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A Study To Examine The Employee Satisfaction On Compensation In HDFC Bank Hazaribag District

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Abstract

In today's competitive world, the success of an organization depends not only on its performance, new technology, good order, and dynamic organization but also on a huge amount of human services. An important part of any organization is its employees. Banks are no exception. Satisfied, happy, and hardworking employees are the most valuable assets of every organization, including banks. The human resources of any organization are largely responsible for its efficiency and profitability. This research paper attempts to find out whether Compensation is important to employees. The aim of this study is to find some important factors that make employees satisfied with the Compensation policy. The purpose is to examine the impact to examine the relationship between compensation and employee satisfaction at HDFC Bank Hazaribag district. Understand what drives employee satisfaction in organizations. The research design used is explained in the scenario. In this study, data was collected through a questionnaire-based survey method. A sample of 125 participants was selected through simple random sampling. For employees, salaries motivate them, boost morale, and create goals. It makes employees want to take action. Most participants agreed that they were generally satisfied with the organization. Most survey respondents agree with the amount of money the organization pays them. They know a lot about their jobs, employee base pay, salary benefits, medical benefits, job security, job satisfaction, and good employees. When employees are paid appropriately and satisfied, business is better and morale is higher.

Keywords: Employee Satisfaction, Compensation, HDFC Bank, base pay, salary benefits.

Introduction

Indian trade began in the eighteenth century and encompassed many organic practices of the time. The environment has been liberalized. The Indian economy is changing faster. The business size of the company is approximately Eighty-one trillion. Total loan growth increased slightly by 14-15%. There are 20 private banks, 26 public sector banks, 56 rural banks, 43 foreign banks, 1589 urban banks, and 93,550 rural banks in the Indian banking system. The banking industry is also committed to providing additional services to gain competitive advantage through customer satisfaction. Customer satisfaction has become the key to success.

Banks in Asian countries are divided into two groups: commercial banks and cooperative banks. Although commercial banks (public banks, central banks, private banks, foreign banks, and regional banks) have a large impact on the banking sector, cooperatives also play an important role in providing funds in the country. Job insecurity leads to insecurity of workers' wages, leading to higher interest rates in the banking sector.

Employee satisfaction is an important factor in the success of any organization (Myint, 2016). A person's ability to complete assigned tasks is affected by the level of communication in the organization and the management approach toward employees. Employee satisfaction is when employees think only about the type of work they do and the activities that lead to the job (Awan & Asghar, 2014). Employee satisfaction is an important metric that helps determine the overall health of an organization. High satisfaction means that employees are satisfied with the way the employer works for them. Satisfaction is the result of material things like pay and benefits, as well as intangible things like participation, recognition, and leadership. If organizations fail to address both sides of the equation, they may find themselves faced with a dissatisfied team of dissatisfied employees.

Compensation is the reward that employees receive for the work they do and the services they provide to the organization. It is a tool used by management for many purposes to promote the survival of the company. Compensation includes income such as bonuses, profit sharing, overtime pay, gift recognition, and sales, as well as non-monetary benefits, such as what the company pays for the vehicle. Can be adjusted based on business needs, objectives and available resources.

Review of Literature

Bolatito and Mohamoud, (2024) investigated the link between reward management and employee performance by focusing on the interesting topic of job satisfaction in Somalia. This area of research covers many factors, including the impact of different types of motivation on employee morale, job satisfaction, and overall performance in Somali organizations.

Sorn et al (2023) stated that employee retention is a major issue for businesses of all sizes. Although many factors contribute to employee retention, salary is one of the most important factors.

Saputra and Mahaputra (2022) investigated the impact of job satisfaction, employee trust, and employee commitment to leadership; this is a research paper intended to generate information about the impact of changes

that will be used for research. The hypotheses were examined in more detail in the context of human resources management.

Baqi and Indradeva (2021) examined the job satisfaction of permanent employees and contract employees at PT Sumber Alfaria Trijaya, Tbk. Data was collected by distributing a questionnaire to 100 employees of PT Sumber Alfaria Trijaya Tbk / Alfamart West Bekasi, consisting of 50 regular employees and 50 contract employees.

