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A STUDY ON PROMOTION AND REWARD POLICIES FOLLOWED BY LARSEN AND TOUBRO LIMITED IN PUDUCHERRY

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Abstract

Promotion is giving higher position to the employee, which carries high status more responsibility. Higher status promotion means advancement of employee in a team in terms of higher pay and status and also improvement in working condition. Employee's reward policy in any organisation controls the behaviour of its employees and pattern of work. Hence it is a major driving force towards organisational development. This is because employee rewards dictates the level of motivation essential for the attainment of individual and organisational goals.

INTRODUCTION

Promotion is defined as giving higher position to the employee, which carries high status more responsibility. Higher status promotion means advancement of employee in terms of pay, status and improvement in working conditions. When scale of pay is increased without changing job it is called up-gradation and promotion involves changes in job as well as high salary.

When higher position is given without change in salary it is known as dry promotion. All these, promotion, up-gradation and dry promotion are used by management to increase morale of employee and as giving reward also. A promotion may be defined as an upward advancement of an employee in an organisation to another job. Commands better status, higher opportunities, challenging responsibility better working environment, privileged hours of work and higher rank.

Employees are motivated by both intrinsic and extrinsic rewards. To be effective, the reward system must recognize both sources of motivation. All reward systems are based on the assumptions of attracting, retaining and motivating people. Financial rewards are an important component of the reward system, but there are other factors that motivate employees and influence the level of performance. In fact, several studies have found that among employees surveyed, money was not the most important motivator, and in some instances managers have found money to have a demotivating or negative effect on employees.

NEED FOR THE STUDY

Good remuneration has been found over the years to be one of the policies the organisation can adopt to increase their workers performance and thereby increase the organisations productivity. Also, with the present global economic trend, most employers of labour have

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realized the fact that for their organisation to compete favourably, the performance of their employees goes a long way in determining the success of the organisation on the other hand, performance of the employees in any organisation is vital not only for the growth of the individual employee. An organisation must know who are its outstanding worker's, those who are additional trainers and those not contributing to the efficiency and welfare of the company or organisation.

STATEMENT OF THE PROBLEM

In any service industry what matters is an effective human resource management as well as development of right human resources to cater to needs of the industry. In the human resource development context - development goal would include the development of entire workforce. In achieving this goal an organisation's human resource interventions in role analysis, manpower planning, selection process and recruitment, training and development, employee's participation in management, compensation to employee's welfare benefits and rewards, grievance redressal etc is needed. The policies and practices relating to these HRD interventions determine the success of the organisation particularly in Larsen and Toubro Ltd.

Which is HR dominated industry? The effectiveness of the HRD interventions increases manifold if the HRD effort is supported by a dependable body of knowledge accompanied by independent research particularly in Larsen and Toubro Ltd. Such research would indeed offer certain clues to devise a comprehensive HRD framework so as to proactively function in the changing environment.

OBJECTIVES OF THE STUDY

The objectives of the study are:

- Determine the association between rewards and employee retention.
- To examine the extent to which human resource development policies and practices are practiced by Larsen and Toubro Ltd.
- Investigate the association between human resource policies and employee retention.
- Human resource management policies relating to employee motivation, specifically with regard to

performance appraisal, compensation, employee welfare facilities, benefits and reward in Larsen and Toubro Ltd.

Research Design

An empirical research design is adopted to identify and examine the various human resource policies and practices in Larsen and Toubro Ltd in Puducherry.

RESEARCH METHODOLOGY

The research work itself goes to an in depth analysis of specific human resource policies and practices in Larsen and Toubro Ltd in Puducherry. This study is based on primary data in particular and secondary data in general.

Primary Data

The primary data will be collected from the employees through a structured questionnaire.

Secondary Data

Secondary data collected for referring of books, journals, magazines, and websites.

Sample Size

Organisation employees - more than 100 employees were selected as a responding unit. The sampling population for the study was chosen on the basis of convenient random sampling techniques.

Statistical Tools

Further the data collected was compiled and subjected to analysis by using SPSS software which is exclusively relating. Like actual counts, percentages, correlation, standard deviation and T-test are the statistical tools used to analyze the primary data gathered.

REVIEW OF THE STUDY

High performance work practices provide a number of important sources of enhanced organizational performance HR systems which have important practical impacts on the survival and financial performance of firms, and on the productivity and quality of work life of the people in them - organizations growth depends on their environment.

Prof Biswajeet Pattanayak HRD Sub systems- which helps to evaluate performance of employees, provide career planning, training and development, better quality of work life and arrangement for quality circles, reward system and organisations development programme.

Pareek and Rao(1977) Larsen & Toubro a prominent Engineering Company in India had appointed two consultants from the Indian Institute of Management, Ahmadabad to study the performance appraisal system and make recommendations for improving it. The two consultants (Pareek and Rao, 1975) studied the system through interviews etc, and suggested a new system.

