



A STUDY ON IMPACT OF COMPENSATION & BENEFITS IN HIGHER EDUCATION INSTITUTIONS IN CHENNAI REGION

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Abstract

A knowledge based society pre-supposes the existence of a strong higher education system capable of turning out men and women with varied skills and specialized knowledge in specialized domains. The developed world has already made suitable changes in its policies to ensure rapid progress in higher education. Rapid changes and developments in the world of higher education involve increased cross border education and enlargement in higher education. Faculty members, the core eighty percent human resource of any management institute, have the potential and power to transform the future generation of our country. The challenge faced by the management is therefore not just in retaining the talented employees, but in engaging them. Job satisfaction implies the overall adjustment to work situation. Here an attempt is made to understand the importance of compensation & benefits paid to the employees and related factors and the effect of those factors on employees in higher education institutions with reference to self – financing engineering colleges in Chennai region. The study area consists of Chennai region (Chennai, Kanchipuram and Thiruvallur Districts) under which the Self-finance engineering colleges have been taken as study units. The teachers working in these colleges are considered as the respondent units. The sample size is 470 respondents; both primary and secondary data were collected for this study

Keywords; Higher Education, Compensation, Benefits, Quality Education.

Introduction

In the current scenario, every organization is striving to increase its profits, improve the quality of goods and services, and improve customer satisfaction with optimum resources. Employee's role has become crucial as there is a shift from industrial to knowledge based society. The HR managers are laying the road map for the right working conditions which would inspire the employees to be engaged, give their best, go their extra mile and persist in the face of difficulties. An organization has the potential to remain viable only so long as its members choose to participate and engage in necessary role behaviors. To elicit these contributions, an organization must provide inducements that are of value to its members. This exchange or transaction process is at the core of the employment relationship and can be viewed as a type of contract, explicit or implicit, that imposes reciprocal obligations on the parties (Barnard, 1936; Simon, 1951; Williamson, 1975; Rousseau, 1990). At the heart of that exchange are decisions by employers and employees regarding compensation. Compensation includes any direct or indirect payments to employees, such as wages, bonuses, stock, and benefits.

Review of Literature

Gary Dessler, defines **compensation** in these words "Employee **compensation** refers to all forms of pay going to employees and arising from their employment." **compensation management** is the act of distributing some type of monetary value to an employee for their work by means of the company's policy or procedures. In basic terms, it is paying an employee based upon the decided pay and benefit package for the position. The goal of compensation management is to find quality people who perform quality work and then compensate them in order to retain them and reduce turnover rates. Some different types of compensation include salary, overtime pay, commission, bonuses, and benefits packages that might include health and dental insurance, vacation time, and retirement savings.

Objective

1. To study the relevance of compensation & Benefits in Higher education institution in India
2. To study the influence of demographic features like age, department of work, job role and education on compensation & Benefits paid to employees working in higher education in Chennai

Research Methodology

The study area consists of Chennai region (Chennai, Kanchipuram and Thiruvallur Districts) under which the Self-finance engineering colleges have been taken as study units. The teachers working in these colleges are considered as the respondent units. The sample size is 470 respondents; both primary and secondary data were collected for this study. Primary data were collected by survey method through Questionnaire cum Interview Schedule administered to the sample respondents. The secondary data and information were collected from various sources like published articles in journals, magazines, research theses and websites. The collected data and information were tabulated and processed for the analysis and testing of

hypothesis. In the first stage the self-financing engineering colleges have been selected through Simple Random Sampling and in the second stage Systematic Random Sampling was used to select the respondents from each engineering college.

Data Analysis and Interpretation

This study infers that there exists a relationship between the demographic factors like age, job role, department of working, education and the compensation & Benefits paid to employees. Based on the same statement hypothesis is as follow

Hypothesis

- H1. There is no significant relationship between age of employees and compensation & Benefits paid
- H2. There is no significant relationship between department of employees and compensation & Benefits paid.
- H3. There is no significant relationship between education of employees and compensation & Benefits paid
- H4. There is no significant relationship between designation of employees and compensation & Benefits paid

Description of demographic variables of the respondents

- ❖ Regarding the **age** the distribution shows that 65.74% of samples of respondents were in the age group of 25 to 35 yrs, 34.26% were 36 to 45yrs old. **Thus it can be interpreted that highest percentage of age group is 25 to 35 yrs**
- ❖ Regarding the **Department of working** the distribution shows that 15.11% of the respondents are from MBA department, 62.98% of the respondents are from engineering, 6.81 % of the respondents are from MCA department, and 15.11% of the respondents are from other departments. **Thus it can be concluded that majority of them are working in engineering department.**
- ❖ Regarding **Educational Qualification** the distribution shows that 11.06% of the respondents are Doctorate and 88.94% of the respondents Educational Qualification is Master Degree. **Thus it can be interpreted that majority of respondents' Educational qualification is Master degree.**

Opinion Towards Benefits & Compensation

The table.1 describes the distribution of the opinion towards Benefits & Compensation regarding the variables “*I am satisfied with my total benefits package offered by the college, I am satisfied with the amount of paid leave offered by my college, I am satisfied with the retirement plan offered by my college, I am satisfied with the allowances offered by my college, My compensation is fairly well,*”.