Sidabutar, Syah, and Anindita (2020) research found that employee performance is the top concern for any company because employee performance can be a role model for the department's company success. Therefore, the work of workers has become one of the new and interesting research. This study aims to investigate the impact of employee compensation, motivation and job satisfaction.

Christy et al (2019) examined the effects of compensation, organizational change, and employee satisfaction. The data collected is raw data tested through multiple iterations. In determining the salary and other benefits to be provided, the wage is determined according to the employee's ability. Remuneration, cultural change and employee satisfaction have partial and simultaneous positive effects on employee performance.

Priya and Rajkumar (2018) examined employee satisfaction with compensation. Data collection is primary data collected through surveys and modeling procedures. The necessity and importance of determining wages and salaries. Most of the employees in the organization are happy with the salary because some minor problems in the organization can be solved by some measures.

Statement of the problem

Compensation is similar to employee satisfaction. Employees who believe they are paid fairly will be happier at work. Satisfaction will arise when payment is received fairly. Many employees feel that if the job pays fairly, they will be more satisfied. However, employee dissatisfaction with salary often leads to negative effects on the job, such as: work being affected, work slowing down, absenteeism from school, dissatisfaction with work, etc. Other important factors for employee satisfaction include working under a competent manager, having the freedom to work, and performing many tasks well.

Objective of the Study

The main objective of the study was to examine the employee satisfaction towards Compensation of HDFC Bank Hazaribag district. The Specialized Objectives of the study were as follows:

1. Examine the relationship between employee compensation and job satisfaction.
2. Understand what drives employee satisfaction in organizations.

Research Methodology

The purpose of this study is to examine the employee satisfaction towards Compensation of HDFC Bank Hazaribag district. For this purpose, a survey was conducted in HDFC branches in various parts of Hazaribag city. All information necessary for the purpose of the research was collected from primary and secondary sources. The researchers personally contacted 150 employees of HDFC Bank in Hazaribag to understand their views on satisfaction towards Compensation. The purpose of the research was evaluated and they were asked to fill out a questionnaire containing correct and incorrect information. Participants were specifically told to ignore their biases and use their best judgment based on a 5-point Likert scale. The purpose of this exercise is to make sure the answer is correct from the organization's perspective. Data was collected from a sample of 125 employees in different groups for the purpose of study and analysis. The collected data was analyzed and interpreted using descriptive with the help of Frequency & simple percentage analysis, and presented in tables, and graphs for better visualization.

Scope of the study

A paid employee satisfaction survey can examine how factors such as pay and benefits, work, and balance contribute to employee satisfaction. Research could also investigate how these factors affect job satisfaction. According to a study titled “The Impact of Total Funding on Performance,” work-life balance, manager support, and performance improvement have the biggest impact, accounting for 34.4% of job satisfaction. Other factors that may affect employee satisfaction include the job, work environment, perceived management, job flexibility, team, and resources.

Significance of the Study

A study shows that employee motivation has a positive effect on the relationship between Compensation and employee satisfaction. The study also found that the overall impact of compensation on employee satisfaction is significant in the literature. The findings show that the finance and insurance industry needs to reform pay policies to improve employee expectations and motivation. According to the Association for Human Resource Management, Compensation is the number one factor in job satisfaction. 96% of employees surveyed said salary was very important or important to their overall happiness at work. According to research, there is a positive relationship between compensation packages and employee retention and performance. Research has shown that the factors that have the greatest impact on job satisfaction are work-life balance, supervisor support, and professional development.

Limitations of the study

- Because it is a small project, the sample size was limited to 125 people. Therefore, the reliability and validity of the results may not be widely applicable.
- Analysis of results is based on the assumption that participants have provided accurate information. Inaccurate or incomplete information, factual errors, misunderstandings of words and expressions, etc. must be taken into account.
- The objective of this study is limited to investigate employee satisfaction with remuneration in HDFC Bank Hazaribag district.
- Information not available in indicated region.