Theory

“Promotion is the advancement of an employee to a better job – better in terms of greater responsibility, more prestige or status, greater skill and especially increased rate of pay or salary”. It is the upwards reassignment of a higher level job. The objectives of promotion are: recognizing employee’s performance and commitment boost up morale of skilled and talented employees and utilize employees more effectively.

Organisations reward their employees who contributed to the achievement of organisational goals in different ways. One of the most important factors in human resource development is Compensation Management. Wages or salary is significant to most of the employees, as it constitutes a major share of their incomes. Hence formulation and administration of remuneration policy to attract retain right personnel in right positions is the primary responsibility of the organisation.

Conceptual framework

This study adopted the conceptual framework as:

Independent variable	Dependent variable
Employee Reward policy	Organisation performance
• Benefits	• Quality
• Compensation	• Efficiency
• Incentives	• Productivity
• Promotion	• Effectiveness

Conceptual framework Linking employee relations and organisational performance:

In this framework there is employee rewards policy being the independent variable with sub variable such as benefits, compensation, incentive and promotion. Organisation performance measures include quality, efficiency, productivity and effectiveness.

Analysis and Interpretation

Basis of Promotion

Basis	Yes	No	Percentage
Merit	20	169	10.60
Seniority	22	167	11.60
Merit cum seniority	176	13	93.1

The above table indicates that though multiple policies exist, seniority cum merit is widely practiced in 176 (93.1%) of the samples from Larsen and Toubro Ltd as a basis of promotion. While 20(10.6%) industries promotes employee on the basis of merit, 22(11.60%) of the samples from Larsen and Toubro Ltd shows a remarkable progress and healthy practice followed in Larsen and Toubro Ltd in promoting employees on the basis of only seniority.

Types of Reward

Rewards	Yes	No	%
Monitory reward for accomplishment	145	44	76.70
Sponsorships for holidays and tours	25	164	13.20
Gifts	173	16	91.50
Other ESOP (Employees Stock Option Plan)	62	172	32.80

Above table and graph indicates that Larsen and Toubro Ltd is offering gifts (91.50%) and monetary rewards for better performance (76.70%) only few (32.80%) of the sample from Larsen and Toubro Ltd are offering ESOP.

Least importance is given by the sample from Larsen and Toubro Ltd regarding sponsorship for holiday and for offering ESOP. Least importance was found to be given on analyzing the sample from Larsen and Toubro Ltd regarding sponsorship for holidays and tours (13.20%).

Findings

The major findings of the study based on the analysis and interpretation of the data are stated below:-

- Experience and qualification are the important factors considered while recruiting the employees.
- Referral scheme, e-mail sourcing, advertising, social media network is widely used as a source of recruitment.
- All most all use promotion as a motivation tools in Larsen and Toubro Ltd.

Suggestion

- Human resource planning is crucial in Larsen and Toubro Ltd. Therefore human resource planning process should cover all the circumstances.
- Recruitment process should be carried by functional managers in consultation with the human resource departments in all industries. So that highly talented candidates can be recruited.
- Assessment of training and development needs should be properly raised in Larsen and Toubro Ltd.
- Canteen facilities, transportation, bonus, leave travel concession, education loan, gratuity, gift and other benefits should be given by Larsen and Toubro Ltd.

CONCLUSION

The role of human resources in management gaining sustained competitive advantage has been provided empirically by numerous studies. In the current study we empirically arrive at conclusion that there is a clear human resource policy in Larsen and Toubro Ltd.

There is a effective rewarding policy and practices in force. From this we concluded that the human resource planning and recruitment, performance based incentives, promotion and transfer, grievance handling, employee's involvement in decision making etc are good in Larsen and Turbo Ltd but the weaker indexes pointed out in this study needs to be improved upon.

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The sample of the questionnaire used in this study is given below:

QUESTIONNAIRE USED IN THIS STUDY

Personal Details

1. Name:
2. Age:
 - a) 20-30years ()
 - b) 31-40years ()
 - c) Above 50 years ()
3. Marital status:
 - a) Male ()
 - b) Female ()
4. Education status:
 - a) Primary Education ()
 - b) High School ()
 - c) Diploma ()
 - d) Graduation ()
5. Income per month:
 - a) 1,00,000-15,000 ()
 - b) 15,000-20,000 ()
 - c) 2,00,000-25,000 ()
6. Year of experience in present profession:
 - a) 0-3 years ()
 - b) 4-6 years ()
 - c) 7-9 years ()
 - d) 10 and above ()
7. How much freedom of action has, in your position an executive within the organisation to vary his leadership with regard to directing and collaboration?

- a) None () c) Much ()
b) Little () d) Complete ()
8. What type of performance appraisal system your company follower for evaluating the performance of employee?
a) 360 degree feedback () c) Grading method ()
b) Ranking method () d) Any other ()
9. Please mark the criteria considered which evaluating the performance of your employees in your company.
a) Achievement of objectives ()
b) Ability to meet deadlines ()
c) Commitment ()
d) Knowledge & skills ()
10. How much time is given to an employee to improve his performance?
a) 2 months () c) 6 months ()
b) 3 months () d) Can't say ()