

PERFORMANCE BASED SCHEMES AS A TOOL FOR MOTIVATION OF EMPLOYEES

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ABSTRACT

Performance Related Incentives Systems (PRIS) is characterized as an alterable constituent of pay which is granted ex-post, after individual/bunch execution is considered close by foreordained and generally settled on objectives for concurred time of assessment. It is non-added substance and non-cumulative. It is not mechanical default pay which is specific for the idea of obligations and duties or levels of multifaceted nature (working conditions) for a specific rank/post. It covers differing levels of workforce, whose association at the individual, gathering, and authoritative levels are estimated, in light of which the entertainers are distinguished and compensated. This study is an attempt to discuss employee's perception regarding pay for performance practices and various factors affecting pay for performance.

Keywords: *Performance related incentive systems; Employees perception; pay for performance*

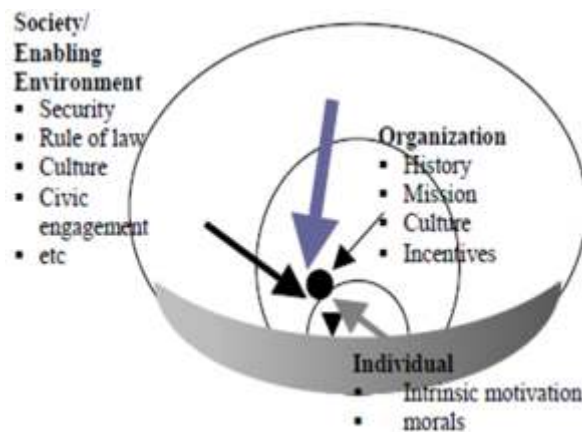
INTRODUCTION

The history of education in our country is very old starting with the Vedas and then the establishment of *Gurukul* system in the country but the modern educational history of the country can be traced to the wood's dispatch of 1854 when the funds were allocated to the East India Company to establish the English education system in the country with the help of establishment of Universities and then the different Universities were established in the Indian Presidencies i.e. Bombay (University of Bombay), Madras (University of Madras) and Calcutta (University of Calcutta). In the times to come, they became the source of knowledge and an inspirational platform for the freedom struggle. India is having one of the very vast and elaborative education structures with 833 universities, 42047 colleges. India is also one of the countries having highest enrolment ratio among the school going children. The gross enrolment ratio in higher education reached 25.2 percent in the year 2016-17. The private education sector in India is valued at an estimated US\$96 billion and is estimated to reach US\$ 133 billion by 2020. The education sector attracted the FDI to the tune of US\$ 1.64 billion up to September 2017. India has established the various institutions which have become the symbol of excellence in the entire world i.e. IIT's (Indian Institute of Technology), NIT's (National Institute of Technology), IIM's (Indian Institute of Management), IISs (Indian Institute of Sciences), IIITs (Indian Institute of Information technology) etc. The selection in these institutes require high amount of expertise in clearing the examination and for that the Indian private coaching industry has boomed a lot where lakhs of students take coaching to clear the exams of these institutes to take admission.

The basic and fundamental problem which is coming up is the commercialization of education into a business and eradication of pure intent of delivering knowledge to the students. It is very important to protect the real essence of education and to stop its commercialization so that it should be affordable by each and every citizen of the country despite of his/her financial and social background and then only we will be able to fulfil the vision of our freedom fighters and the constitution makers that society should be inclusive and should be based on the fundamental principles of scientific and rational knowledge.

To fulfil the vision of our forefathers, Government made many fundamental changes to the constitution by amending the constitution and making primary education as a fundamental right. Under the cultural and educational rights in the fundamental right section of the constitution through the 86th amendment of the Constitution in the year 2002, now it became mandatory on the part of the Government to provide free fundamental primary education under the amended Constitution. Execution administration incorporates activities that verify that desires are over and over being met in a viable and skilled way. Execution administration can focus on the execution of business, a unit, individual from staff, or even the techniques to develop an item or administration, and also numerous different regions.

At any of these levels, there are constantly interior motivational variables. In any case, it ought to be perceived that helpers for enhancing execution may likewise originate from outer sources. For instance, for associations, inspirations may dwell remotely in different associations and the more extensive empowering condition. Besides, there are cooperation of inspirations among these three levels – e.g. singular inspirations may improve inspiration of an association, yet associations likewise affect on individuals, for example, their staff or customers. They impact different associations, for example, contending organizations or subordinate workplaces in people in



general organization. Given beneath chart demonstrates the different factors under various levels i.e. individual, authoritative and societal.

Organizations must adapt pay for performance systems to their mission and surroundings.