Result and Discussion

Housing Development Finance Corporation (HDFC Ltd) is one of the first financial institutions to receive “in-principle” approval from the Reserve Bank of India (RBI) to set up a private sector bank in India. This was part of the Reserve Bank of India's policy of liberalizing the Indian banking sector in 1994. HDFC Bank was incorporated in August 1994 as HDFC Bank Limited and its registered subsidiary is located in Mumbai, India. It began operating as a general commercial bank in January 1995. On April 4, 2022, it was announced that HDFC Bank, India's leading financial institution and the largest bank in the country, will be partnering with India's largest bank and HDFC Bank.

HDFC Ltd has established itself as a leader in the real estate finance industry by manufacturing best-in-class products for the past 45 years. HDFC Bank can provide recurring mortgage loans as part of its comprehensive portfolio across urban, semi-urban and rural India. As of February 29, 2024, the bank's distribution network has expanded to 8,192 branches in 3,836 provinces/districts and 20,760 ATMs/cash recycling machines (cash deposits and withdrawals). HDFC Sales Private Limited, a network arm of HDFC Ltd., has 737 offices, of which 214 offices are integrated into the bank's network. The bank's international operations include branches in four countries and three representative offices in Dubai, London and Singapore, offering mortgage products to non-Indians and people of Indian origin.

HDFC Bank's compensation policy is based on good compensation policies and practices adopted by the bank and is in accordance with the guidelines contained in the notification of the Reserve Bank of India dated November 4, 2019. Modifying and maintaining compensation plans and appropriate procedures with adequate supervision and control.

1. Compensation strategy:

Compensation is one of many financial tools used by organizations to reward and motivate employees. The company's mission is to be an Indian company in the world. Their ability to attract, retain, reward and motivate top talent is critical to achieving their strategic goals and long-term success. Compensation policies should be based on business logic, business dynamics, company characteristics and complexities. The aim of the outcome is to provide a fair and transparent structure that helps preserve and capture capital, which is important for creating competitive advantage and product equity.

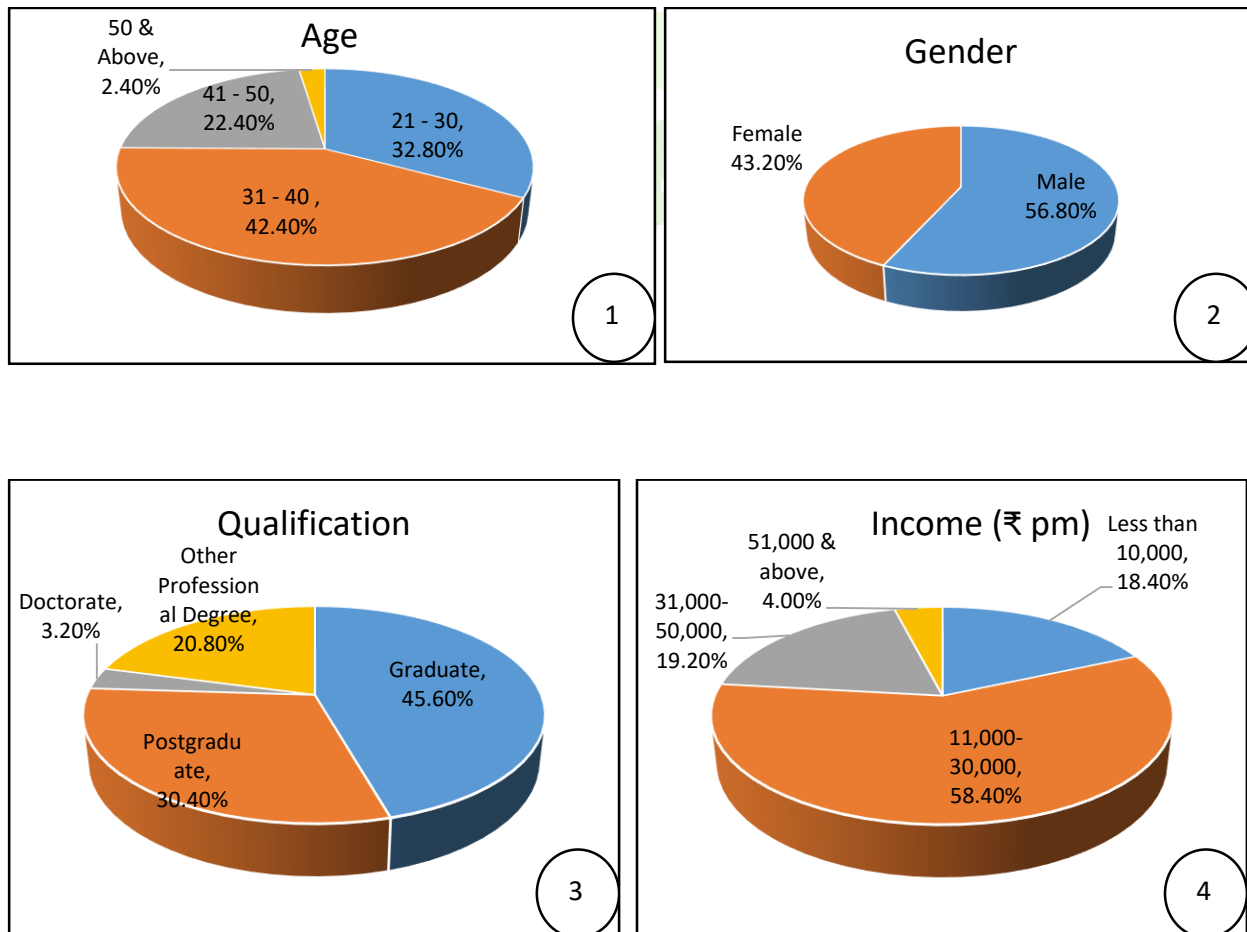
The Bank's approach is to establish a pay-for-performance system with the belief that performance management provides a solid basis for performance measurement. Remuneration criteria will also include differential pay based on factors such as role, skill/skill, experience and grade/level, as well as capital, tiers, skills and availability based on the competitive market.

