 www.thaavan.com thaavan2011@gmail.com	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	<hr/> International Journal of Research in Management, Sciences and Technology <hr/> A Blind Peer Reviewed and Open Access Journal <hr/> Publication as Per UGC CARE of India and SCOPUS <hr/>
	CLEAR IJRMST	Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

A STUDY ON THE STIMULI AND SEQUEL OF PAY DISPARITY WITH RESPECT TO ORGANISATIONAL STRATIFICATION

*Ms. Venissa N. Shenoy **Ms. Meenal Fernandes ***Kotam Reddy Saisisira

*Assistant Professor, Department of Business Studies, Mount Carmel College

Venissa.n.shenoy@mccblr.edu.in, Mobile no. 9008416643

Student, Mount Carmel College, *Student, Mount Carmel College

ABSTRACT

Pay disparity increases with the increase in size of the organization if the compensation of individual in the organization is based on marginal product and it is indeed more pronounced at bigger organization. There is an existence of pre-assumed notion that gender is the only reason for an incline in pay disparity, but this research tries to understand the other reasons and the extent to which it impacts pay gap. 100 salaried employees in Bangalore are respondents for this research who were selected using random and snowball sampling method. Further online questionnaire was filled and results were analysed and interpreted using SPSS, Ms excel and Ms Word. Literature review in the related fields was used for further insights and for framing Hypothesis. According to the research conducted for 100 respondents, Results show that there is increase in productivity as there is wage gap. An incline in pay gap can be noticed in regard with the ascending hierarchical structure in all industries. To create a fall in pay gap is necessary; it is a steady and elongated process.

Article History

Received: 11th March 2019

Received in revised form: 27.04.2019

Accepted: 18.05.2019

Published

: 30th June.2019

Keywords: compensation, marginal product, organization, Bangalore, SPSS


Corresponding Author: Ms. Venissa N. Shenoy **Email:** Venissa.n.shenoy@mccblr.edu.in

INTRODUCTION

Pay structure in any organization is determined by many factors such as level of employee, status of an employee, tenure of an employee in the particular organization and ability of an individual to perform specific work. Firms can't have equal pay structure over the organizations. Firms need to accompany diverse pay structure for their workers at various levels when there is a distinction in administrative ability and skill set what they possess. The problem

in pay disparity emerges when there is a huge pay divergence over the firm at various levels.

High pay inequality within the organizations, relative pay differentials between top level and lower level jobs are larger and has higher valuations and stronger operating performance. Organization with higher pay inequality display larger equity returns and greater earnings surprises, suggesting that pay inequality is not fully priced by the market. The various investigations on pay disparity have

 www.thaavan.com thaavan2011@gmail.com	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	<hr/> International Journal of Research in Management, Sciences and Technology <hr/> A Blind Peer Reviewed and Open Access Journal <hr/> Publication as Per UGC CARE of India and SCOPUS <hr/>
	CLEAR IJRMST	Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

exhibited many variables like experience, qualification, risk, hardship, benefits and incentives size of the firm, talent assignment, incentives, corporate governance and competition. It's been found that some factors are very influential in deciding pay roll and some are that not, the factors those are more influential are the reasons for huge pay disparity.

STATEMENT OF PROBLEM

Given the rise of pay disparity in organizations, it is necessary to ensure that the reasons behind it are studied effectively and to be acted upon to craft a decline in the discriminating means which has been present through the years. This study is designed to determine the grounds that lead to the foundation of wage differences and to understand variables that can shape the organizations to condense unfairness. Pay inequality within the organization is very challenging and very complex to understand due to lack of publicly available data. Pay disparity is often directly related to gender wage gap, this research paper concentrates on factors which are not given equal importance as of gender pay gap but still play a vital role towards the inclination of pay gap. Pay inequality in many firms especially at large scale industry has influenced the size of the firm mainly due to more pronounced hierarchy levels, differences in talent assignments, corporate governance and competition. Hence the variables selected for the study are experience, qualification, Risk, hardship, benefits and incentives theories such Tournament theory and Behavioural theory and market competition. These variables are well supported by literature review to impact pay disparity.

OBJECTIVES OF THE STUDY

- To know the variance in pay at various levels of organisation.

- To examine out the variance in wage determinants influencing the pay package.
- To understand the hardship and amount of risk involved of every job and industry.
- To find out the YoY change rate for various job positions.
- To find out the difference in employee benefits and perks given to different job positions.
- To identify whether the organisations have followed the principles of the Tournament theory and behavioural theory.
- To examine the efforts put in by individual organisation to reduce pay gap.

SCOPE OF THE STUDY


The scope of this study is to find out what causes pay gap by using variables such as wage determinants, Risk, YoY change, tournament and behavioural theories. This study is limited to salaried employees working in Bangalore. This study also aims to find out employee's opinion and views about pay gap.