Organizations have many alternatives when designing a pay for performance system. These options comprise the coverage of a pay for performance system, the kinds of performance to be rewarded,

how performance will be considered, the form that pay for performance will take and the delegation and evaluation of pay choices.

REVIEW OF LITERATURE

Robert (2005) reported that it is the relationship and linking agent in programs that directed rewards to true performance. He mentioned that not only motivation could influence performance, but performance could also influence motivation, if followed by rewards. To summarize from the above facts, it was absolutely cleared that organizations could benefit from implementing total reward programs that focused on formal rewards.

Neil A. G. Mc Phie (2006) arranged this answer to address subjects, for example, who ought to be secured, what ought to be remunerated, how to compensate representatives, and proposals for safeguarding the respectability of the compensation framework. In this report constrained dispersion strategy has been utilized for investigation of execution rating in light of prizes.

Perry (2009) evaluated of the impacts of legitimacy pay changes as appraisal of unexpected pay for open administrators. The extent of his survey was restricted to inquire about on singular unforeseen pay frameworks that additional execution augmentations to base pay. In his survey, Perry couldn't recognize any investigation that discovered beneficial outcomes. Despite the fact that the proof was constrained, he inferred that legitimacy pay in the general population division was tormented by invalid contracts, data asymmetries where the boss needed precise data about subordinate execution, and decreased ability to arrange association.

Kalim Ullah Khan et al. (2010) in their paper "The Relationship amongst Rewards and Employee Motivation in Commercial Banks of Pakistan" examined the pretended by rewards during the time spent persuading representatives. The investigation investigated factors deciding prizes and their effect on representative inspiration and tries to impact the business banks for a thought of a more methodical and organized way to deal with recognize workers' endeavours which would thusly thrive superior culture in business banks of Pakistan.

Murthy (2007) has given his perspectives for different elements that influence the associations preparation for execution related pay which are existing protracted methodology, delays in basic leadership, over-controlled instruments and poor execution of the advancement designs. Because of every one of these components, there is absence of excitement in representatives to perform, which prompts lack of concern. What's more, deficiency of proper measures for assessing execution and subjectivity prompts ingratiation.

Prentice (2007) watched that one vital method of reasoning behind advancing pay for execution in people in general part is that, with pay connected to execution, representatives are relied upon to use more exertion and lift the quality or potentially amount of their yield, in this way enhancing the interior execution of the association and conveying an unrivalled open administration. Moreover, presenting pay for execution may inspire open part representatives to seek after expert advancement openings that already offered little in the method for extra advantages. Hence, with a

compensation for execution framework, efficiency is probably going to enhance both in the short and long run, since representatives will work harder in the short run and expert improvement will create additionally picks up in profitability over the long haul.

RESEARCH METHODOLOGY

Model Related to the Study



Research Design

Statement of the Problem: - Here the study on the “**Performance Based Schemes as a Tool for Employees' Motivation**” has remained the major concern of my study.

Objective of the Study

1. To know the employee perception regarding pay for performance scheme as a motivation tool
2. To determine the various factors affecting pay for performance scheme as a motivation tool
3. To know the most important factor affecting employees' motivation for pay for performance schemes

Sample Design

To achieve the objectives of the study employees' survey has been conducted for the Private Institution/Colleges in the region of Haryana. For the collection of the data, use of Google doc questionnaire and hard copy has been done.

Type of Study

The data has been collected from two sources i.e. Primary and Secondary Sources.

Population and Sampling Unit

The Population is finite as data has been collected from the various Private Institution/Colleges of Kurukshetra, Karnal, Ambala, and Shahabaad. The sampling unit of this study was the teachers of the Private institution/Colleges in the above discussed State of Haryana.

Sample Size

Reliability Statistics	
Cronbach's Alpha	No of Items
.921	22

Out of the total population, the sample taken for the current study was 122, who are the employees (Teachers) of different Private Institutions/colleges.

