

Compensation and Employee Satisfaction: Case Study of Zeda Pvt Ltd

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ABSTRACT

This case talks about the company which has faced a situation that the employees have left their jobs because the employees were mistreated and were not receiving the correct conduct from the organization. This situation led the company on the verge of the bankruptcy. The organization does various efforts so that they become stable, earn profits and be at the top of the competition. This case study also teaches that the employees are an integral part of the development of the organization so the organization should take them seriously and should plan the compensation strategies and the infrastructure facilities which is suitable for them to work and can work efficiently in the organization. And it also gives various scope of the study like to give the company a competitive edge over the competitors in retaining them to make them aware about the change which should be needed for better working of the organization. But it gave a lot of experience and I completed the project effectively on time.

Keywords: Conduct, compensation, employee satisfaction, efficiency.

EMPLOYEE SATISFACTION

According to Spector (1997) job satisfaction can be defined as “how people feel about their jobs and different aspects of their jobs”. Factors influencing the complex phenomenon of Job satisfaction with multi facets are like salary, working environment, autonomy, communication, and organizational commitment (Vidal, Valle and Aragón, 2007). Brikend Aziri, (2011) revealed in his study on Job Satisfaction that there are many factors viz. The nature of work, Salary, Advancement opportunities, Management, Work groups and Work conditions, which have influence on Job satisfaction. Employee satisfaction on Job is a huge challenge for all the organizations in this cotemporary world. A mix of positive or negative frame of mind that workers have towards their work is a result of their extent of job satisfaction. Because, when a worker is employed in a business organization, brings with him the desires, experiences and needs which determinates his expectations from the company. Job satisfaction has close/high relation with behavior of the individual at the work place. Different people interpret compensation differently. Compensation, reward, recognition, and wages are terms used in different situations (Zobal, 1998).

INEFFICIENT WORKING OF THE EMPLOYEES

On 26th December 1996 the Zeda pvt ltd faces a dilemma that is the compensation and training strategy of the company is adequate enough for the employees to motivate and attract them to come to the organization and work efficiently. Zeda is a medium scale manufacturing

enterprise which was founded by Mr Sharma in 1992. It has its factory in India. It is an ISO/ITS 16949 company. The company man manufacturer of Helical & Torsion Springs, Circlips, and Wire Forms & Components for Automotive, Air Conditioning & Shock Absorber OEMs. And is also a manufacturer of Springs & Wire Forms for Automobile & Electrical Switch Gear Industries. The vision of the company is to be reliable supplier of our valuable patrons by offering them a technically superior and commercially viable product which would meet and exceed their expectations. Continuous up gradation of the technology helps in implementing effective quality management systems and the overall growth of every employee in consonance with the company's growth.

At present company is associated with M/s Munjal Showa Ltd (Gurgaon, Manasser, & Hardwar), M/s Vectra Advanced Engineering Pvt. Ltd. Greater Noida, M/s TVS Lucas Ltd. Rudrapur, M/s Escorts Ltd. Faridabad & Rudrapur, M/s Zamil Air Conditioners India Pvt. Ltd. Nalagarh (H.P) and others. Also it is on the way to make another plant in India. The organization is known for quality and is determined to complete their task with meeting the quality standards. Zeda has a strong commitment in pursuing a professional approach for high quality components. The company is committed for the tougher challenges in the form of stringent specifications & rigorous quality standards set by Customer requirements these has been confronted by dedication, commitment and excellence.

Although the company has several facilities for their employees viz. giving bonuses, offering personal allowances to the employees, giving the employees the

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pay for the performances, medical allowances, enrolling them for ESIC (Employee State Insurance) act, and also organize family get together, etc., but it is facing the problems such as the employees are not subordinating the higher authorities and the production of the organization is not rising significantly and is affecting the profits and the development of the organization. Firstly the organization tried to curb this problem in the own hands but it all went in vain. But then the company realized that the employees were not getting the help from their supervisors as the supervisors and the top managers dominate the employees and the technicians of the organizations and were not allowing the employees to develop and they were harassing the employees by not giving them the adequate pre-requisites to them. This led to the conflict between the management and the employees.

So the top management firstly fired the unproductive managers and then recruited the fresh managers and then they tried to give them the say in the organization with the wpm (Workers Participation in the Management). By this they can say their point of view on the decision of the management of the organization. So this helped the organization to have the transparency between the employees and employer. This led to the several changes in the organizational functioning in the core which made them satisfied and were began happily working in the organization. And the organization was back on track until 1st august 2014.