2. Compensation Governance

The Bank's Board of Directors will actively monitor the establishment and operation of the remuneration system. The board will also monitor and review the remuneration system to ensure it operates as intended and complies with FSB regulations. Paybacks can also be combined with risk. The company will also ensure that employees involved in finance and risk management are independent, have appropriate rights, receive reimbursement, follow-up and fulfill their important responsibilities in the bank regardless of the business units in which they operate. The Nomination and Remuneration Committee of the Board of Directors oversees compliance with the Bank's policies and regulations. The Human Resources, Finance and Compensation Department will manage compensation policies by following objectives, policies and procedures.

The compensation structure and remuneration of full directors and supervisory directors will be approved by the Nomination and Remuneration Committee. Control of payments will be strict and regular; any deficiencies will be corrected immediately by maintenance. For the purpose of this Law, the term "general manager" also includes the executive director.

Graph 1, 2, 3 & 4: Demographic Profile of the respondents



Graph 1, 2, 3 & 4 displays the demographic information gathered from the respondents. According to the above graph 1, it can say that male are 56.80% and female are 43.20% respondents at HDFC Bank Hazaribag district. From the above graph 2, It can see that 32.80% of respondent are from the age group of 21-30, 42.40% of respondent are from the age group of 31-40, 22.40% of respondent are from the age group of 41- 50, and 2.40% of respondents are from the age group of 50 & Above respectively. So, it is interpreted that majority of the employees are Male and 31-40 years age group. From the above graph 3, it can say 45.60% of respondent did graduate, 30.40% of respondent did post graduate, 3.20% of respondent did post Doctorate, and 20.80% of respondent did Other Professional Degree. So, it can be interpreted that majority of the respondent are literate. From the above graph 4, it can say that 18.40% of respondent are having salary Less than 10,000, 58.40% of respondent are having salary between 11,000-30,000, 19.20% of respondent are having salary between 31,000-50,000, and 4.00% of respondent are from Rs 51,000 & above.

