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A Study On Employee Perception Towards Compensation And Benefits At RK Heavy Engineering Pvt. Ltd., Chennai

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Abstract:

Employee compensation and benefits constitute a critical pillar of human resource management. This study investigates employee perception towards compensation and benefits at RK Heavy Engineering Pvt. Ltd., Chennai. The primary objective is to examine whether the existing compensation structure aligns with employee expectations and influences their satisfaction, motivation, and retention. Primary data were collected from 114 respondents through a structured questionnaire using convenient sampling. Statistical tools including Percentage Analysis, Chi-Square tests, One-Way ANOVA, and T-Tests were employed for analysis. Key findings reveal that 95.6% of respondents are male, 44.7% are satisfied with their salary and allowances, 54.4% agree that the compensation structure is flexible depending on profitability, and 55.3% confirm that merit-based promotion policy is followed. Chi-Square tests indicate significant associations between demographic variables (age, education, income, marital status, family type, experience) and satisfaction levels. ANOVA results confirm that educational qualification ($p=0.006$), annual income ($p=0.000$), and years of experience ($p=0.000$) significantly influence employee satisfaction. The study concludes that while a substantial portion of employees are satisfied, improvements in overtime benefits, welfare measures, and non-financial recognition are essential for sustaining a motivated workforce.

Keywords: Employee Compensation, Benefits, Job Satisfaction, HRM, Percentage Analysis, Chi-Square, ANOVA, T-Test, RK Heavy Engineering.

1. INTRODUCTION

1.1 Introduction

Employee compensation is one of the major functions of Human Resource Management. Dessler (2007) defined employee compensation as "all forms of pay or rewards going to employees and arising from their employment." Compensation is important for both employers and employees. It is important to employees because it is one of the primary reasons for which people work. Employees' living standards in society, motivation, loyalty, and productivity are also influenced by the compensation structure (Aswathappa, 2008). From the employer's perspective, it represents a substantial cash outflow of an enterprise (Weeratunga, 2003).

Compensation includes both financial and non-financial benefits. Financial elements comprise direct and indirect forms of payments. Direct compensation includes hourly and monthly wages or salaries, and incentives such as bonuses, commissions, and profit-sharing plans. Indirect compensation includes provident fund, gratuity, health insurance, paid leaves, vacations, retirement benefits, and stock options. Non-financial benefits encompass challenging job roles, responsibilities, appreciation, positive working environment, and empowerment opportunities.

The compensation system adopted by an organisation may be based on either membership (job-based) or performance (skill-based). In the traditional system, employees are paid according to job position irrespective of performance, whereas in the performance-based system, employees are compensated with respect to their performance, abilities, and knowledge. Sound compensation can attract, motivate, and retain the competent employees of an organisation (Werther and Davis, 1996).

RK Heavy Engineering Pvt. Ltd. is a capital goods manufacturing enterprise operating in Chennai. The organisation serves as a significant contributor to India's industrial infrastructure. Given the predominantly male workforce and the technical nature of operations, designing an effective compensation and benefits framework is essential for maintaining employee morale, reducing attrition, and enhancing productivity.

1.2 Review of Literature

Muhammad Rizwan (2025) conducted an empirical study on employee compensation and found that competitive pay packages directly correlate with employee performance and satisfaction in industrial settings. The study highlighted that transparency in pay structure reduces grievances significantly.

Vrinda N N and Nisha Ann Jacob (2024) examined the impact of job satisfaction on job performance and established a strong positive relationship between satisfaction levels and organisational outcomes including retention and productivity.

Dr. D. Rajasekar and K. Bhuvaneswari (2023) carried out an empirical evaluation on compensation in manufacturing firms and concluded that performance-linked compensation significantly outperforms seniority-based systems in motivating employees.

Mohsin Altaf et al. (2022) studied job satisfaction and employee participation in Pakistani government organisations, finding a positive relationship between participative management, attractive pay packages, and job satisfaction. Jitendra Kumar Singh and Dr. Mini Jain (2013) established that happy and productive workers are closely linked, and that a good work environment combined with fair compensation increases employee work performance substantially.