On 1st august 1997 the company again faced the dilemma as the company again was affected with the growth and the production of the organization. The employees began on the strike as they were dissatisfied again with the working of the organization. They were working in the tool-down strike as they come to the premises of the organization and did not work in the organization. This led to the decrease in the productivity and led in incurring the losses of the organization. And this affected in the working of the organization as the competitor were giving all the basic facilities and all the safety gears for the employees and the employees were enrolling them under the ESIC act and the fees were given by the employers themselves. And there were several other basic facilities which were given to them such as proper ventilation, proper sanitation, proper lighting, iron dust suction pipes for sucking the iron dusts, the glasses for several functions such as during the gas cutting, etc.

This made the employees attracted to the other organization and then they left the job and then they joined the rival company. This made the organization loosing most of their contracts and the trust of their vendors as the contract was getting transferred to the rival company which affected badly in the earnings of the company which led them on the verge of closing the company as they were not able to complete their orders and were in debt as they took a large amount of loan from the bank and were unable to complete the installments of

the banks. The most drastic situation came when the vendors such as the Escorts had made them black listed which was the biggest vendor of the company and this led to the decrease in the trust of the market and ultimately there was no support in the market which would help the organization in getting them back on the track.

This alarmed the company and this led to the brainstorming related to this problem. While the organization was discussing about the problem the Managing Director of the company came into a decision to bring a consultant and to analyze and make the steps which is effective for the employees. Then the Mr. Suresh the consultant came to the organization and then he started analyzing the organization on various parameters such as the efficiency of the employees, technological friendliness and the welfare of the organization. He started from the scratch by not only asking from all the people of the organization but also the ex- employees of the organization about the problems which they faced while working in the organization. Thereafter he analyzed about the main causes of the distress which led to the employees leaving the organization.

After analyzing the organization Mr. Suresh found that there are issues with various aspects of organization such as the working of the management, board related issues etc. The employees did not have proper training facilities for the new technologies, the compensation strategies are not good enough for the employees, and the salary of the organization is not adequate according to the recent market conditions. At the same time, no proper facilities were provided to the employees that improve their lives as they are working in the dangerous situation, and no proper safety gears were provided to them. So he gave the suggestion to change the management structure and do not make the structure so rigid that the employees cannot say anything to them. He further suggested that there shall be a proper salary structure for the employees so as to boost their morale leading to the better working of the organization. Besides following more suggestions were proposed to the management:

- Give employees a proper environment for them to work i.e. the work area should be well lit, well ventilated, well floored and has proper sanitation facilities in it so that the employees can work.
- The people who work in the hazardous activities they should be given safety gears and safety equipment's such as gas masks, suction pipes, goggles, etc., so that they can work without the fear or threat to their lives.
- The organization should give them the adequate training so as to get acquainted to the technology and it would be better if the organization ties up with the vendor companies to organize the training program.
- Company should have a proper compensation strategy such as leave travel allowances, top performer reward, uniform system, breaks in between

of work, pay for performance, etc. so that the morale of the employees can be boosted up and will attract the new employees to work in the organization efficiently and effectively.

Keeping all the suggestions in the mind Managing Director (MD) of the organization began the essential changes in the company such as he changed the management with the people who were enthusiast and were committed to the development and the growth of the organization and who also believes that the growth can occur by developing the employees of the company. Then he contacted the vendors and the association to conduct the training sessions in the organization premises so that employees can know the new technology and can work efficiently. The vendors such as Escorts, Munjalshowa, Tvs Motors, etc agreed to it and at every six months Vendor Company drive the training session in the organization. The organization is also giving its employees the pre-requisites such as uniforms, leave travel allowances, etc. The salary of the employees is also brought at par to the market value. The ESIC enrolment fee is also given by the employers so that it does not affect the livelihood of the employees. Then there are various cultural events which are done at the time of the Indian festivals such as Holi, Dussehra, Diwali etc. so that the employees and the employer can have a get together and a quality time with each other. Employees are empowered to give their opinions in the organization towards the decision making and they are also provided with safety equipment's such as goggles, safety masks, suction pipes, gloves, etc.

The result of all these changes was that hard working employees adapted with the new changes in the organization, and it led to the employment of the new employees who were more committed than earlier employees. After 2 years the organization recovered all the losses, paid EMI's of the banks and started making profits in the organization. Due to this employees got a sense of satisfaction in the organization and then they continued to work efficiently. After 6 months of recovery the organization got past the rival company, beaten the competition in the market and became largest supplier of the torsion springs, shock assembly and suspension setups in Faridabad. This led to the growth rate of the organization at peak and in result the company was removed from the black list from the vendors.

