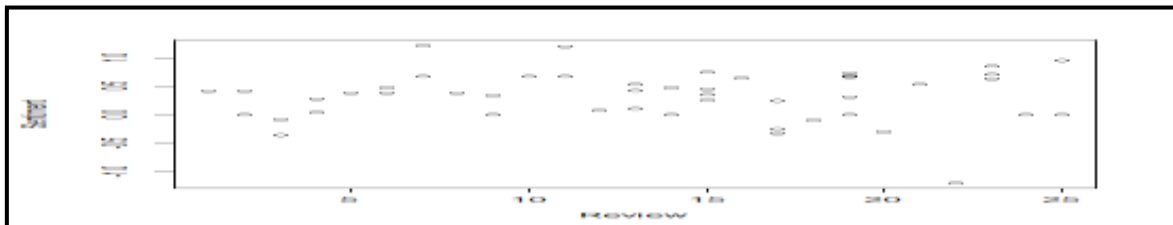
(Source: Output from R)

Interpretation: Plot diagram had been developed between sentiment score and review statement. Majority of the reviews are having positive value above 0.0 and below 0.70.There are fewer reviews with negative score. R software had been used to develop the above plot between Review and Sentiment. Overall there is positive score based on reviews gathered from websites such as glassdoor.com and indeed.com.

Hypothesis Testing
H1: Leave benefits for employees positively influence job satisfaction of employees at Digital Marketing Company.

Result: The p-value for leave benefits variable is 0.026. It is less than 0.05 which is benchmark value. Hence it can be stated that leave benefits have positive impact on job satisfaction of employees which means H4 is accepted. Most important thing for employees in private sector is getting leave because they need to get many permission and lot of procedure for leave benefits. It is mandatory in some organizations that employees need to take consent from their colleagues as substitute and they need to perform those tasks.

Table 3: Regression Analysis **Coefficients**[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.933	.558		3.461	.001
	Performance Appraisal	.039	.081	.028	.481	.631
	Job Satisfaction	.237	.092	.151	2.581	.011
	Compensation	.793	.057	.791	13.793	.000

a. Dependent Variable: Employee Retention

H2: Performance appraisal of employees has significant impact on employee retention at Digital Marketing Company.

Result: Hypothesis H5 is rejected because p-value for performance appraisal variable is more than 0.05. The above regression table consists of p-value for the three independent variables which care performance appraisal, job satisfaction and compensation. Hence there is no association between performance appraisal and performance appraisal. Employee retention can be attained in many ways and performance appraisal is not seen as predictor variables for it. It is mandatory for organization to conduct performance appraisal but it has no association with employee retention at Digital Marketing Company
H3: Job satisfaction has positive impact on employee retention at Digital Marketing Company..

Result: H6 is accepted because p-value for job satisfaction is less than 0.05 which means there is positive relationship between the variables. When job satisfaction level of employees is increased it leads to

employee retention at Digital Marketing Company Therefore it is necessary for human resource managers to develop strategies for enhancing job satisfaction level of employees at workplace.
H4: Compensation has positive impact on employee retention at Digital Marketing Company.

Result: Hypothesis H7 is accepted because p-value for compensation which is independent variable is 0.000 (less than 0.05). Therefore compensation has positive impact on employee retention but at the same time it is observed from H1 that compensation does not have significant association with job satisfaction at Digital Marketing Company

Correlation Analysis: Table 4: Correlation Matrix

		Compensation	Employee Benefits	Job Satisfaction	Employee Retention
Compensation	Pearson Correlation	1	.356**	.115	.774**
	Sig. (2-tailed)		.000	.209	.000
	N	120	120	120	120
Employee Benefits	Pearson Correlation	.356**	1	.268**	.410**
	Sig. (2-tailed)	.000		.003	.000
	N	120	120	120	120
Job Satisfaction	Pearson Correlation	.115	.268**	1	-.065
	Sig. (2-tailed)	.209	.003		.479
	N	120	120	120	120
Employee Retention	Pearson Correlation	.774**	.410**	-.065	1
	Sig. (2-tailed)	.000	.000	.479	
	N	120	120	120	120

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation: In the above correlation matrix which is developed using SPSS software shows the relationship between four variables: compensation, employee benefits, and job satisfaction and employee retention. The p-value at four instances is less than 0.05 and it can be observed which is identified with double star mark. There is positive correlation between compensation, employee retention and employee benefits. Job satisfaction has positive association with employee benefits as per above correlation matrix table.
H5: Age category of employees has an association with compensation package at Digital Marketing Company.

Result: One-way ANOVA test had been conducted with age category as categorical variable with three dependent continuous variables. According to above one-way ANOVA test table the p-value between compensation and age category is less than 0.05. Therefore an association exists between age category of respondent and compensation package.
H6: There is an association between job satisfaction and age category of respondents.

Result: H9 is accepted because p-value in the above table is less than 0.05 and it is 0.001. Hence there exists and association between job satisfaction and age category of employees with regard to Digital Marketing Company
H7: There is an association between employee retention with age category.

Result: As per the p-value for employee retention which is less than 0.05 in above table H10 is accepted. Therefore employee retention has a positive association with age category at Digital Marketing Company

Findings
- Compensation management is perfectly implemented at Digital Marketing Company
- Employees at Digital Marketing Company are receiving competitive salary in the FMCG organized Information Technology sector.
- Job satisfaction level of Digital Marketing Company employees is more than average.
- Employee retention is positively influenced by employee benefits at Digital Marketing Company
- Employee reviews are both positive and negative towards work environment based on reviews from internet sources.
- Overall there is positive sentiment among employees for working at Digital Marketing Company
- Married and unmarried employees are giving preference for flexible work timings.
- Majority of the employees are graduates and they are expecting flexible benefits plans.
- Many employees with less experience are expecting standard compensation policy.
- Experienced employees at Digital Marketing Company are expecting customized compensation package.
- Employee benefits create positive intention among employees to stay with the organizations.
- Job satisfaction level is high among the employees at Digital Marketing Company and it is not related with compensation package at the company.
- Digital Marketing Company provides learning work environment and supportive work environment to their employees.

Suggestions
- Now it is time for implementing pay for performance method at Digital Marketing Company
- Employees must be given training to assist the customers at the stores.
- Operating costs must be minimized and employee benefits must be increased.
- Job rotation should be made among the employees at the same level.
- Now organizational structure should be redesigned so that majority of the employees are in contact with regular customers and make home delivery.
- Covid-19 must be considered so that sanitization and social distance are implemented at the stores.
- The stores must be moved from prime locations to other places so that rental cost is reduced and space is increased in the stores.
- Now it is important for the company to given communication skills training to employees in all the departments.
- Employee benefits must be customized but limits must be kept based on the company policy.
- Advertisements should be given so that customer flow is increased at the stores.

Conclusion:

Compensation is important element in human resource management. The success of organization is dependent on compensation policy. The expectations of customers have changed with increased job opportunities in Information Technology sector. Now employee retention is more important for organized retail stores. Employees represent the organizational culture and they assist the customers in selecting right products. Therefore not it is time for Digital Marketing Company to redesign compensation policy by considering all the changes in business environment. Employee will be competitive advantage in Information Technology sector. Digital Marketing Company promotes various branded products to the target customers. The success of Digital Marketing Company is directly association with employee performance at the organization. The positive reviews of employees is important because employee recruitment is more costly compared to employee retention. Brand reputation of an organization can also be observed through job satisfaction level. Leadership is more important for organized retail stores. Overall, Digital Marketing Company had been successfully implementing world class human resource management practices from the perspective of compensation management.

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