Reliability Statistics

DATA ANALYSIS AND INTERPRETATION

Statements	Mean	Std. Deviation
1. The Principle of relating pay to performance is essentially a good one	3.60	1.073
2. A performance based scheme is a good idea for staff	3.98	.923
3. The idea of performance based scheme is essentially unfair	2.41	1.148
4. The most important thing about a job is pay	2.85	1.148
5. A performance based scheme makes me focus on what I am meant to achieve	3.83	.959
6. A performance based scheme promotes improvement in organizational performance	3.81	1.023
7. A performance based scheme helps staff to focus on certain objectives	3.85	.915
8. Feedback are most important aspect of a performance measurement scheme in organization	3.75	1.116
9. The task of measuring staff performance is a difficult one	3.01	1.139
10. The process of linking pay to performance is ambiguous and very subjective	3.17	1.096
11. In practice, there is over-emphasis on short-term work objectives as a common difficulty with performance-based schemes	3.32	.884
12. Producing high quality work is rewarded with more pay	3.73	1.029
13. Performance-based scheme has a effect on my work performance	2.82	1.182
14. Performance-based contribute to more effective team work	3.15	1.050
15. Performance-based negatively affect team work, and co-operation can suffer	3.07	1.018
16. With performance-based scheme my individual effort and achievements are recognized	3.57	1.060
17. With performance-based scheme I can see how my work contributes to the organization as a whole	3.48	1.085
18. With performance-based scheme I have a clear idea about how the organization is performing overall.	3.35	.978
19. Performance-based scheme has yet to overcome some difficulties in this organization	3.30	.995
20. Increased communications with seniors as a result of performance-based scheme	3.35	1.090
21. Performance-based scheme makes me show more initiative	3.66	1.027
22. I have a clear idea of the organizations goals and plans for the future	3.77	1.082

Objective 1:- To know the employees' perception regarding pay for performance scheme as a motivation tool.

Descriptive Statistics

Interpretation

In the above table, most of the Mean value is above three for the responses of employees. So, it has been concluded that the Pay for performance schemes are providing motivation to most of the employee in the organization. The Standard Deviation of the entire variable found to be very less for the aspirations of respondents regarding pay for performance in the educational institutions of Haryana which indicates that employee's opinions will remain stable for future also.

Objective 2:- To determine the various factor affecting pay for performance scheme as a motivation tool.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.792
Bartlett's Test of Sphericity	Approx. Chi-Square
	2189.715
	Df
	231
	Sig.
	.000

Source: - Field Survey

Interpretation

The Value of the KMO is 0.792 shows the adequacy of the Sample data. In addition the overall significance of the correlation matrices was tested with Bartlett Test (App. Chi-

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.321	42.366	42.366	9.321	42.366	42.366	5.218	23.720	23.720
2	2.620	11.911	54.277	2.620	11.911	54.277	4.122	18.735	42.456
3	1.698	7.718	61.995	1.698	7.718	61.995	2.427	11.033	53.488
4	1.225	5.568	67.563	1.225	5.568	67.563	2.351	10.687	64.175
5	1.077	4.895	72.458	1.077	4.895	72.458	1.822	8.282	72.458
6	.898	4.083	76.540						
7	.815	3.707	80.247						
8	.685	3.114	83.361						
9	.567	2.579	85.941						
10	.559	2.539	88.480						
11	.469	2.131	90.611						
12	.434	1.974	92.585						
13	.370	1.683	94.267						
14	.293	1.331	95.598						
15	.239	1.088	96.687						
16	.168	.762	97.448						
17	.133	.604	98.052						
18	.124	.563	98.615						
19	.106	.484	99.099						
20	.079	.360	99.458						
21	.067	.304	99.762						
22	.052	.238	100.000						

Square=2189.715 and significant at 0.00) at 231 DOF (Degree of Freedom). Moreover the overall significance of the correlation matrices tested with Bartlett Test was 0.000 which is less than 0.05 and hence showing the adequacy of data.

Source:- Field Survey

Interpretation:-

It has been observed from the above table that only 5 factors have eigen value more than 1.

Rotated Component Matrix

Statements	Component				
	1	2	3	4	5
1. The Principle of relating pay to performance is essentially a good one		.637			
2. A performance based scheme is a good idea for staff			.746		
3. The idea of performance based scheme is essentially unfair				.677	
4. The most important thing about a job is pay					.833
5. A performance based scheme makes me focus on what I am meant to achieve	.680				
6. A performance based scheme promotes improvement in organizational performance		.817			

7. A performance based scheme helps staff to focus on certain objectives		.688		
8. Feedback are most important aspect of a performance measurement scheme in organization	.613			
9. The task of measuring staff performance is a difficult one		.544		
10. The process of linking pay to performance is ambiguous and very subjective		.665		
11. In practice, there is over-emphasis on short-term work objectives as a common difficulty with performance-based schemes		.635		
12. Producing high quality work is rewarded with more pay	.687			
13. Performance-based scheme has no effect on my work performance			.762	
14. Performance-based contribute to more effective team work				.502
15. Performance-based negatively affect team work, and co-operation can suffer			.878	
16. With performance-based scheme my individual effort and achievements are recognized		.584		
17. With performance-based scheme I can see how my work contributes to the organization as a whole		.570		

Source:- Field Survey

The total variance explained by the Factors (1, 2, 3, 4 and 5) was 23.720%, 18.735%, 11.033%, 10.687%, 8.2825 respectively. Out of 5 factor, first factor mentioned in the above table is proved to be more important than the other 4 factors extracted from the study.

