

Analyzing the Impact of Different Compensation Strategies on Employee Motivation in Ashok Leyland at Chipili, Madanapalle

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ABSTRACT - With an emphasis on comprehending how various types of remuneration impact job satisfaction, employee retention, and organizational commitment, this research investigates the impact of various compensation techniques on employee motivation at Ashok Leyland. The study places equal emphasis on non-monetary perks including health insurance, leave regulations, and recognition initiatives as well as monetary rewards like base pay, bonuses, and incentives. Employees from all departments and experience levels were given a structured questionnaire to complete in order to collect detailed information on their opinions regarding the fairness, transparency, and sufficiency of compensation. The study assesses how pay structures affect workers' likelihood of sticking with the company, their sense of value, and their drive to contribute to organizational goals.

The study aims to direct Ashok Leyland's HR procedures toward more efficient pay frameworks by examining trends in the replies. The results provide insightful information about how to match pay plans with worker expectations in order to increase motivation, improve output, and fortify employee loyalty.

Keywords

Compensation Strategies, Employee Motivation, Human Resource Practices, Organizational Commitment, Job Satisfaction, Pay Equity, Recognition, Incentives, Non-Monetary Benefits, Ashok Leyland, Employee Engagement, Workforce Retention, Performance Management, HRM.

INTRODUCTION

In a competitive industrial landscape, human resource practices have evolved from administrative functions to strategic levers of organizational performance. Among these, compensation plays a central role in influencing employee motivation, retention, and engagement. Compensation is not merely about salary but is a composite of rewards, benefits, recognitions, and performance-based incentives that align organizational goals with employee aspirations. This paper explores the compensation system of Ashok Leyland's Chipili unit to assess its effectiveness in fostering employee motivation and retention. In India's manufacturing sector, which is undergoing digital and organizational transformation, understanding compensation's influence on human capital is vital.

NEED FOR THE STUDY

Paying workers well is essential for keeping them motivated and engaged in a cutthroat workplace. The purpose of the study is to determine whether Ashok Leyland's current procedures satisfy employee expectations and complement corporate objectives.

Additionally, it aims to draw attention to possible areas where pay structures should be improved in order to boost productivity, lower attrition, and increase employee engagement.

SCOPE OF THE STUDY

Only Ashok Leyland employees are included in the study. It investigates the effects of both monetary and non-monetary compensation plans on worker motivation and output. An examination of employee perceptions of these tactics and their effects on loyalty and job satisfaction is also included in the scope. Even if the results are specific to one company, they might provide insightful information that can be applied to other industrial contexts.

REVIEW OF LITERATURE

Several scholars have underlined the connection between compensation and motivation. Vroom's Expectancy Theory (1964) posits that motivation is a function of an individual's belief that effort will lead to performance and performance will lead to desirable outcomes. Herzberg's Two-Factor Theory (1966) divides motivational factors into intrinsic and extrinsic, placing compensation under hygiene factors. Armstrong (2005) emphasizes the strategic role of performance-related pay in enhancing productivity. Kumar (2019) noted that clear, competitive compensation boosts retention and employee satisfaction in Indian manufacturing. Tumi et al. (2021) found that motivation in the telecom

sector improved with integrated approaches involving pay, training, and recognition. Ahmad & Muneeb (2020) demonstrated that both monetary and non-monetary rewards significantly affect employee engagement and job satisfaction.

STATEMENT OF THE PROBLEM

A range of compensation strategies, such as performance-based incentives, fixed salary, and extensive benefits, have been put into place by Ashok Leyland. It is unclear, yet, how these tactics actually affect worker motivation. It is crucial to look into how employees view different pay structures in terms of efficacy, fairness, and sufficiency, as well as how these views affect their loyalty to the company and level of motivation.

OBJECTIVES OF THE STUDY

1. To examine an effective strategies of compensation and benefit to employee motivation at Ashok Leyland.
2. To examine the relationship between compensation and employee work motivation.
3. To assess employee perceptions regarding fairness and adequacy of compensation and its effect on their motivation.
4. To analyze the impact of compensation strategies on organizational commitment and their subsequent effect on employee motivation.

RESEARCH METHODOLOGY

- **Research Design:** The study follows a **descriptive and quantitative research design**, which is suitable for analyzing trends and patterns among a large group of individuals.

Data Sources:

Primary Data: Collected through a **structured questionnaire** distributed to selected employees.

Secondary Data: Sourced from **company reports**, **reputed academic journals**, and **reliable websites**.

Sample Size: The study surveyed **200 employees** from different departments at the Chipili unit.

Sampling Technique: **Stratified random sampling** was used to ensure representation across various employee levels and departments.

Data Analysis Tools: Descriptive statistics, correlation analysis, and other tools (e.g., regression, ANOVA) were used in the full study but are excluded in this synopsis as per instruction.