METHODOLOGY

This type of research is based on qualitative and quantitative aspects. Online questionnaire was circulated through Google form. It is an Explorative and Experimental research. SPSS software was used to conduct statistical tools and MS office was used for MS word and MS excel.

PLAN OF ANALYSIS

- The questionnaire constructed for this research consisted of 6 categories – Demographics, Income, Determinants of wage, Risk involved in job, YoY change, Benefits and incentives and Employees attitude towards pay gap.
- For studying the impact of the Stimuli and Sequel of Pay Disparity with respect to Organizational Stratification, The independent variables are wage

 www.thaavan.com thaavan2011@gmail.com	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	International Journal of Research in Management, Sciences and Technology A Blind Peer Reviewed and Open Access Journal Publication as Per UGC CARE of India and SCOPUS
	CLEAR IJRMST	Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

determinants, Risk involved in job, YoY change, Benefits and incentives on pay gap. The dependent variables are pay gap at different income and hierarchical levels.

HYPOTHESIS

1. WAGE DETERMINANTS

H₀: There is no statistically significant relationship between Wage determinants and Income

H₁: There is statistically significant relationship between Wage determinants and Income.

2. RISK

H₀: There is no statistically significant relationship between Risk, Hardship (hours) and Income.

H₁: There is statistically significant relationship between Risk, Hardship (hours) and Income.

3. YOY CHANGE (RAISE)

H₀: There is no significant difference in actual raise received and Expected raise received.

H₁: There is significant difference in actual raise received and Expected raise received.

LITERATURE REVIEW

1. GUPTA ET AL. (2012); DOWNES AND CHOI (2014). "Pay disparity" can be defined in many ways, pay disparity is the difference in pay among individual performing the same job and this is known as horizontal disparity. The change in pay between people carrying out different kinds of jobs is known as vertical disparity or the difference in pay among all employees of the organization is known as overall pay

disparity. Most of the researchers have tried to identify the effects of horizontal and overall disparity

2. TERVIÖ 2008; GABAIX AND HOLGER M. MUELLER, (2016) LANDIER 2008)

The empirical study of pay inequality within in the firm states that high pay inequality has been hindered by many explanations such as talent assignment, managerial talent, incentive policy of the firm, size of the firm, firm growth, rent extraction due to these factors firms cannot generate equal pay structure or satisfactory pay roll across the organization, firms need to establish some disparity (inequality).

3. ECONOMIC TIMES, (2018) .India Inc.'s


top executives earn 243 times more than average staff. The number of senior executives, employed with the BSE 500 companies who grossed more than Rs. 1 crore, augmented by 43 to 848 in FY17 from the preceding year. payment of India Inc.'s top 100 senior executives other than promoters holding executive positions has grasped a sharp upsurge, thanks to enhanced than average growth in salaries and greater pay-outs of commission or bonus. The average compensation of the sample amplified by 12.1% to Rs 9.8 crore in FY17.

DATA ANALYSIS

TABLE 1

CORRELATION BETWEEN INCOME, JOB KEVELS AND WAGE DETERMINANTS

Spearman's rho											
		income	Job level	experience	Qualification	Hardships	Skills	Job status	standard of living	Seniority	Market rate

 <p>www.thaavan.com thaavan2011@gmail.com</p>	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	International Journal of Research in Management, Sciences and Technology
	CLEAR IJRMST	A Blind Peer Reviewed and Open Access Journal Publication as Per UGC CARE of India and SCOPUS
		Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

Income	Correlation Coefficient	1.000	-.233*	0.082	0.049	0.017	0.176	0.070	0.027	0.016	-0.056
	Sig. (2-tailed)		0.020	0.416	0.625	0.866	0.081	0.491	0.793	0.873	0.582
	N	100	100	100	100	100	100	100	100	100	100
Job levels	Correlation Coefficient	-.233*	1.000	0.095	0.010	0.113	0.063	-0.037	-0.064	-0.010	0.164
	Sig. (2-tailed)	0.020		0.347	0.920	0.261	0.534	0.714	0.529	0.924	0.103
	N	100	100	100	100	100	100	100	100	100	100
Experience	Correlation Coefficient	0.082	0.095	1.000	.520**	.400**	.534**	.304**	.231*	.208*	.369**
	Sig. (2-tailed)	0.416	0.347		0.000	0.000	0.000	0.002	0.021	0.037	0.000
	N	100	100	100	100	100	100	100	100	100	100
Qualification	Correlation Coefficient	0.049	0.010	.520**	1.000	.337**	.398**	.384**	.285**	.362**	0.172
	Sig. (2-tailed)	0.625	0.920	0.000		0.001	0.000	0.000	0.004	0.000	0.086
	N	100	100	100	100	100	100	100	100	100	100
Hardships	Correlation Coefficient	0.017	0.113	.400**	.337**	1.000	.504**	.435**	.381**	.423**	.366**
	Sig. (2-tailed)	0.866	0.261	0.000	0.001		0.000	0.000	0.000	0.000	0.000
	N	100	100	100	100	100	100	100	100	100	100
Skills	Correlation Coefficient	0.176	0.063	.534**	.398**	.504**	1.000	.447**	.317**	.259**	.349**
	Sig. (2-tailed)	0.081	0.534	0.000	0.000	0.000		0.000	0.001	0.009	0.000
	N	100	100	100	100	100	100	100	100	100	100
Job status	Correlation Coefficient	0.070	-0.037	.304**	.384**	.435**	.447**	1.000	.418**	.559**	.561**
	Sig. (2-tailed)	0.491	0.714	0.002	0.000	0.000	0.000		0.000	0.000	0.000
	N	100	100	100	100	100	100	100	100	100	100
Standard of living	Correlation Coefficient	0.027	-0.064	.231*	.285**	.381**	.317**	.418**	1.000	.550**	.299**
	Sig. (2-tailed)	0.793	0.529	0.021	0.004	0.000	0.001	0.000		0.000	0.002