Opinion Towards Benefits & Compensation

Benefits & Compensation	SDA		DA		N		A		SA	
	N	%	N	%	N	%	N	%	N	%
I am satisfied with my total benefits package offered by the college	-	-	-	-	399	84.9	71	15.1	-	-
I am satisfied with the amount of paid leave offered by my college	-	-	115	24.5	220	46.8	64	13.6	71	15.1
I am satisfied with the retirement plan offered by my college	32	6.8	253	53.8	185	39.4	-	-	-	-
I am satisfied with the allowances offered by my college	32	6.8	122	26.0	245	52.1	39	8.3	32	6.8
My compensation is fairly well	-	-	122	26.0	277	58.9	-	-	71	15.1

(Table No.1)

It is clear from the table no.1 that 84.9% of the respondents are neutral. 15.1 % of the respondents agreed that “*I am satisfied with my total benefits package offered by the college*”. Regarding the variable “*I am satisfied with the amount of paid leave offered by my college*” 24.5% of the respondents disagreed, 46.8% of the respondents are neutral, 13.6% of the respondents agreed and 15.1% of the respondents strongly agreed. With respect to the variable “*I am satisfied with the retirement plan offered by my college*” 53.8% of the respondents disagreed, and 39.4% of the respondents are neutral. Regarding the variable “*I am satisfied with the allowances offered by my college*” 26.0% of the respondents disagreed and 52.1% of the respondents are neutral. With respect to the variable “*My compensation is fairly well*” 26.0% of the respondents disagreed, 58.9% of the respondents are neutral, and 15.1% of the respondents strongly agreed.

In order to identify the factors which are more influencing the respondent towards Benefits & Compensation the Friedman's test analysis was used and the results were given in Table no.2.

Table no.2, Influencing Factors Relating To Benefits & Compensation

Benefits & Compensation	Mean	SD	Mean Rank	Reliability
I am satisfied with my total benefits package offered by the college	3.15	0.36	3.47	0.820
I am satisfied with the amount of paid leave offered by my college	3.19	0.97	3.53	
I am satisfied with the retirement plan offered by my college	2.33	0.60	2.14	
I am satisfied with the allowances offered by my college	2.82	0.93	2.75	
My compensation is fairly well	3.04	0.93	3.12	

It could be noted from the above table that **among the 5 factors "I am satisfied with the amount of paid leave offered by my college" was ranked first. It is followed by the "I am satisfied with my total benefits package offered by the college". "My compensation is fairly well" was ranked third.**

Table.No.3, Average Score Analysis Relating to The Benefits & Compensation

Benefits & Compensation	Range		Mean	SD	Mean %
	Min	Max			
I am satisfied with my total benefits package offered by the college	3	4	3.15	0.36	63.02
I am satisfied with the amount of paid leave offered by my college	2	5	3.19	0.97	63.87
I am satisfied with the retirement plan offered by my college	1	3	2.33	0.60	46.51
I am satisfied with the allowances offered by my college	1	5	2.82	0.93	56.47
My compensation is fairly well	2	5	3.04	0.93	60.85
Overall Benefits & Compensation	10	21	14.54	3.03	58.14

The distribution of mean, Standard Deviation and mean percentage of Benefits & Compensation shows that among 6 variables, the mean % score (3.15 ± 0.36) which is 63.02% is obtained for the area "I am satisfied with my total benefits package offered by the college", The mean score on 'I am satisfied with the amount of paid leave offered by my college' was (3.19 ± 0.97) which is 63.87%, mean score on 'I am satisfied with the retirement plan offered by my college was (2.33 ± 0.60) which is 46.51%, mean score on I am satisfied with the allowances offered by my college was (2.82 ± 0.93) which is 56.47%, mean score on 'My compensation is fairly well' was (3.04 ± 0.93) which is 60.85%. The mean score on 'Overall Benefits & Compensation' was (14.54 ± 3.03) which is 58.14%.

Age And Benefits & Compensation

To study the effect of age, the distributions of Benefits & Compensation according to age are shown in the following table

Table.No.4, Age and Benefits & Compensation

Benefits & Compensation	Age	N	Mean	SD	Z	P
I am satisfied with my total benefits package offered by the college	25-35	309	3.23	0.42	6.56	< 0.001**
	35-45	161	3.00	0.00		
I am satisfied with the amount of paid leave offered by my college	25-35	309	3.52	1.00	11.00	< 0.001**
	35-45	161	2.57	0.50		
I am satisfied with the retirement plan offered by my college	25-35	309	2.20	0.61	17.19	< 0.001**
	35-45	161	2.57	0.50		
I am satisfied with the allowances offered by my college	25-35	309	3.13	0.97	2.55	0.011*
	35-45	161	2.24	0.43		
My compensation is fairly well	25-35	309	3.46	0.84	0.53	0.599

	35-45	161	2.24	0.43		
Overall Benefits & Compensation	25-35	309	15.54	3.12	11.15	< 0.001**
	35-45	161	12.61	1.60		

*Significant at 5 %; ** Significant at 1 % (Highly Significant)

Since the P value is less than 0.01 regarding the variable of Benefits & Compensation highly significant difference in the mean scores was found with respect to age.