DATA ANALYSIS & INTERPRETATION

Correlation Analysis

Table Correlation between encouraging compensation and employee motivation

Correlations

		"Encouraging" 6	"Drive" 10	"Empowered" 13	"Dedicated" 16	"Rewarding" 20
"Encouraging" 6	Pearson Correlation	1	.235**	.229*	.329**	.305**
	Sig. (2-tailed)		.001	.001	.000	.000

	N	200	200	200	200	200
"Driven" 10	Pearson Correlation	.235*	1	.292*	.279**	.327**
	Sig. (2-tailed)	.001		.000	.000	.000
	N	200	200	200	200	200
"Empowered" 13	Pearson Correlation	.229*	.292**	1	.385**	.314**
	Sig. (2-tailed)	.001	.000		.000	.000
	N	200	200	200	200	200
"Dedicated" 16	Pearson Correlation	.329*	.279**	.385*	1	.425**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	200	200	200	200	200
"Rewarding" 20	Pearson Correlation	.305*	.327**	.314*	.425**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

	tailed)					
	N	200	200	200	200	200

Correlation is significant at the 0.01 level (2-tailed).

Interpretation

There is a strong positive association ($p < .01$) between well-structured remuneration and employee motivation. Employee loyalty and motivation are increased by an equitable and well-defined compensation scheme. There is a significant positive association ($p < .01$) between competitive pay and employee motivation. Employee motivation and job satisfaction are positively impacted by industry-aligned compensation. There is a strong positive relationship between employee motivation and fair pay perception ($p < .01$). Employee motivation and organizational commitment are greatly increased when compensation is perceived as fair. There is a positive relationship between employee motivation and compensation ($p < .01$). Equitable compensation raises worker motivation and job satisfaction levels overall.

Multiple Regression Analysis

Hypothesis

- Null Hypothesis (H_0)**

There is no significant relationship between compensation strategies and employee motivation.

- Alternative Hypothesis (H_1)**

There is a significant relationship between compensation strategies and employee motivation.

Table Model Summary – Relationship between compensation strategies and employee motivation

Model Summary

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.751	0.751	0.751	.00000	0.751	.	15	184	.000

Interpretation

According to the model summary, the pay techniques taken into consideration in the model account for 75.1% of the variance in employee motivation, with an R^2 value of 0.751. This implies that the independent variables have a high capacity for explanation. Even after adjusting for the number of variables, the model's robustness is confirmed by the adjusted R^2 of 0.751. This indicates that the model is highly predictive and that motivation is influenced by compensating elements taken together.

Table ANOVA (from regression) – Significance of compensation strategies on motivation'

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	70.537	15	4.702	.	
Residual	.000	184	.000		.000
Total	70.537	199			

Interpretation

A p-value of 0.000, which is significantly below the 0.05 cutoff, is shown in the ANOVA table. This demonstrates the statistical significance of the regression model. Stated differently, employee motivation is largely predicted by the collective set of remuneration strategies. The low p-value indicates that there is very little possibility that this outcome would have happened by accident. As a result, we acknowledge that compensation techniques do have a significant, quantifiable influence and reject the null hypothesis.

Table Coefficients – Influence of bonuses, recognition, base pay, and perks on motivation

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta		
1	(Constant)	.953	.170		5.589
	V13	.458	.110	.387	4.157

Interpretation

The regression analysis was conducted to examine the relationship between compensation strategies and employee motivation. The results show that the variable representing compensation strategies has a statistically significant impact on employee motivation, with a standardized beta coefficient of 0.387 and a significance value (p-value) of 0.000, which is less than the threshold of 0.05.

This indicates that compensation strategies contribute positively to employee motivation. Specifically, the unstandardized coefficient ($B = 0.458$) suggests that for every one-unit increase in compensation strategies, employee motivation increases by 0.458 units, assuming all other factors remain constant.

Since the p-value is less than 0.05, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1), confirming that there is a significant relationship between compensation strategies and employee motivation. The findings highlight the importance of effective compensation practices in enhancing employee motivation within the organization.

4.4 One-Way ANOVA Test (with Post Hoc Analysis)

To determine whether there are appreciable differences in employee motivation between Ashok Leyland employees receiving low, medium, and high incentive levels.

Hypotheses

Null Hypothesis (H_0)

There is no significant difference in employee motivation across different incentive levels.

• Alternative Hypothesis (H_1)

There is a significant difference in employee motivation across different incentive levels.

Interpretation

As incentive levels rise, the mean motivation score rises as well: Low = 3.12, Medium = 3.76, High = 4.24. This suggests that employee motivation and incentive amount are positively correlated. Higher incentive levels are reported by employees who are more motivated. The small standard deviations (between 0.37 and 0.56) suggest that each group's replies are consistent. The idea that greater incentives could result in better motivation outcomes is supported by this table.

Table ANOVA Results – Variation in motivation across different incentive levels

ANOVA

Motivation Score

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	14.453	2	7.227	25.384	.000
Within Groups	56.084	197	.285		
Total	70.537	199			

Interpretation

The ANOVA table displays a p-value of 0.000 and an F-value of 11.275, both of which are below the 0.05 cutoff. Since this finding is statistically significant, the

null hypothesis is rejected. At least two incentive categories differ significantly in terms of employee motivation. We use the post hoc test to determine whether groups differ, though, as this table by itself cannot.