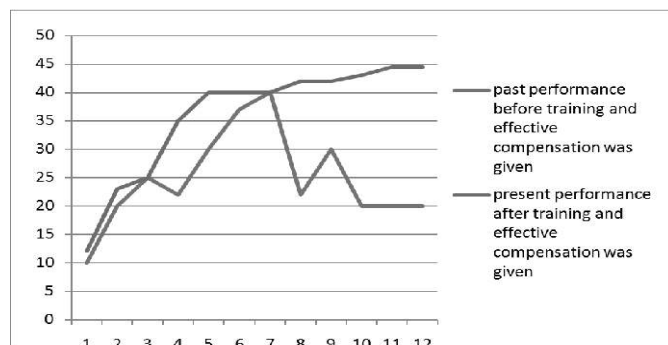


Fig 1: Merged Graphs of Past and Present Performance of 10 employees

The company made study on the 10 employees of the organization and their performance was analyzed on month basis without giving any of the facilities to them. It was found (Fig 2) that the performance of these employees firstly increased but after a certain point of time it started fluctuating. But when all the facilities and trainings when given to them and they were given work in groups. Then their performance gets increased over a period of time.

While analyzing the organization the consultant began using different techniques to find out the main root cause of the problem. He also used a simple technique as he chose 20 employees and he made in the groups of 2. Then they were allowed to work as they worked before. But the 2nd group was given more prerequisites and recognition for their work and the 1st group was given the basic pays which was given to them before.

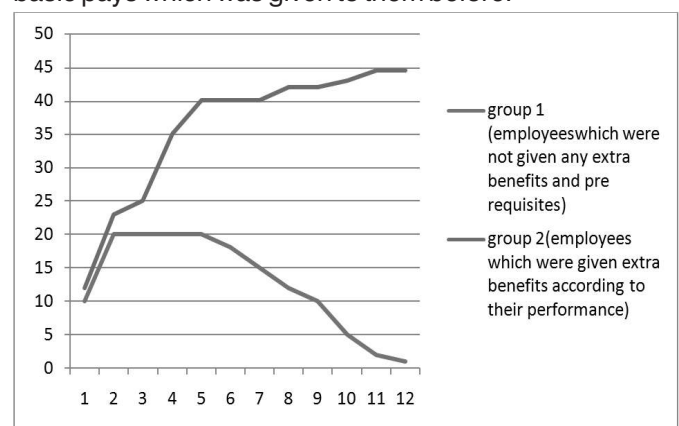


Fig 2: Performance of 2 groups with and without extra benefits.

So the consultant continued this experiment for 1 month to analyze the scenario. In addition he also conducted training program for the second group. When the term concluded he analyzed that the employee's performance of the 1st group was increasing to a certain point then it starts decreasing as the employees were not satisfied by the measures taken by the organization so they left their job. On the other hand the 2nd group was more happy and satisfied by these measures which were also seen in their performance as the graph was climbing up and up.

So these findings gave the solution to the problem that what the organization is facing and how it can be effectively and efficiently be curbed so that the organization can be back on track and start earning profits, not only this but also to gain the confidence of the employees and to gain respect in the market.

Based on the above facts, researcher decided to find out what are the various compensation practices which they prefer the most so that they work efficiently and help in the development of the organization. A questionnaire with 16 statements was designed and administered to 40 employees of the company. The questions were objective type with choices based on nominal and ordinal scale. Most of the respondents were supervisors from various departments of the organization. Following are the results of the based on the responses of the employees.

Table 1: Frequency distribution of the responses

Dimension	Options				
What is the working hours of an employees in the organization?	8 Hours		9-10 Hours		More than 10 Hours
	31		4		5
Do you agree that shift system is convenient than a fixed timing to work?	SD	D	N	A	SA
	0	7	13	20	0
Do you have formal job evaluation plan?	Yes			No	
	40			0	
Do you have a written job description	29			11	
do you have a proper policy manual	27			13	
which type of the compensation pay system do the employees prefer	Fixed Pay System		Variable Pay System	Balanced debt Method	All of Them
	13		13	11	2
what is the organization's compensation policy	Stay Even with the Market		Stay ahead of the Market		Stay with the industry pay practices
	30		3		7
Are the workers in the organization willing to accept the changes in the organization.	SD	D	N	A	SA
	4	3	3	8	22
Do you take the initiative to help the other employees when the need arises	7	7	8	2	16
Do the employees identify future challenges and opportunities	4	6	6	7	17
what types of the incentives do you prefer to your employees	Pay for Performance		Target achievement incentives	Birthday incentives	Others
	18		12	3	7
what are the existing welfare schemes of the organization	Celebration of founders day		Celebration of Indian festivals	Family get together	Others
	18		11	3	8
Do you receive personal allowances from the company?	Yes			No	
	40			0	
Do you receive awards for the length of service	39			1	
do you receive the increment on the basis of the performance appraisal	39			1	
what are the other benefits you receive	Leave Travel Allowances		Group Insurance	Medical	Bonus
	16		4	11	9