Table: 1 Employee satisfaction towards compensation in organizations by the respondents

S. No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Current compensation policy is able to attract, retain & motivate talents.	30	67	10	12	6
		24.00%	53.60%	8.00%	9.60%	4.80%
2	Current compensation management system allows employees for taking up higher responsibilities.	65	32	8	15	5
		52.00%	25.60%	6.40%	12.00%	4.00%
3	Current compensation system allows employees to put their efforts according to your jobs.	22	35	45	20	3
		17.60%	28.00%	36.00%	16.00%	2.40%
4	Current compensation system fulfills the psychological and self-actualization need of employees.	57	46	21	1	0
		45.60%	36.80%	16.80%	0.80%	0.00%
5	Individual objectives are in line with compensation system objective and need.	40	63	19	2	1
		32.00%	50.40%	15.20%	1.60%	0.80%
6	Compensation policy & programs are clearly and transparently designed & understood everyone.	51	43	24	4	3
		40.80%	34.40%	19.20%	3.20%	2.40%
7	Compensation programs are timely updated without affecting the core work.	46	25	33	19	2
		36.80%	20.00%	26.40%	15.20%	1.60%
8	Employees are aware of the compensation management policy of the bank.	70	43	12	0	0
		56.00%	34.40%	9.60%	0.00%	0.00%
9	Employees are satisfied with current compensation policy.	2	76	40	7	0
		1.60%	60.80%	32.00%	5.60%	0.00%

Primary Data (Data is presented on Frequency & Percentage)

Out of 125 respondents of HDFC Bank Hazaribag district, as shown in table 1 that 53.60% (67) respondents were Agree on the statement that Current compensation policy is able to attract, retain & motivate talents. 52.00% (65) respondents were strongly agree on the statement that Current compensation management system allows employees for taking up higher responsibilities. 36.00% (45) respondents were Neutral on the statement that Current compensation system allows employees to put their efforts according to your jobs. 45.60% (57) respondents were strongly agree on the statement that Current compensation system fulfills the psychological and self-actualization need of employees. 50.40% (63) respondents were Agree on the statement that Individual objectives are in line with compensation system objective and need. 40.80% (51) respondents were strongly agree on the statement that Compensation policy & programs are clearly and transparently designed & understood everyone. 36.80% (46) respondents were strongly agree on the statement that Compensation programs are timely updated without affecting the core work. 56.00% (70) respondents were strongly Agree on the statement that Employees are aware of the compensation management policy of the bank, and 60.80% (76) respondents were Agree on the statement that Employees are satisfied with current compensation policy.

Finding and recommend

- Participants are satisfied with the workplace.
- Participants were satisfied with the work environment and their relationships with their supervisors.
- Participants are interested in incentives and other benefits.
- Participants are satisfied with the employees' satisfaction with the organization.
- Participants agree that the organization provides training to employees.
- Respondents agree that organizations provide medical assistance to employees.
- Banks should improve the environment and work that affects employees.
- Banks should provide better health policies to their employees.
- Banks need to improve their job rewards as they become more knowledgeable about the process of getting rewards in the workplace.
- Banks should improve labor costs. Banks should improve medical facilities for their employees and their families.
- Banks should provide more rewards and other benefits to encourage and increase employee morale.

Conclusion

Compensation is an important part of employees. It makes employees want to take action. Most participants agreed that they were generally satisfied with the organization. Most survey respondents agree with the amount of money the organization pays them. They know a lot about their jobs, employee base pay, salary benefits, medical benefits, job security, job satisfaction, and good employees. The study also concluded that the working relationship with the supervisor is good, and lunch and breaks are provided by the institution. Participants agreed on the training provided to them by the organization and the nature of the organization's work. Participants are satisfied with their housing.

The conclusion of this study is that although the overall job satisfaction of HDFC Bank employees is not very high, they are still satisfied. But there is still a lot of room for improvement. Employees are an important part of an organization's success. No organization can achieve success without the enthusiasm and efforts of its employees. Organizations should try to do everything possible to increase employee job satisfaction because if employees are satisfied, the customers who interact with them will be satisfied as well. Job satisfaction is a very broad concept because it includes many factors that affect employees' job satisfaction. Satisfaction levels vary from employee to employee. In summary: It can be said that as the determination of satisfaction changes, the level of job satisfaction will also change. Concepts found in the theoretical framework are analyzed and compared with empirical research results. In the study, satisfaction patterns were analyzed according to various variables such as age, gender, seniority, marital status and examined whether the employees were willing to contract. The findings and recommendations are based on research on these points to consider and steps to take to achieve higher growth. All findings and suggestions regarding employee performance are discussed with HDFC Bank HR Manager. These thoughts and ideas have been very useful and well received, and we are committed to using them in the future.

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