Dr. Shikha Bhargava and Dr. Shiva Johri (2019) identified that committed, motivated, and satisfied employees are the most important contributors to growth in private manufacturing organisations, with job satisfaction, employee commitment, and motivation emerging as the underlying factors of improved productivity.

Dr Ruchi Jain and Surinder Kaur (2020), "Impact of Work Environment on Job Satisfaction", International Journal of Application or Innovation in Engineering & Management (IJAIEEM), Volume 3, Issue 2, pp.21-24.

Dr. Shikha Bhargava and Dr. Shiva Johri (2019), "Job Satisfaction and Dimensions of Commitment Ensuing Improved Productivity in Private Organizations", Journal of Application or Innovation in Engineering & Management (IJAIEEM), Volume 3, Issue 2, pp.12-17.

Fatema Mohammed and MuathEleswed (2013), "Job Satisfaction and Organizational Commitment", Journal of Applied Psychology, Vol. 94, No. 1, pp. 122–141.

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Aarti Chahal (2013), “Job Satisfaction among Bank Employees: An Analysis Of The Contributing Variables Towards Job Satisfaction”, International Journal of Business Economics & Management Research, Vol.2 Issue 1, pp.56-60.

¹ **Ms. Chetna Pandey and Mrs. Rajni Khare (2012)**, “Impact of Job Satisfaction And Organizational Commitment on Employee Loyalty”, Asian Academy of Management Journal, Vol. 16, No. 2, pp. 149–165.

1.3 Objective of the Study

The main purpose of the study is to analyse employee perception towards compensation and benefits at RK Heavy Engineering Pvt. Ltd., Chennai. Specific objectives include: (i) examining the existing compensation structure and its components; (ii) analysing the level of employee satisfaction with salary, allowances, and benefits; (iii) studying the relationship between demographic variables and satisfaction levels; (iv) evaluating the impact of compensation on employee motivation and retention; and (v) identifying areas requiring improvement in the compensation and welfare framework.

1.4 Research Methodology

The study adopts a descriptive research design. Primary data were collected using a structured questionnaire distributed to 114 respondents who are employees of RK Heavy Engineering Pvt. Ltd., Chennai. A pilot study was conducted with 30 respondents to validate the questionnaire before finalising it. Convenient sampling was employed as the sampling technique. Secondary data were gathered from books, journals, research articles, and company reports.

Statistical tools employed include: (i) Percentage Analysis to describe the distribution of responses; (ii) Chi-Square Test to examine significant associations between demographic variables and satisfaction levels; (iii) One-Way ANOVA to test mean differences across demographic and employment groups; and (iv) T-Test to compare mean scores between two independent groups with respect to level of satisfaction.

2. DATA ANALYSIS AND INTERPRETATION

2.1 Demographic Profile of Respondents

Table 2.1 presents the demographic profile of the 114 respondents. The workforce is predominantly male (95.6%), with the majority belonging to the 25-35 age group (28.9%). Most respondents are educated up to HSC level (49.1%), and 39.5% earn an annual income between Rs. 10,001 and Rs. 50,000. The majority (60.5%) are unmarried and 65.8% belong to nuclear families. A significant 49.1% have between 5-10 years of experience, indicating a stable mid-level workforce. Most respondents (64.0%) reside in urban areas.

Table 2.1: Demographic Profile of Respondents

Variable	Category	No. of Respondents	Percentage (%)
Age Group	Below 25 years	28	24.6%
	25-35 years	33	28.9%
	36-45 years	24	21.1%
	Above 45 years	29	25.4%
Gender	Male	109	95.6%
	Female	5	4.4%
Education	No Formal Education	24	21.1%
	Up to HSC	56	49.1%
	Graduate	16	14.0%
	Professional	6	5.3%
	Others	12	10.5%
Annual Income	Less than Rs.10,000	33	28.9%
	Rs.10,001 - Rs.50,000	45	39.5%
	Rs.50,001 - Rs.1,00,000	36	31.6%
Marital Status	Married	45	39.5%
	Unmarried	69	60.5%
Family Type	Joint	39	34.2%
	Nuclear	75	65.8%
Work Experience	Below 5 years	29	25.4%
	5-10 years	56	49.1%
	11-15 years	29	25.4%
Place of Residence	Rural	29	25.4%
	Urban	73	64.0%
	Semi-urban	12	10.5%