Results in the Table 1 reveal that when it comes about the working hours of the employees in the organization, on the average employees work for more than 8 hours. Most of the employees prefer fixed timing system but some disagree to it. So this indicates that some employees still prefer shift system in the organization. All the respondents accepted that they have received the formal job evaluation plan. This indicates that the organization follows all the guidelines for hiring and employing personnel. When it comes to job description, responses indicate that the organization clearly defines the role of the personnel effectively by giving the job description. The organization also clearly gives the guidelines of the policy and rules of the organization efficiently. It was found that employees have dispersed opinion when asked about preference of compensation system, 33% preferred fixed pay system, 33% preferred variable pay system, 27% liked balanced-debt method and remaining said all the three are fine. When respondents were asked that what the organization compensation policy is, most of the employees said that it is based on the stay even with the market to ensure that the pay is reasonable and comparable to the competitors. As most of the respondents strongly agreed that they accept the changes which occur in the organization, this indicates that the organization motivates the people to

accept the changes in the organization. Results indicates that many (46%) of the employees try to take the initiative when need arises. They say that this helps to enhance their skills, knowledge and abilities to perform a given task. More than 50% of the respondents strongly accept that they identify their future challenges and opportunities in the company. This helps them in the development of their career. Majority (approx. 46%) of the employees feel that they receive in the form of the pay for the performance, 30% feels that they get in the form of target achievement incentives. This indicates that they get rewarded whenever they perform in the growth of the organization which also helps in their development. The company looks after the different aspects of the compensation practices of the employees. Most of the employees responded that they are involved in the celebration of the founder's day, Indian festivals etc. This indicated that the organization tries to make their employees comfortable by making them feel as a part of the family. The company do get rewarded its employees for the duration of their service in the organization. According to results in table 1 all the respondents accepted that they receive the increment based on performance appraisal. This indicates that the organization fully believes in the performance evaluation of the personnel and then gives them the increment basis of it. Results further indicates that the organization also gives benefits in various aspects such as travel allowances, medical, group insurance, bonus etc.

SUGGESTIONS AND CONCLUSION

The company should do effective measures to ensure the safety of the employees and should focus more on the effectiveness of the compensation strategies for the more retention and attractiveness of the talented employees in the organization. The company should make the required changes as soon as possible for the benefit of the employees and should make them understand about the importance of the safety measures in the organization and should train more for the development of the employees.

It is concluded that the effective compensation strategies do help in the development of the performance of the employees and the development of the organization and in the retention of the talented employees in the organization. Some of the practices of the organization are commendable but at times the organization doesn't follow them effectively. Incorporation changes on time can benefit the employees which ultimately is a benefit for the organization.

TEACHING NOTES

Case Synopsis:

The case study here mentions about the problem which is faced by the organization that the employees are having a negative attitude towards the organization and are not loyal towards the company. So the organization uses some effective measures to curb this problem effectively.

This case study discusses about the various problems which is faced by the employees in the organization. There are various problems which were faced by the organization. Which were e.g. lack of proper facilities to work, improper pay facilities, not having not a proper training facilities for the new technologies, the compensation strategies are not good enough for the employees and the salary of the organization is not adequate according to the recent market conditions. But the basic salary was not enough for the employees to sustain. And no proper facilities were not provided to the employees which affected their lives of the employees as they are working in the dangerous situation and no proper safety gears were provided to them. So he gave the suggestions that to change the management structure and do not make the structure so rigid so that the employees cannot say anything to them. So when they saw that the rival company was giving them all these benefits to the employees working there o they left the job and joined the rival organization.

And later they were on the brink of the bankruptcy. So to counter this problem the organization tried to firstly do it on their own hands but it all went in vain. Then the M.D. of the company too a courageous decision to appoint a consultant which will give his/her own suggestions to the problem. After the consultant analyzed the problem and gave the possible solution to it the M.D. of the company implemented those basic solutions. Slowly the company was back on track and started to earn profits. The company's strategies also attracted the other employees to work there. Then in few years the company became the biggest distributor of the vehicle suspension setup by beating all the competition in the market.

