Employees’ Satisfaction Towards Monetary Compensation Practices

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Abstract
Organizations are increasingly interested in retaining right talents while targeting for new talents; measuring employees satisfaction provides an indication of how successful the organization is in fostering a conducive environment which nurtures great attitude among employee’s towards their Job and company. Employee is one of the key factors of the organization success. No organization can succeed without a certain level of commitment and effort from its employees. Organizations’ often attempt to satisfy its employees to gain their commitment and loyalty. The concept of employee satisfaction is a multi-dimensional and inter disciplinary term that has been attracted the attention of researchers and practitioners from different disciplines such as psychology, human resource management, organizational behavior, TQM and so forth. In the case of compensation, employees’ satisfaction towards compensation is likely to be determined by their beliefs about the compensation coverage and the values they place upon that compensation. Employees’ who believe they are well provided for by compensation and value their coverage are likely to develop a positive attitude or a sense of satisfaction with their compensation. Positive attitudes about compensation can lead to behavioural intentions to maintain the relationship with the compensation provider (i.e., employer).

Keywords: compensation, employee’s satisfaction, organization, monetary compensation.
1. Introduction
Employee is one of the key factors of the organization success. No organization can succeed without a certain level of commitment and effort from its employees. Organizations’ often attempt to satisfy its employees to gain their commitment and loyalty. However, it is not easy for the organizations to be successful in making individual satisfied because people work for a wide variety of different reasons, some want material success while others might emphasize job challenging. From an individual standpoint, job satisfaction might be one of the most desirable outcomes that employees could obtain. The employee satisfaction is the orientation of the industry towards his work role, which he is presently playing. The organization will only thrive and survive when its employees are satisfied. This makes person says completely that he is fully satisfied with the job. This study conducted so that the employees give their full, honest and frank opinion by remaining anonymous about how they feel about their jobs. Compensation is an important determinant of employees' satisfaction. Employees who have job satisfaction more often than not have motivation to perform their jobs well. A good compensation package is important to motivate the employees to increase the organizational productivity. Unless compensation is provided no one will come and work for the organization. Thus, compensation helps in running an organization effectively and accomplishing its goals. The compensation package should be as per industry standards. Salary is just a part of the compensation system, the employees have other psychological and self-actualization needs to fulfill. Thus, compensation serves the purpose. The most competitive compensation will help the organization to attract and sustain the best talent. The compensation package should be as per industry standards.

2. Employees’ Satisfaction
Employee satisfaction or job satisfaction is, quite simply, how content or satisfied employees are with their jobs. Employee satisfaction is typically measured using an employee satisfaction survey. These surveys address topics such as compensation, workload, perceptions of management, flexibility, teamwork, resources, etc. These things are all important to companies who want to keep their employees happy and reduce turnover, but employee satisfaction is only a part of the overall solution. In fact, for some organizations, satisfied employees are people the organization might be better off without. Employee satisfaction and employee engagement are similar concepts on the surface, and many people use these terms interchangeably. Employee satisfaction covers the basic concerns and needs of employees. It is a good starting point, but it usually stops short of what really matters.

The concept of employee satisfaction has been a focus for research and practice for the last two decades in particular (Greasley, et. al., 2005) and considered to be a critical issue for Organizational performance. A number of scholars and management “gurus” stressed the importance of employee satisfaction and its influences on organizational performance as much as customer satisfaction (Chen, et. al., 2006).
3. Compensation
Employees receive compensation from a company in return for work performed. While most people think compensation and pay are the same, the fact is that compensation is much more than just the monetary rewards provided by an employer. According to Milkovitch and Newman in *Compensation*, it is "all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship." The phrase "financial returns" refers to an individual's base salary, as well as short- and long-term incentives. "Tangible services and benefits" are such things as insurance, paid vacation and sick days, pension plans, and employee discounts. Gary Dessler in his book *Human Resource Management* defines compensation in these words "Employee compensation refers to all forms of pay going to employees and arising from their employment." The phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations.

4. Monetary Compensation
Monetary compensation refers to monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc. They are given at a regular interval at a definite time.

**Basic Salary:** Salary is the amount received by the employee in lieu of the work done by him/her for a certain period say a day, a week, a month, etc. It is the money an employee receives from his/her employer by rendering his/her services. **House Rent Allowance:** Organizations either provide accommodations to its employees who are from different state or country or they provide house rent allowances to its employees. This is done to provide them social security and motivate them to work. **Conveyance:** Organizations provide for cab facilities to their employees. Few organizations also provide vehicles and petrol allowances to their employees to motivate them.

**Leave Travel Allowance:** These allowances are provided to retain the best talent in the organization. The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of employee in the organization. **Medical Reimbursement:** Organizations also look after the health conditions of their employees. The employees are provided with medi-claims for them and their family members. These medi-claims include health-insurances and treatment bills reimbursements. **Bonus:** Bonus is paid to the employees during festive seasons to motivate them and provide them the social security. The bonus amount usually amounts to one month’s salary of the employee. **Special Allowance:** Special allowance such as overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc are provided to employees to provide them social security and motivate them which improve the organizational productivity.
5. Review of Literature
Locke, et. Al (1969) describes job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job and job experiences. According to this, employee satisfaction is a “function of the perceived relationship between what one wants from one’s job and what one perceives it as offering” (Locke, 1969).