 www.thaavan.com thaavan2011@gmail.com	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	International Journal of Research in Management, Sciences and Technology A Blind Peer Reviewed and Open Access Journal Publication as Per UGC CARE of India and SCOPUS
	CLEAR IJRMST	Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

	N	100	100	100	100	100	100	100	100	100	100
Seniority	Correlation Coefficient	0.016	-0.010	.208*	.362**	.423**	.259**	.559**	.550**	1.000	.513**
	Sig. (2-tailed)	0.873	0.924	0.037	0.000	0.000	0.009	0.000	0.000		0.000
	N	100	100	100	100	100	100	100	100	100	100
market rate	Correlation Coefficient	-0.056	0.164	.369**	0.172	.366**	.349**	.561**	.299**	.513**	1.000
	Sig. (2-tailed)	0.582	0.103	0.000	0.086	0.000	0.000	0.000	0.002	0.000	
	N	100	100	100	100	100	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

ANALYSIS


Wage determinants which should possess a statistically significant results show that the variables do not impact the income of the employees, Null hypothesis is agreed upon for most of the determinants.

TABLE 2 SHOWING PAIRED T TEST OF ACTUAL AND EXPECTED RAISE

Paired Samples Statistics				
	Mean	N	Std. Deviation	Std. Error Mean
Actual raise	1.99	100	.969	.097
Expected raise	3.07	100	1.208	.121

Paired Samples Correlations			
	N	Correlation	Sig.
Actual raise & expected raise	100	.535	.000

Paired Samples Test								
	Paired Differences				t	Df	Sig. (2-tailed)	
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower				Upper

 www.thaavan.com thaavan2011@gmail.com	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	International Journal of Research in Management, Sciences and Technology A Blind Peer Reviewed and Open Access Journal Publication as Per UGC CARE of India and SCOPUS
	CLEAR IJRMST	Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

Actual raise - expected raise	-1.080	1.070	.107	-1.292	-.868	-10.093	99	.000
-------------------------------------	--------	-------	------	--------	-------	---------	----	------

ANALYSIS

From the table we can infer that there is a moderate correlation between actual raise and expected raise. Since the $p < 0.01$ we reject the null hypothesis and accept the Alternate hypothesis which is -There is significant difference between Actual raise and expected raise.

TABLE 3. CORRELATION MATRIX- INCOME, RISK, HOURS


Correlations				
		Income	Hours	Risk
Income	Pearson Correlation	1	-0.004	-0.099
	Sig. (2-tailed)		0.968	0.326
	N	100	100	100
Hours	Pearson Correlation	-0.004	1	0.130
	Sig. (2-tailed)	0.972		0.197
	N	100	100	100
Risk	Pearson Correlation	-0.099	0.130	1
	Sig. (2-tailed)	0.326	0.197	
	N	100	100	100

ANALYSIS:

From the above table we can infer that Correlation ' r ' < -0.30: there is weak negative correlation between Risk and income. The Sig. $P < 0.05$ hence we accept the null hypothesis which is -There is no statistically significant relationship between Risk and income.

Correlation ' r ' < 0.30; there is weak positive correlation between Risk and hours.

The Sig. $P > 0.05$ hence we accept the null hypothesis which is -There is no statistically significant relationship between Risk and Hours. Hence there is no statistically significant relationship between Income, Risk and Hours.

 www.thaavan.com thaavan2011@gmail.com	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	International Journal of Research in Management, Sciences and Technology A Blind Peer Reviewed and Open Access Journal Publication as Per UGC CARE of India and SCOPUS
	CLEAR IJRMST	Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

TABLE 4. SHOWING THE MEAN RESPONSES FOR EACH INCOME GROUPS FOR THE ASSUMPTIONS

Assuming that one of your colleagues, working in the same position as you are, is receiving higher pay. What according to you could be the reason for pay disparity?