This case study gives a big idea about both the concept of INDUSTRIAL RELATIONS AND COMPENSATION. As IR is the relationship between the employee and employer in a workplace. It is also a tripartite in nature with the inclusion of the government in various aspects such as in the regulation of the policy and for the protection of the rights of the workers in the organization.

It revolves around the various aspects such as: - Conditions of the work place, Discipline, Maintaining stable workforce, increasing the productivity and providing welfare to the employees. The unions are the integral part of the industrial relations as they represent the workers of the organization. The union has the right in giving the suggestions related to the

policies which will be running in the organization. The trade unions are responsible for the welfare of the organizations in various aspects such as:- Increase in the salary, Decision related to the employees, Safety of the employees

There are various conditions which help in the effectiveness of the industrial relations

- Fairly payment of the salary and wages.
- Making the employees feel a part of the organization.
- Lowering the industrial disputes.
- Having a mutual understanding between the employees and employer.

And the term compensation is the process of giving the money from the organization to their employees for their work in the organization. It is also known as a remuneration which is awarded to the employees in return for the work they have done in the organization. The compensation is given in various aspects such as:-

- Insurance
- Vacations
- Stock options
- Bonuses, etc.

It is a very important part of the Human Resource Management as it is responsible for motivating the employees and improving the effectiveness of the organization's members. It also helps in maintaining the goodwill of the organization in the market. And it also attracts the employees to work there and which helps in increasing the productivity of the organization.

Compensation management helps in various aspects of human resource management such as

- Recruitment and selection
- Job evaluation
- Job design
- Job performance, etc.

This case study shows that the employees were dissatisfied with the internal politics and the biasness which was faced by the employees and they were not given the basic facilities also they were not given the proper salary to them which made the employees lose the loyalty towards the company and leave the job and to join the other company. So we as a manager should focus more on these two topics so that the employees are more motivated, focused and attracted towards the organization and work with full zeal.

TEACHING OBJECTIVE AND ISSUES (How and When to teach this case to students)

This case study is to be discussed after the students are taught about the industrial relations and compensation. The students should have the basic knowledge of the industrial relations and labour laws and the basic laws related to the compensation i.e. minimum wage act, payment of wage act, ESIC act, etc. The students should also have the knowledge of the basic compensation practices which are done by the several organization basis on the industries, sectors, etc.

Then while discussing the case the teacher should take this case as if the situation has happened in their organization. And what can be done for the efficient working of the organization. And the answers should be given by the students according to their own mindset and understanding related to the case. Finally students should respond to the following issues

- 1 Summarize the case study?
- 2 Think that you are the Managing Director of this company and you are facing this dilemma then give an alternate solution to the problem?
- 3 Analyze the faults in this situation and recommend that how the faults can be handled for the better working of the organization?

CASE ANALYSIS

- 1) This case study gives a perspective about a company named Zedapvt.ltd. which is a medium scale enterprise and is facing a problem as to how to control the industrial relations and to control the internal politics in the organization. First problem which the company faced was the politics of the middle managers so the top management took the situation in their own hands and eliminated the middle managers who were culprit and tried to get the confidence of the employees but the rival company attracted the target employees which made the organization on the brink of the bankruptcy. Then the top management called a consultant to analyze their problem and to give the related solutions. So after analyzing the whole situation the consultant gave the solution to it and after the measures were taken the organization was back on track.

- 2) If I was the MD of the company and if I was facing the same situation, I would firstly take the situation very seriously as we know that the employees are the gateway to the success. So I would firstly take the decision of firing the middle managers and then calling the consultant so as to make the person analyze the situation. And after the person analyzes the situation and give the suggestion to the problem I would immediately take the corrective steps and would try to get the confidence of the employees.
- 3) In this situation there were several faults in the organization:-
 - i) Firstly the top management decisions were taken late as the MD of the company cannot take the decision on his own and had to consult the board members. So in this situation the MD should have the right to take the decisions related to the employees as he does know the situation better.
 - ii) The middle managers were not loyal to the company as they were not looking after the welfare of the employees. In this situation the company should look that the middle managers are not harassing the lower management and are having a sound relations with them.
 - iii) The compensation structure of the employees was not right and the employees were not happy about it. So in this situation the employer should make a compensation structure in such a way that it helps the livelihood of the employees.
 - iv) The basic working conditions were not appropriate to work in there. The organization should create environment for the employees that is healthy and safe for the employees to work. There are some works which are hazardous so the organization should provide the safety gears and instruction so as to feel safe in the organization premises.
 - v) There is no transparency and the employees cannot say their grievances to the employer. In this situation the employer should make a move and try to break the barriers between the employer and employee. And the employees should have their say in the organization in the decisions related to them.

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