

# A Study on Compensation Management of Sahil International at Panipat

Krishan Kumar\*

M.Com, M-Phil-Commerce, Net Qualified

**Abstract – Compensation or Reward system plays vital role in a business organization. Since, among four M's, i.e. Men, Material, Machine and Money, Men has been most important factor. It is impossible to imagine a business process without Men. Land, Labour, Capital and entrepreneur are four major factors of production. Every factor contributes to the process of production/business and expects return from the business process. The labour expects wages from the process. Wage is a monetary payment, which is made by the employer to his employee for the work done or services rendered. It is a monetary compensation for the services rendered. Wages are usually paid in cash at the end of one day; one month etc. Money wage is the monetary compensation paid by the employer to his employee for the services rendered. Such compensation is also called wage or salary or reward given by a Labour plays significant role in bringing about the process of production/business in motion. Compensation is what an employee receives in return for his or her contribution to the organization. Both primary and secondary data have been used for achieving the objective of the study. Descriptive research design has been used in the study.**

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## INTRODUCTION

Carpet Industry is one of the oldest industries in India. Carpet Weaving was brought to India by Moguls. Some of the majestic carpets were woven during this Mogul era. Over the period, the weaver has become an artist, bringing the magical exotic colours to the Indian carpets. Artists bring aesthetic touch to the carpets by creating magic with colours and provide carpets an unusual beauty and elegance. Indian Carpet Industry has always been an important part of Indian export industry. Carpet holds recognition from over centuries. Earlier, only a few centres in India were involved in carpet weaving but slowly, due to several historical reasons and availability of resources various clusters have risen in northern part of India for the same purpose. Each centre has its own competitive advantage. These centers employ nearly millions of people all across the country.

Major belts of carpets include Bhadohi, Mirzapur and Agra belt in Uttar Pradesh, Jaipur, Bikaner in Rajasthan, Panipat belt in Haryana and Kashmir belt. Carpets are broadly classified into two major categories, traditional and modern.

Now, in India, the industry is glowing with its utmost glory from the states of Rajasthan, Kashmir, Punjab, Uttar Pradesh, Andhra Pradesh, and Himachal Pradesh.

## CARPET MANUFACTURERS IN INDIA

The art of hand-knotted carpets probably originated in the Southern Central Asia during 3rd and 2nd millennium BCE. Turkmenistan and Persia (Iran) were the countries which served as a cradle of the art of carpet making.

The art of carpet making, in India was introduced with the beginning of the Mughal Dynasty in the early sixteenth century. The last successor of Babar extended his rule from Kabul to India to establish the Mughal Empire. Under their patronage, Indian craftsmen adopted Persian techniques and designs and gradually came with their own creativity. Carpets, which were woven in Punjab at that time (often-called Lahore carpets today), made use of motifs and decorative styles found in the Mughal architecture.

**Sahil International** is a leading manufacturer and exporter of hand tufted and hand woven carpets for the last 15 years based in Panipat, well known for home furnishing goods from India. In the fifteen years of operations they have continuously moved ahead with desire to learn and excel in field of carpet production.

Product range includes:

- Hand Tufted Woolen Carpets
- Hand Woven Woolen Carpets

- Sea Grass Carpet.
- Jute Carpets
- Persian Tufted carpets
- Bath Mat

### Components of compensation

#### 1. Wages and salary:

Wages means hourly rates of pay, and salary implies monthly rate of pay, irrespective of the number of hours put in by the employee. Both are subject to the annual increments. They differ from employee to employee, and depend upon various factors such as the nature of job, seniority, and merit.

**2. Incentives:** Incentives are those which are paid in addition to wages and salaries and are also called 'payments by results'. Incentives depend upon productivity, sales, profit, or cost reduction efforts. These are:

- (a) Individual incentive schemes
- (b) Group incentive programmes.

#### 3. Fringe benefits:

These are monetary benefits, which are provided to employees which include the benefit of: (a) Provident fund (b) Gratuity (c) Medical care (d) Hospitalization payment (e) Accident relief (f) Health and Group insurance (g) Subsidized canteen facilities (h) Recreational facilities and (i) Provision of uniforms to employees (j) travelling allowance etc.

#### 4. Perquisites:

There are special types of benefits offered to managers/executives. The purpose behind this is to retain competent executives. Perquisites include the following: (a) Company car for travelling, (b) Club membership, (c) Paid holidays, (d) Furnished house or accommodation, (e) Stock option schemes, etc.

#### 5. Non-monetary benefits:

These benefits provide psychological satisfaction to employees even when financial benefit is not available. These are:-

- (a) Recognition of merit through certificate, etc.
- (b) Offering challenging job responsibilities,
- (c) Promoting growth prospects,
- (d) Comfortable working conditions,
- (e) Competent supervision, and
- (f) Job sharing.

## LITERATURE REVIEW

**Chi** in his study found that high-performing companies placed greater emphasis on quality and delivery performance strategies than low cost strategy in order to build capabilities for product or service differentiation; in contrast, low-performing companies gave equal weight to all four competitive capabilities.