Judge, et. al, (1993), on the other hand, mentions that employee satisfaction is positively correlated with motivation, job involvement, organizational citizenship behavior, organizational commitment, life satisfaction, mental health, and job performance, and negatively related to absenteeism, turnover, and perceived stress and identify it as the degree to which a person feels satisfied by his/her job.

Cranny, et. al, (1992), suggests that employee satisfaction encompasses a lot of different facets. Hence overall employee satisfaction describes a person’s overall affective reaction to the set of work and work-related factors whereas the facets of job satisfaction involve workers’ feelings toward different dimensions of the work and work environment.

Dr. Samina Nawab, Komal Khalid Bhatti (May 2011) The current research study reveals that compensation management can effect Job satisfaction and employees’ organizational commitment.

Konstantinos Pouliakas (2008). The empirical results of this paper provide support to experimental evidence suggesting a effect of monetary incentives on performance and, concurrently, job satisfaction.

Bratton and Gold [2003] explained the rewards that an employee receives payments in relation to contribution in organization that may be cash, noncash and psychological are called rewards. Milkovich, G.M. and J.M. Newman, 2004. Reward is also an employment relationship part in which employees obtain all the tangible provisions and benefits. Ayeni (2007). These are (a) job rate, which is the importance the organization attaches to each job; (b) payment, which encourages employees by rewarding them according to their performance; (c) personal or special allowances; and (d) fringe benefits such as holidays with pay, pensions, and so on. Akintoye (2000) emphasize that money remains the most important motivational strategy. As far back as 1911, Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity.

Banjoko (1996) states that many managers use money to reward or punish workers. This is done through the process of rewarding employees for higher productivity by instilling fear of loss of job or other related issues (e.g., no annual increment or promotion due to poor performance). The desire to be promoted and earn enhanced pay may also motivate employees. Another stream of compensation research; focus on highlighting the internal orientation towards an individual’s reaction to pay. This research orientation is led by industrial organizational psychologists and has contributed significantly to human resource management practice. The main impetus for this research has been the supposition that pay affects employees’ overall level of job satisfaction and primary work behaviors or motivation, Oshagbemi (2000).
As Herzberg (1968) has argued, just because too little money can irritate and demotivate does not mean that more and more money will bring about increased satisfaction, much less increased motivation. It is reasonable to assume that if someone's take-home pay was cut in half, his or her morale would suffer enough to undermine performance. But it doesn't necessarily follow that doubling that person's pay would result in better work.

6. Research Methodology
A descriptive research design method is applied in the study. The researcher has used the secondary data for the purpose of this study. Secondary data were collected from available books, publications, research studies, articles and websites.

7. Findings & Conclusion
The results suggest that the factors that affect the employee’s satisfaction and that the policy makers and managers should focus on the factors that affect employee job satisfaction, if they want to enhance their businesses. Money is a good motivator, actually all employees’ work for money, employees need the money, a good salary and good compensations are key factors in satisfying the employee. We can increase the employee salary and compensation to motivate the employee, the good pay back can be one of the key factors affecting employee’s satisfaction, also in this way one can increase the service quality and organizational performance. If companies create a fair competitive environment, like fair treatment, fair compensation, fair work hours, these will improve employee job attitudes; fairness can also motivate employees to be hard working. After this consideration, we can see that fairness can increase employee job satisfaction; satisfied employees offer good services for the organization. This can increase organizational performance, so fairness is a key factor affecting job satisfaction.

8. Limitations
1. The results in this study might be applied in one industry but not in other due to difference cultures, industries, demographic or psychology. 2. The research is basically on secondary data so it includes the limitation of secondary data.

Reference


Compensation is a primary motivator for employees. People look for jobs that not only suit their creativity and talents, but compensate them both in terms of salary and other benefits accordingly. Benefits were added to monetary compensation to attract, retain, and motivate employees, and they still perform that function today. They are not cash rewards, but they do have monetary value (for example, spiraling health care costs make health benefits particularly essential to today’s families). Many of these benefits are nontaxable to the employee and deductible by the employer. Taking this step not only helps reassure employees, but also provides the owner with additional legal protection from unfair labor practices accusations. FURTHER READING Employee Satisfaction Questionnaire: What should you ask and How? Employee Survey. 5 min read. Compensation and benefits offered by the company still remain to be one of the top reasons for employees leaving. It is needless to say that it is crucial to evaluate the extrinsic factors of employee satisfaction on a timely basis. 12. Do you have a good working relationship like with colleagues? When managers are empathetic and humane towards their subordinates it naturally enhances satisfaction. Final words. All the questions in the articles are asked in a manner that respondents can rate their responses on a scale of 0-5 in the pulse survey format. Reward practices linked to job satisfaction have been applied differently by public and private enterprises. Higher education is influential in the development of a country, it does not only function as a provider of knowledge but as a pertinent sector for the nation’s grown and societal well-being. Compensation play a vital role in attracting, motivating and retaining talented employees. According to Ibrahim and Boerhaneoddin, compensation encourage effective employees to remain in employment for longer periods of time. Job satisfaction focuses on employee attitudes towards their job. The relationship between the organization and its members is influenced by what motivates them to work and the rewards and fulfilment they derive from it.