2.2 Key Compensation Perception Findings

Table 2.2 summarises selected findings on compensation perception from the percentage analysis. Notably, 56.1% of respondents stated that compensation does not depend solely on the bargaining power of employer and employee. 54.4% reported that their organisation operates a flexible compensation structure tied to profitability. 60.5% felt that transfers negatively affect their performance. 55.3% confirmed that merit-based promotion policy is practised at the organisation. 44.7% expressed satisfaction with their salary and other allowances, while 21.1% remained highly dissatisfied. Regarding statutory benefits, 52.6% confirmed receipt of Provident Fund benefits and 64.9% received Employee State Insurance benefits. A majority (56.1%) were not compensated for overtime work, pointing to a key area requiring attention.

Table 2.2: Key Compensation Perception Findings

Compensation Aspect	Response	No. of Respondents	Percentage (%)
Compensation depends on bargaining power	Yes	50	43.9%
	No	64	56.1%
Flexible compensation structure based on profitability	Yes	62	54.4%
	No	52	45.6%
Transfer affects performance positively	Yes	45	39.5%
	No	69	60.5%
Promotion Policy Followed	Merit	63	55.3%
	Seniority	45	39.5%
	Seniority cum Merit	6	5.3%
Satisfaction with Salary & Allowances	Highly Satisfied	33	28.9%
	Satisfied	51	44.7%
	Dissatisfied	6	5.3%
	Highly Dissatisfied	24	21.1%
Provided with Provident Fund	Yes	60	52.6%
	No	54	47.4%
Provided with ESI Benefits	Yes	74	64.9%
	No	40	35.1%
Paid for Overtime Work	Yes	50	43.9%
	No	64	56.1%

3. STATISTICAL TESTS

3.1 Chi-Square Tests: Demographic Variables and Level of Satisfaction

Chi-Square tests were conducted to examine whether significant associations exist between key demographic variables and the overall level of employee satisfaction. The hypotheses for each test were:

H_0 : There is no significant association between the demographic variable and the level of satisfaction.

H_1 : There is a significant association.

Table 3.1: Chi-Square Test Results – Demographic Variables vs. Level of Satisfaction

Variable	Calculated χ^2 Value	Degree of Freedom	Table Value (5%)	Inference
Age Group	23.845	6	12.592	Significant – H_0 Rejected
Educational Qualification	53.443	8	15.507	Significant – H_0 Rejected
Annual Income	46.949	4	9.488	Significant – H_0 Rejected
Marital Status	9.325	2	5.991	Significant – H_0 Rejected
Type of Family	Significant	2	5.991	Significant – H_0 Rejected
Size of Family	Significant	2	5.991	Significant – H_0 Rejected
Years of Experience	Significant	6	12.592	Significant – H_0 Rejected
Place of Residence	Significant	4	9.488	Significant – H_0 Rejected

All Chi-Square tests yielded calculated values exceeding the respective table values at the 5% level of significance. Therefore, the null hypothesis is rejected in all cases. There are significant associations between age group, educational qualification, annual income, marital status, family type, family size, years of experience, and place of residence with the level of employee satisfaction. These findings suggest that compensation policies need to be tailored in recognition of the diverse demographic composition of the workforce.

3.2 One-Way ANOVA: Demographic Variables and Level of Satisfaction

One-Way ANOVA was applied to determine whether mean satisfaction scores differ significantly across demographic and employment groups.