**Gillen et.al** said that a sustainable competitive advantage is a necessary condition for a firm to survive and prosper. Specifically, companies need to embark on real, substantive business initiatives that will accrue to the company an asymmetrical, firm-specific resource that will not be perfectly imitable by competitors, to borrow.

**Helms et.al** indicates that Firms defining their competitive advantage as being cost-focused will generally consider supply as playing merely a cost-reduction role, i.e. passive and supportive, whereas firms viewing their competitive advantage as being differentiated will see supply as strategic, i.e. as a distinctive capability.

**Jacob et.al** said that Modularity positively and directly influences each aspect of competitive performance.

**Leung et.** study reveals that Competitive performances of manufacturing firms are affected by the strategies they selected. The implementations of strategies, as usually assumed, rely on the effectiveness of work teams. The performances of teams, to a large degree, are directed by team leaders. Therefore, the compatibility between competitive performances, manufacturing strategies, and the functions of team leaders should be explored.

**Parker** in his study concludes that the competitive strategies employed during this period have boosted a company now savouring even better fortunes than before.

**Powers** in his study found that firms that used competitive methods to pursue a broad differentiation, customer service differentiation, or focus strategy were unable to realize a performance advantage over firms that are stuck-in-the-middle.

**Shurchuluu** conclude that National competitiveness can be proceeding by manufactured export performance relative to competitors. For the economy to be more competitive and productive there are strong needs for rapid manufactured export growth, combined with sustained technological upgrading and diversification).

**Voola et.al** said that Competitive strategies influence RMO and PMO, which then influence firm performance. The competitive priority model is proven valid and the four constructs account for the most variance in corporate competitive strategies.

**Williamson** found that four fundamental changes are underway that are reshaping the competitive game in Asia: the demise of asset speculators; the rapid development of China scattering the traditional “flying geese” pattern of development; the breakdown of barriers that traditionally protected Asia's national economic baronies; and the decay of “me-too” strategies.

## RESEARCH METHODOLOGY

Research methodology is a way to systematically represent a research on any problem. The study is significant as it helps to know the perception of the employees about the compensation system of the company. Compensation is considered as a key factor in attracting and keeping the best employees and ensuring competitive edge in this increasingly competitive world. It helps in motivating the employees to put their best towards work and also fair compensation helps in achieving employee satisfaction. The study explains the compensation system or pay structure followed within the company. So the study becomes relevant to understand the various components of compensation and its relevance in attracting and retaining competent employees in today's business environment.

## OBJECTIVES OF THE STUDY

- To study the compensation management of SAHIL INTERNATIONAL.
- To understand the compensation structure and its segregation into various components.
- To assess the satisfaction level of employees regarding the compensation system of the company.

## RESEARCH DESIGN

The research design used in this study is **Descriptive** in nature. Descriptive research includes surveys and fact-finding enquiries of different kinds. The main purpose of this descriptive research is description of the state of affairs as it exists at present.

## SOURCES OF DATA

There are two methods of Data Collection and I have used both methods i.e., primary method and secondary method as well. In primary method for data collection, I have conducted a survey. In this

survey, two kinds of questionnaires were prepared. One was related to customer and another one was related to retailers.

The sample size for both the survey was 150. In addition, Primary data has been collected through Structured Questionnaires, Personal Interviews & Discussion with the employees. Secondary data has been given by the Company executives in the form of previous records and I have taken other data from the company website & internet.

## TOOLS OF DATA ANALYSIS

The tools used for the analysis are as follows:-

**Tables:** Tables are used to represent the response of the respondents in a precise term so that it become easy to evaluate the data collected.

**Pie-charts:** Pies charts have been used to express that how much percentage of the respondents have positive attitude and how much has negative attitude toward a particular situation.

**Graphs:** Graphs are nothing more than a graphical representation of the data collected in tabular form.

## DATA ANALYSIS AND INTERPRETATIONS

**Table 4.1: Satisfaction level of employees with current salary package**

Opinion	No. of Respondents	% of Respondents
Yes	90	60
No	60	40



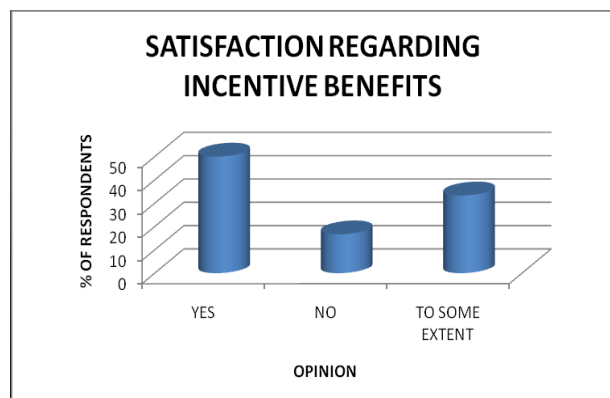
**Figure 4.1**

## Interpretation

The above table and chart shows that the majority of respondents i.e. 60% of the respondents are satisfied with their current salary package and 40% of the respondents are not satisfied with the current salary package provided by the company.