Education and Benefits & Compensation

To study the effect of age, the distributions of Benefits & Compensation according to education are shown in the following table.

Table.No.5, Education and Benefits & Compensation

Benefits & Compensation	Education	N	Mean	SD	Z	P
I am satisfied with my total benefits package offered by the college	Doctorate	52	3.00	0.00	9.41	< 0.001**
	Masters	418	3.17	0.38		
I am satisfied with the amount of paid leave offered by my college	Doctorate	52	3.00	0.00	7.15	< 0.001**
	Masters	418	3.22	1.03		
I am satisfied with the retirement plan offered by my college	Doctorate	52	3.00	0.00	9.33	< 0.001**
	Masters	418	2.24	0.58		
I am satisfied with the allowances offered by my college	Doctorate	52	2.00	0.00	2.91	0.004**
	Masters	418	2.93	0.93		
My compensation is fairly well	Doctorate	52	2.00	0.00	4.18	< 0.001**
	Masters	418	3.17	0.91		
Overall Benefits & Compensation	Doctorate	52	13.00	0.00	3.83	< 0.001**
	Masters	418	14.73	3.16		

*Significant at 5 %; ** Significant at 1 % (Highly Significant)

Since the P value is less than 0.01 there is highly significant difference in the mean scores, was found with respect to education and variable of Benefits & Compensation

Department of Working and Benefits & Compensation

To study the effect of department, the distributions of Benefits & Compensation according to Department are shown in the following table.

Table.No.6

Benefits & Compensation	Department work								ANOVA	p
	MBA		Engineering		MCA		Others			
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
I am satisfied with my total benefits package offered by the college	3.00	0.00	3.00	0.00	3.00	0.00	4.00	0.00	-	-
I am satisfied with the amount of paid leave offered by my college	3.45	0.50	2.61	0.49	4.00	0.00	5.00	0.00	631.74	< 0.001**
I am satisfied with the retirement plan offered by my college	2.55	0.50	2.28	0.65	3.00	0.00	2.00	0.00	29.04	< 0.001**
I am satisfied with the allowances offered by my college	3.00	0.00	2.37	0.67	3.00	0.00	4.45	0.50	259.38	< 0.001**
My compensation is fairly well	3.00	0.00	2.59	0.49	3.00	0.00	5.00	0.00	722.20	< 0.001**
Overall Benefits & Compensation	15.00	0.00	12.85	1.72	16.00	0.00	20.45	0.50	592.87	< 0.001**

*Significant at 5 %; ** Significant at 1 % (Highly Significant)

Since the P value is less than 0.05 regarding the variables of Benefits and Compensation significant difference in the mean scores was found with respect to Department

Designation and Benefits & Compensation

To study the effect of designation, the distributions of Benefits & Compensation according to designation are shown in the following table

Table.No.7, Designation (Job role) and Benefits & Compensation

Benefits & Compensation	Job role						ANOVA	P
	Professor		Associate-Professor		Assistant-Professor			
	Mean	SD	Mean	SD	Mean	SD		
I am satisfied with my total benefits package offered by the college	3.00	0.00	3.00	0.00	3.22	0.42	22.17	< 0.001**
I am satisfied with the amount of paid leave offered by my college	3.00	0.00	2.00	0.00	3.61	0.88	194.25	< 0.001**
I am satisfied with the retirement plan offered by my college	3.00	0.00	1.69	0.47	2.42	0.49	160.91	< 0.001**
I am satisfied with the allowances offered by my college	2.00	0.00	1.69	0.47	3.33	0.65	371.10	< 0.001**
My compensation is fairly well	2.00	0.00	2.31	0.47	3.45	0.84	157.18	< 0.001**
Overall Benefits & Compensation	13.00	0.00	10.69	0.47	16.03	2.48	278.40	< 0.001**

*Significant at 5 %; ** Significant at 1 % (Highly Significant)

Since the P value is less than 0.05 for all variables of Benefits & Compensation a significant difference in the mean scores was found with respect to Designation

Findings

Among the 5 factors “I am satisfied with the amount of paid leave offered by my college” was ranked first. It is followed by “I am satisfied with my total benefits package offered by the college”. “My compensation is fairly well” was ranked third. Majority of the respondents are neutral with regards to benefits and allowances given to them, but they are not happy with the retirement plans given to them. There is highly significant difference among the employees opinion regarding compensation and benefits depending on their age, designation, educational qualification and department of work.

Limitations

The study was conducted in Chennai region which may not be generalized for other regions since the academic culture and demographic variables may differ.

Conclusion

From this study we are able to streamline various variables that affect the compensation management in a higher education institution and the impact of selected demographic factors on the same. Engagement of employees can be promoted through providing better retirement plans, by reducing the gap in the payment structure to different levels of employees, and by providing more development opportunities to the employees according to their age and job role, that target both organisational health and individual well-being, so that a positive emotional climate is created in the workplace.

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