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A STUDY ON COMPENSATION MANAGEMENT OF DELIVERY SERVICE PARTNER IN AMAZON

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Abstract

The study specifically focuses on the importance of effective compensation management for delivery service partners (DSPs) within Amazon. By examining factors like base pay, incentives, and benefits, the research aims to identify areas for improvement to boost motivation, retention, and performance among DSPs in Amazon's last-mile delivery network. Despite limitations like sample size and scope, the study provides valuable insights for optimizing compensation strategies.

Keywords: Compensation Management, Delivery Service Partners (DSPs), Amazon, Base Pay, Incentives, Benefits, Motivation, Retention, Performance, Employee Satisfaction.

INTRODUCTION

The study provides a comprehensive overview of compensation and benefits management, highlighting the importance of both monetary and non-monetary elements in fostering employee satisfaction and organizational competitiveness. It emphasizes the need for organizations to align their compensation strategies with market dynamics and legal requirements to attract, retain, and motivate talent effectively. Additionally, it underscores the significance of fair and transparent compensation practices in promoting employee morale, efficiency, and cooperation, ultimately contributing to organizational success and stability.

OBJECTIVES OF THE STUDY

- To investigate the perception of employees regarding the structure of compensation packages offered by Amazon.
- To identify any challenges or areas for improvement within the existing compensation framework.
- To study the relationship between compensation, performance, and satisfaction among employees.
- To analyze the level of employee satisfaction regarding the benefits and compensation provided by company.

NEED OF THE STUDY

- Investigate compensation management within Amazon's Delivery Service Partners.
- Compensation is crucial for employee engagement and fostering a positive work culture.
- Aligning compensation with performance metrics is key for organizational success.
- Analyzing compensation's impact on DSP and employee motivation, retention, and performance is vital.

SCOPE OF THE STUDY

The study delves into various aspects of employee compensation within Amazon's Delivery

Service Partners (DSPs) network. It examines compensation management practices, remuneration structures, and key components of compensation packages such as base pay, incentives, bonuses, and benefits. Additionally, it evaluates the alignment between compensation strategies, performance metrics, and organizational objectives for DSPs and their employees. Furthermore, the study identifies potential disparities in compensation structures and their implications on DSP and employee motivation, retention, and overall performance.

LIMITATIONS OF THE STUDY

- The study relies on data obtained from a limited sample size of 115 respondents, potentially limiting the generalizability of the findings.
- The study is applicable only to Amazon and not to any other similar organization.
- The study acknowledges limitations imposed by time and cost considerations, which may have impacted the depth and breadth of the research conducted.
- Some employees may have been reluctant to provide their opinions due to the sensitive nature of the study topic, potentially resulting in incomplete or biased data.

REVIEW OF LITERATURE

Onuorah, & Okeke. (2023). "Compensation Management's Impact on Organizational Growth and Employee Performance: Evidence from Anambra State, Nigeria."

Haralayya, B. (2022). "Short-Term Job System for Enhancing Practical Research Skills: A Case Study in India's Machinery Sector."

Reddy, N., & Santosh, K. (2021). "Exploring Job Performance Factors in the IT Industry: Evidence from Pune City."

Aliku, Morka, & Igemohia. (2020). "Impact of Compensation Management on Employee Performance in the Manufacturing Industry: A Descriptive Survey."

Lu, Z., & Kittimanorom, P. (2019). "Compensation Management and Employee Motivation at Kunming Haitian Hotel: A Correlational Study."

RESEARCH METHODOLOGY

Research design: Descriptive method research design

Sampling Techniques: Simple random sampling

Sample size: The sample size is 115 respondents

Tools used for analysis: Simple percentage analysis, Chi-square, Correlation.

ANALYSIS & INTERPRETATION

Simple Percentage Analysis

In a recent survey, most respondents were male, with the largest age group being 26-30 years old. The majority held an Undergraduate Degree and had 6 to 10 years of experience. Most were married and preferred a fixed salary. Many supported basing compensation on performance and aligning it with government recommendations. Basic Pay was prioritized, and understanding incentives was valued in training. Paid holiday was the top perk, and respondents were highly aware of Amazon's compensation system. Talent attraction was the main concern, followed by performance motivation. Respondents wanted stronger incentives and salary structure improvements. Overall, most were satisfied with their compensation, alignment with work, and overtime pay. Satisfaction was also high with festival bonuses, gifts, and concession loans. The majority felt the compensation strategy meets employee needs well, with a high opinion of the committee's role in salary revisions.

Chi-Square Analysis

Relationship between respondents' educational qualifications and their opinion on compensation fixation in organizations.

Chi-Square Test	Value	df	p-value
Pearson Chi-Square	19.731	6	.003
Likelihood Ratio	18.090	6	.006
Linear-by-Linear Association	.901	1	.343

Interpretation: The calculated chi-square value (19.731) surpasses the critical table value (12.592), indicating a significant association between respondents' educational qualifications and their opinion on compensation fixation in organizations (p = 0.003, < 0.05). Hence, the research hypothesis is accepted.

Correlation

The correlation between respondents' opinions on compensation system enhancement training and their awareness of Amazon's compensation system.

	Opinion on Compensation System Enhancement Training	Opinion on Awareness of Amazon Compensation System
Pearson Correlation	1	0.410**
Sig. (2-tailed)	-	.000
N	115	115

Interpretation: The correlation analysis indicates a significant positive correlation ($r = 0.410, p < 0.01$) between respondents' opinions on compensation system enhancement training and their awareness of Amazon's compensation system. This suggests that as perceptions of the training's effectiveness improve, so does awareness of Amazon's compensation system, and vice versa.

FINDINGS

Simple Percentage Analysis

In a recent survey, 73.9% of respondents were male, with the largest age group being 26-30 years old (32.2%). Additionally, 48.7% held an Undergraduate Degree, and 61.7% had 6 to 10 years of experience. The majority preferred a fixed salary model (40.0%), while 55.7% supported compensation based on performance appraisal. Paid holiday was the most valued perk (55.7%), and 56.5% expressed "Very High" awareness of Amazon's compensation system. Talent attraction (33.0%) and performance motivation (29.6%) were top concerns. Most respondents (92.2%) were satisfied with their compensation, and 76.5% were highly satisfied with overtime pay. Satisfaction rates were also high for festival bonuses (55.7%) and concession loans (63.5%). Overall, 62.6% felt that the current compensation strategy meets employee needs well.

Chi-Square Analysis

There is no significant variable between educational qualifications and their opinion on compensation fixation in organizations.

Correlation

There is no significant variable between opinions on compensation system enhancement training and their awareness of Amazon's compensation system.

SUGGESTION

- Implement periodic reviews of compensation packages to ensure alignment with industry standards and employee satisfaction.
- Customize compensation packages based on factors such as performance metrics and business need to enhance employee engagement and retention.
- Offer training programs to employees to enhance their understanding of the compensation structure, including incentives and benefits.
- Establish clear communication channels between Amazon and employees to facilitate dialogue regarding compensation-related concerns and ensure transparency in decision-making processes.
- Cultivate a collaborative partnership between Amazon and employees by involving them in discussions and decisions related to compensation management.

CONCLUSION

In conclusion, a well-designed compensation and benefits system is crucial for organizational success, attracting, motivating, and retaining talent while enhancing employee satisfaction and productivity. The study highlights the importance of effective compensation management tailored to Amazon's Delivery Service Partners (DSPs) to ensure satisfaction, performance enhancement, and overall business success. The research design employed a descriptive method, analyzing factors such as base pay and incentives, providing valuable insights into compensation practices within Amazon's DSP network.

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