INCOME (p.a) In Rs	Mean response of assumed reason	Mean Response of possible outcome
1,00,000- 5,00,000	0.775862	0.844828
5,00,001-10,00,000	0.72	0.68
10,00,001- 20,00,000	0.8	0.8
20,00,001- 30,00,000	0	0.666667
30,00,001 and above	1	0.75

ANALYSIS


From the above table we can infer that income group of Rs 1,00,000- 5,00,000 and 20,00,001- 30,00,000 show a mean difference of +0.07 and +0.67 respectively which means that some respondents who have given negative reasons are willing to show positive reaction. Whereas, respondents earning Rs 5,00,001-10,00,000 and Rs 30,00,001 and above show a difference in mean of -0.04 and -0.25 which means that some respondents who have given positive reasons are willing to show negative reaction.

SUMMARY OF FINDINGS

- The wage determinants such as experience, qualification, skills, job status, seniority, hardship and standard of living have shown moderate or weak correlation but positive. Other wage determinant such as Market rate has shown negative yet moderate correlation, which means that that higher income groups have strongly disagreed that their current salary is up to the market

standards. Hence the majority of the respondents feel that these common determinants were not taken into consideration while deciding their pay package.

- Risk and Hardship is inversely correlated with income which brings us to an understanding that people working longer and dealing with risky activities are underpaid. This also proves that Wage gap exists to some extent
- The respondent's receiving salary above Rs 10,00,000 are receiving most of the mandated-employee benefits , employer and company provided benefits and perks whereas, respondents whose salary ranges below 10,00,000 do not receive many of the mandated employee benefits , employer and company provided benefits and perks.
- This study has showed that many employees tend to react positively to wage gap by increasing their own individual

 <p>www.thaavan.com thaavan2011@gmail.com</p>	CLEAR IJRMST	Print ISSN: 2249 3492, Online ISSN: 2249 3506
	CLEAR IJRMST Indexed Impact Factor Journal	<hr/> <i>International Journal of Research in Management, Sciences and Technology</i> <hr/> <i>A Blind Peer Reviewed and Open Access Journal</i> <i>Publication as Per UGC CARE of India and SCOPUS</i>
	CLEAR IJRMST	<hr/> Vol-09, Issue-17 Jan-Jun-2019 pp. 10-17

CLEAR International Journal of Research in Management, Sciences and Technology

contribution in the growth of the organization.

- More than half of the respondents have agreed that pay disparity exists in their organization.

HYPOTHESIS RELATED FINDINGS

- Wage determinants which should possess a statistically significant results show that the variables do not impact the income of the employees, Null hypothesis is agreed upon for most of the determinants.
- There is no statistically significant relationship between Income, Risk and Hours.
- Actual raise and expected raise has a Sig. P value of 0.000 hence we reject the null hypothesis and accept the Alternate hypothesis which is -There is significant difference between Actual raise and expected raise. Therefore most of the respondents are expecting more raise on their salary when compared to their actual raise.

CONCLUSION

Existence of pay disparity is a known truth. Many reasons contribute towards its inclination such as wage determinants. Wage disparity may have a positive impact (Tournament theory) or a negative impact (Behavioural theory). According to the research conducted for 100 respondents, Results show that there is increase in productivity as there is wage gap. An incline in pay gap can be noticed in regard with the ascending hierarchical structure in all industries. To create a fall in pay gap is necessary, it is a slow and complex process. Suggestions to achieve less disparity are stated below

SUGGESTIONS

- It is highly important to know the job profile, responsibilities and amount efforts

put into the fulfilment of job and tasks. Using these criteria base salary must be determined. A job may or may not involve risk factor. It is the duty of the HR to estimate the risks faced by the employee and the organization by performing a job/task and she/she must be compensated accordingly.

- It is not incorrect to state that pay gap exists in the organization when certain job levels or industries are deprived of benefits and incentives. Pay gap can be compensated by reasonably extending benefits and incentives all income groups.
- Pay gap shows that it bring a sense of competition among employees. The data shows the above is true only when Pay gap exists for the right and justifiable reasons such as difference in productivity rate, working hours, qualification and experience.
- Every organization must review and revise their organizational policies especially the HR policies to reduce pay gap.

BIBLIOGRAPHY

- Boxall, P., & Purcell, J. (2011). *Strategy and human resource management*. Macmillan International Higher Education.
- Storey, J. (2007). *Human resource management: A critical text*. Cengage Learning EMEA.
- Ashutosh Shyam(2018), Economic times . India Inc.'s top executives earn 243 times more than averagestaff