**Table 4.2 satisfaction regarding incentives benefits**

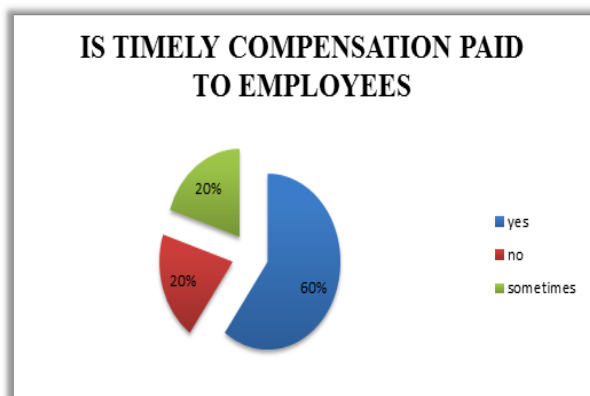
Opinion	No. of Respondents	% of Respondents
Yes	75	50
No	25	16.67
To Some Extent	50	33.33

**Figure 4.2****Interpretation**

From the above table and graph it has been found that 50% of the respondents are satisfied with the incentive benefits as provided by the company. 16.67% or 25 respondents out of 150 are not satisfied with the incentive benefits. Where 33.33% or 50 respondents are satisfied with the incentive benefits to some extent.

**Table 4.3 Timely compensation paid to employees**

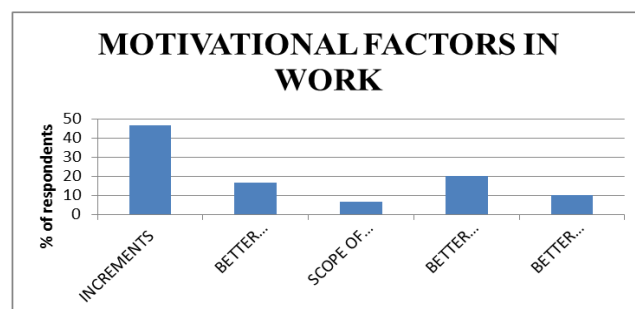
Opinion	No. of Respondents	% of Respondents
Yes	90	60
No	30	20
Sometimes	30	20

**Figure 4.3****Interpretation**

From this pie chart it can be concluded that regular or timely payment is made in the company to employees as 60% of the employees are in favour of this. 20% of the respondents states that sometimes company make timely payment and sometimes not. And only 20% of the respondents say that they do not get timely compensation.

**Table 4.4 Motivational factors at work place**

Factors	No. of Respondents	% of Respondents
Increments	70	46.67
Better Amenities	25	16.67
Scope of Advancement	10	6.66
Better Working Conditions	30	20
Better Work life balance Facilities	15	10

**Figure 4.4****Interpretation**

With this bar chart, various motivational factors at workplace can be seen. Among them, majority of the respondents as 46.67% or 70 respondents think increment in the compensation is supposed to be the motivational factor in their work. 16.67% or 25 employees feel better amenities as the motivational factor, whereas 6.67% of the respondents or only 10 respondents take scope of advancement as the motivational factor at their work place.

**CONCLUSION**

After viewing the opinion of the respondent it can be concluded that according to respondent's publicity and marketing of textile product is an effective source for leaving the long term impact on the mind

of consumer. These activities provide huge impact on customers and very helpful for the company in attracting the people toward them. But one thing we always kept in mind that publicity must be in efficient and in effective manner or else it will be worthless. Even Retailers suggest that if sales promotion scheme is not properly conveyed to the customers than it has no common use. According to the respondents publicity and marketing of a particular product are very much effective to influence people and retained them for existing brand.

Publicity affects the sales very much if the company want to promote their product then they should adopt attractive tool. It is founded that discount promotion tool is one of the most attractive tool. So, to face the competition, company should go for the publicity at the time when its competitor is going for it.

## **SUGGESTIONS**

Publicity activities are most like by the customers so the duration for sales promotion should be more and should be according to the season and trend. Among the sales promotion activities discount is most preferred by the customers. So retailers should give this type of scheme instead of others. The middle group is our target customers so the sales promotion scheme should be according to the taste and preference of middle income group. The effect of sales promotion is not up to the mark if they are not properly advertised so the advertisement about the sales promotion given is necessary.

For sales promotion activities as the study shows retailers wants the sales promotion from company side. As cut throat competition exists in the textile market so, sales promotion activities should continue. To become the market leader, the sales promotion techniques are of primary requisite. By these tools the company can increase the market shares and make the customers loyal towards the brand. So these are much necessary things.

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## **Corresponding Author**

**Krishan Kumar\***

M.Com, M-Phil-Commerce, Net Qualified

**E-Mail – [krishanbasantpur@gmail.com](mailto:krishanbasantpur@gmail.com)**