Table 3.2: ANOVA Results – Level of Satisfaction vs. Demographic Variables

Variable	Sum of Squares (Between)	df	Mean Square	F-Value	Sig. (p)	Inference
Gender	0.817	2	0.408	2.233	0.112	Not Significant
Educational Qualification	13.782	2	6.891	5.305	0.006	Significant
Annual Income	16.983	2	8.492	18.148	0.000	Significant
Marital Status	2.228	2	1.114	4.944	0.009	Significant
Type of Family	3.982	2	1.991	10.196	0.000	Significant
Size of Family	3.102	2	1.551	3.210	0.044	Significant
Years of Experience	14.909	2	7.454	19.202	0.000	Significant

Variable	Sum of Squares (Between)	df	Mean Square	F-Value	Sig. (p)	Inference
Place of Residence	Significant	-	-	-	0.011	Significant
Designation	Significant	-	-	-	0.014	Significant
Flexible Compensation	Significant	-	-	-	0.033	Significant
Transfer Affects	-	-	-	-	0.144	Not Significant

The ANOVA results confirm that educational qualification ($p = 0.006$), annual income ($p = 0.000$), marital status ($p = 0.009$), type of family ($p = 0.000$), size of family ($p = 0.044$), and years of experience ($p = 0.000$) all show statistically significant differences in mean satisfaction scores. Gender ($p = 0.112$) and transfer affects ($p = 0.144$) did not yield significant differences. These results reinforce the need for differentiated compensation strategies accounting for experience levels and income categories.

3.3 T-Test: Comparison of Mean Satisfaction Scores

The T-Test was applied to compare the mean satisfaction scores between two groups for each selected variable.

Table 3.3: T-Test Results – Level of Satisfaction vs. Selected Variables

Variable	Groups	N	Mean	Std. Dev.	T-Value	Sig. (2-tailed)	Inference
Gender	Male	109	1.6500	0.699	-1.135	0.260	Not Significant
	Female	5	1.8571	0.879			
Type of Family	Nuclear	39	1.7885	0.800	0.686	0.495	Significant
	Joint	75	1.6522	0.775			
Provident Fund	Yes	60	1.7188	0.593	-1.044	0.298	Not Significant
	No	54	1.8250	0.384			
ESI Benefits	Yes	40	1.7455	0.440	-0.080	0.936	Not Significant
	No	74	1.7531	0.603			

The T-Test results indicate that gender ($p = 0.260$), Provident Fund benefits ($p = 0.298$), and Employee State Insurance benefits ($p = 0.936$) do not significantly influence the level of satisfaction. However, the type of family ($p = 0.495$) showed a significant difference, suggesting that employees from nuclear and joint families perceive compensation and benefits differently, likely due to varying financial obligations and dependency structures.

4. CONCLUSION

This study provides comprehensive insights into how compensation and benefits influence employee satisfaction at RK Heavy Engineering Pvt. Ltd., Chennai. The findings reveal a predominantly male, mid-experienced workforce that values fair and transparent compensation structures. A substantial proportion (44.7%) of employees express satisfaction with their current salary and allowances, while 21.1% remain highly dissatisfied, signalling the need for targeted interventions.

The merit-based promotion system (endorsed by 55.3% of respondents) and the flexible compensation structure (confirmed by 54.4%) reflect a progressive approach to human resource management at the organisation. However, the significant non-provision of overtime benefits (56.1% not compensated) and the negative perception of transfer policies (60.5%) represent critical gaps that management must urgently address.

The statistical tests demonstrate that educational qualification ($p = 0.006$), annual income ($p = 0.000$), marital status ($p = 0.009$), family structure ($p = 0.000$), and years of experience ($p = 0.000$) all significantly influence satisfaction levels. These findings underscore the importance of designing personalised compensation packages that account for employee demographics rather than adopting a one-size-fits-all approach.

In conclusion, organisations must create a friendly and positive working environment, ensure provision of comprehensive welfare packages, and continuously review compensation structures through regular pay surveys. Retaining an effective and qualified workforce requires that management invest in both financial and non-financial benefits to motivate employees, enhance productivity, and reduce attrition. By aligning compensation strategies with employee expectations and performance outcomes, RK Heavy Engineering Pvt. Ltd. is well-positioned to sustain growth and strengthen its competitive standing in the capital goods manufacturing sector.

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