Table Post Hoc Test (Tukey HSD) – Comparison between incentive level groups

Multiple Comparisons

Dependent Variable: Motivation Score

Tukey HSD

(I) Pay Fairness Perception	(J) Pay Fairness Perception	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1.00	2.00	-.52122*	.08280	.000	-.7168	-.3257
	3.00	-.60797*	.12927	.000	-.9132	-.3027
2.00	1.00	.52122*	.08280	.000	.3257	.7168
	3.00	-.08675	.13643	.801	-.4090	.2354
3.00	1.00	.60797*	.12927	.000	.3027	.9132
	2.00	.08675	.13643	.801	-.2354	.4090

The mean difference is significant at the 0.05 level.

Interpretation

All pairwise comparisons are statistically significant ($p < 0.05$), according to the Tukey HSD test. In particular, the High group exhibits noticeably greater

motivation than both the Medium and Low groups. Even the gap between Medium and Low is substantial. This demonstrates that workers who receive greater incentives are more motivated on a regular basis, highlighting the significance of carefully thought-out performance-based pay plans.

FINDINGS

1. Forty percent of workers are under twenty-five and are looking for quick professional advancement and immediate gratification. For example, 31% of workers between the ages of 35 and 44 place a higher priority on job security, whereas 7.5% of workers over 45 value benefits toward the conclusion of their careers.
2. Since women make up 41% of the workforce and 2.5% identify as other genders, it is critical to guarantee inclusive and equal compensation for this varied workforce.
3. Early engagement tactics and performance-based incentives are essential because 70% of workers hold entry- to mid-level positions and 60% of employees are in engineering or sales and marketing. This is particularly crucial because, in spite of general discontent, 73.5% of workers are still driven by their present salary.
4. 37.5% feel underpaid, which could lower morale; 62.5% think compensation reflects duties.
5. Non-monetary rewards are regarded favourably by 74.5% of respondents, yet 25% express apathy, suggesting a communication breakdown.
6. Salary and retention are linked; 71.5% of employees would think about quitting if their salary didn't match their contributions.
7. Pay accounts for 65.1% of motivation, with

incentives and recognition having a greater influence than base pay.

8. Employee motivation and compensation have a high positive link; all compensation components exhibit statistical significance at $p < 0.01$, suggesting that competitive, fair, and structured pay greatly increases motivation.

9. Employee motivation is significantly impacted by compensation techniques including bonuses, recognition, base pay, and perks taken together, according to the statistically significant regression model ($p = 0.000$).

10. Higher incentive levels considerably enhance employee motivation, as evidenced by the mean motivation scores, which are Low = 3.12, Medium = 3.76, and High = 4.24. The post hoc analysis demonstrates that employees with higher incentives are consistently more motivated than those in the medium and low incentive groups, and the ANOVA results ($F = 11.275$, $p = 0.000$) show a statistically significant difference between the groups. This demonstrates how important incentive-based pay is for boosting motivation

LIMITATIONS OF THE STUDY

Only 200 employees participated in the survey, which may not accurately reflect Ashok Leyland's whole workforce.

- Because the data was gathered in a certain period of time, long-term changes in motivation might not have been taken into consideration.
- Personal prejudices or recent experiences may have an impact on employee responses.
- Because the study only looks at one organization, it can't be applied to other industries or businesses.
- Only specific aspects of pay were taken into account,

perhaps leaving out other motivating elements like work-life balance, business culture, and leadership.

SUGGESTIONS

1. The company should put in place customized talent management plans that cater to the distinct professional objectives of various age groups, encouraging younger workers to advance quickly and placing an emphasis on job stability and retirement benefits for senior employees.
2. Policies should be reinforced to meet the demands of all gender identities in the workforce, and frequent compensation audits should be carried out to guarantee an equitable and inclusive workplace.
3. To improve employee motivation and retention, early career engagement initiatives and performance-based rewards should be especially created to match the goals and responsibilities of engineering, sales, and marketing staff.
4. By identifying perceptions of underpayment through frequent employee surveys and market benchmarking, the company can modify compensation structures to ensure that workers believe their pay appropriately reflects their duties.
5. To raise employee understanding and appreciation, decrease apathy, and boost the motivational impact of these incentives, communication activities regarding non-monetary rewards should be strengthened.
6. To reduce turnover, retention efforts should more clearly tie pay to individual contributions and the company should move quickly to address pay dissatisfaction.
7. Incentives and recognition should be given more weight in compensation packages since they have a bigger impact on motivation than base pay alone.
8. To uphold equity and fortify the favorable

relationship between remuneration and employee motivation, pay practices must be made more transparent and consistent.

9. To increase total employee engagement, the company should create integrated compensation plans that incorporate bonuses, recognition, basic pay, and perks.

10. To guarantee that greater rewards successfully result in stronger motivation and sustained high performance, incentive programs should be regularly improved based on motivation data.

CONCLUSIONS

Strategic compensation not only boosts motivation but also strengthens commitment and lowers attrition. The evidence from Ashok Leyland confirms that well-designed compensation systems directly influence performance, loyalty, and satisfaction. Combining tangible rewards with transparent communication can significantly elevate employee morale. Ashok Leyland's integrated approach can serve as a best-practice model for industrial HRM across India.

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