Interpretation:-

It shows each statement corresponding to the highlighted factor loading which is correlated with the factors corresponding to that loading. Higher the factor loading, stronger is the correlation

Factors	% of Variance	Loading
F1 Goal setting	23.720	
A performance based scheme makes me focus on what I am meant to achieve		.680
Feedback are most important aspect of a performance measurement scheme in organization		.613
Producing high quality work is rewarded with more pay		.687
Performance-based scheme has yet to overcome some difficulties in this organization		.758
Increased communications with seniors as a result of performance-based scheme		.759
Performance-based scheme makes me show more initiative		.855
I have a clear idea of the organizations goals and plans for the future		.755
F2 performance pay effectiveness		

The Principle of relating pay to performance is essentially a good one	18.735	.637
A performance based scheme promotes improvement in organizational performance		.817
A performance based scheme helps staff to focus on certain objectives		.688
The task of measuring staff performance is a difficult one		.544
The process of linking pay to performance is ambiguous and very subjective		.663
In practice, there is over-emphasis on short-term work objectives as a common difficulty with performance-based schemes		.635
F3 Goal achievement		
A performance based scheme is a good idea for staff	11.033	.746
With performance-based scheme my individual effort and achievements are recognized		.584
With performance-based scheme I can see how my work contributes to the organization as a whole		.570
With performance-based scheme I have a clear idea about how the organization is performing overall		.474
F4 Fairness PRP		
The idea of performance based scheme is essentially unfair	10.687	.677
Performance-based scheme has no effect on my work performance		.762
Performance-based negatively affect team work, and co-operation can suffer		.878
F5 PRP Designing		
The most important thing about a job is pay	8.282	.833
Performance-based contribute to more effective team work		.502

Source: - Field Survey

between the factors and statement. On the basis of rotated component matrix, the factor extraction table has been prepared which is as given in table. In this, only that factor is shown which is high and it shows the stronger correlation between factor and statements. It contains estimates of the variables and the estimated components

Interpretation:-

The above factors are in the order of degree of importance i.e. Factor1 (Goal Setting) is more important than the other one which is Factor 2 (Performance Pay Effectiveness). Then Factor 2 (F2) is more importance than Factor 3 (Goal Achievement) and so on. In this, 5 Factors have been used i.e. F1, F2, F3, F4 and F5. The F1 (Goal Setting) has 23.720 of variance and F2 (Performance pay

Employees view point for Performance Related Factors

S. No.	Statements	Std. Deviation	Mean	Rank
1.	Reward good performance	2.152	2.52	1
2.	Remove the bargaining process away from trade unions	2.071	3.25	2
3.	Reinforce existing culture, values and performance expectations		3.68	3
4.	Promote organizational change	1.864	4.31	4
5.	Motivate employees		4.56	5
6.	Increase commitment to the organization	1.373	4.98	6
7.	Improve recruitment and retention of staff	1.868	6.07	7
8	Improve Performance of the organization	1.510	6.62	8

Source: - Field Survey

effectiveness) has 18.735 of Variance, F3 (Goal Achievement) has 11.033 of variance, F4 (Fairness PRP) has 10.687 of variance and F5 (PRP Designing) has 8.282 of Variance.

Objective 3:- To know the most important factor affecting employee's motivation for pay for performance schemes

Interpretation:-

The above table shows the Mean and Standard deviation for ranking the statements and results have been analyzed. The 1st Statement has been given the rank 1 because mean value was satisfactory according to study which is 2.52 and Standard Deviation for this statement is 2.152. As SD for this is high, more chances of variations for responses in this concern is over there. The factor which has been assigned the highest ranking is named as "Reward good performance". The lowest ranking has been given to the factor "Improve Performance of the organization" on the basis of its mean value.

CONCLUSION

Since the current topic has given the better understanding to the respondents and provided five factors. These factors play a very vital role for using pay for performance as motivation tool. The most important factor is Goal Setting which can be used as a motivational tool for PRP. This study will provide the mindset of the Private institutions/Colleges employees regarding the pay for performance scheme as a motivation. Analysis of perception of the employees regarding the pay for performance scheme as a motivational tool. Therefore, organizations should bear in mind that pay for performance can no longer be considered a simple means to improve the motivation of employees and the current payment structure, it is a far more dynamic and demanding approach to the effective management of employees.

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