
A Study on the Effectiveness of Incentive Programmes at Aditya Birla Retail Pvt. Ltd Mangaluru

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Abstract : *Workforce today articulates more about their needs. Employees desire the best of everything – competitive salaries, comfortable and inspirational lifestyles, job security, career enhancement options, work-life balance, and so on. Competition for talent is ever increasing and organizations need to have well-defined philosophies and strategies to help them develop innovative ways of tapping intrinsic motivation of employees by engaging their hearts and minds. While many organisations are struggling to make sufficient progress in this direction, there are organizations that have institutionalized robust practices and effective processes in different people practice areas that go a long way in positively impacting employee perception. In this regard, two types of rewards are identified, and they are intrinsic reward and extrinsic reward. Extant research showed that reward can affect job satisfaction and thereby employee performance, so this study proposes a new framework based on mediating role of job satisfaction. India's Best Companies for Rewards and Recognition was conceptualized to recognize companies who are leading the way in the area of Rewards and Recognition for us learns from. Human resources are the most important among all the resources an organization owns. To retain efficient and experienced workforce in an organization is very crucial in overall performance of an organization. Motivated employees can help make an organization competitively more value added and profitable. The present study would be an attempt to find out the major factors that motivate employees and to show relationship among reward, recognition and motivation while working within an organization. The data were collected from employees of diverse type of organizations to gain wide representation of sectoral composition. The participation in survey was voluntary and confidentiality of responses was ensured. The statistical analysis showed that different dimensions of work motivation and satisfaction are significantly correlated and reward and*

recognition have great impact on motivation of the employees. Implications of the study for managers and policy makers in the context of human resource practices have been discussed. Limitations and guidelines for future research are also provided. A meta-analytic review of all adequately designed field and laboratory research on the use of incentives to motivate performance is reported. Team-directed incentives had a markedly superior effect on performance compared to individually- directed incentives.

Key Words : *Job Satisfaction, Employee Performance, Reward, Recognition, Motivation, Incentives.*

Introduction

Incentives are monetary or non monetary benefits paid to workers in recognition of their outstanding performance. The purpose of Incentive Program is to help the employee perform better, accomplish more and be motivated to work towards making an organization more effective. The Incentive Program is the evaluation of on employee job performance in order to determine the degree to which the employee is performing effectively. Incentive Program should be designed to show more precisely how well workers are doing their jobs and to evaluate the work performance of the team with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

Incentive Programs are designed to provide adequate measures to put-in-place the right practices that would increase the commitment of the employees towards the organization and increase the customer base by providing world class services. The main aim of the incentive system is to inform the employee about the quality of his or her performance. The Incentive System needs to be very transparent and helpful both to the employees and to the organization. The only after analyzing the current state of Incentive Program, the human resource managers can go to the next step of improvements.

The use of financial incentives – financial rewards paid to workers whose production exceeds some predetermined standard was first popularized by F.W.Taylor in the late 1800s. Financial incentive refers to performance linked compensation paid to improve motivation and productivity of employees. It implies monetary inducement offered to employees to perform beyond acceptance standards. The use of incentives assumes that people's actions are related to their skills and ability to achieve important long run goals.

Unlike wages and salaries which are relatively fixed, incentives generally vary from individual to individual and from period to period for the same individual.

Definition of Incentive

According to The National Commission on Labor, “Wage incentives are extra financial motivation. They are designed to stimulate human effort by rewarding the person, over and above the time rated remuneration for improvements in the present or targeted results.”

According to Dale Yoder (1986) “Incentive wages relate earnings and productivity and may use premiums, bonuses or a variety of rates to compensate for superior performance.”

Wage incentive scheme is essentially a managerial device of increasing a worker’s productivity. Simultaneously it is a method of sharing gains in productivity with workers by rewarding them financially for their increased rate of output. An incentive scheme is a plan or programmes to motivate individual or group performance. An incentive programme is most frequently built on monetary rewards, but may also include a variety of non monetary rewards or prizes. Incentive system of payment is the imparting of incentives to workers for higher production and productivity.

The International Law Office refers to incentives as “Payment by results”.

Characteristics of Incentive Plans

1. Minimum wages are guaranteed to all workers.
2. An Incentive plan may consist of both monetary and non monetary elements.
3. For a successful Incentive plan, the essentials are timing, accuracy and frequency of incentives.
4. The Incentive plan requires that it should be properly communicated to the workers to encourage individual performance, provide feedback and encourage redirection.

Company Profile

Aditya Birla Retail Limited, a company registered under the companies Act 1965. And the ADITYA has built and maintained goodwill in the minds of public at large in the world in general and in Karnataka with 121 stores. Their business is running across the country. The company has 891

Supermarkets and 11 Hypermarkets and their product offerings include a wide range of fresh fruits and vegetables, groceries, personal care, home care, general merchandise and a basic range of apparels. Currently, there are over 600 more Supermarkets across the country.

Aditya Birla Retail Limited is the retail arm of Aditya Birla Group, India's first truly multinational corporation with revenues of USD 28 Billion Corporation. The Group's foray into the Retail sector began in 2006 with the acquisition of Trinethra, the south India based chain of stores, The Company ventured into food and grocery retail sector in May 2007 were Aditya Birla Retail launched its own brand of stores "more".

Over 50 percent revenues flow from operations outside India Anchored by a workforce of 100,000 employees belonging to over 25 different nationalities. Subsequently Aditya Birla Retail Ltd. expanded its presence across the country under the brand "more" with 2 formats Supermarket and Hypermarket.

Beyond business - The Aditya Birla Group is working in 3,700 villages, reaching out to 7 million people annually through the Aditya Birla Centre for Community Initiatives and Rural Development, spearheaded by Mrs. Rajashree Birla. It focuses on: health care, education, sustainable livelihood, infrastructure and espousing social causes. It also runs 41 schools and 18 hospitals, transcending the conventional barriers of business to send out a message that "We Care".

Review of Literature

According to Merchant and van der Steede (2008), there are a couple of critical factors for a successful incentive system. The rewards must be valued, rewards without value for the individual do not provide motivation. Size of rewards must be large enough to affect employees' behaviour, too little a valued reward will also fail to give motivation. Employees should also understand why a reward is given and the intrinsic value. Rewards given short after performance have a stronger effect than those given a long time after. Therefore they should be given as soon as possible. A reward should be reversible so that mistakes can be corrected.

According to Anthony and Govindarajan (2003), individuals are more motivated by the chance of a reward than the fear of punishment. This suggests that incentive systems should be reward-oriented.

A longitudinal study shows that workers paid by piece rate earn higher pay due in part to higher effort, and in part to a risk premium (Mercy, 1984). Another article mainly focuses on the employee and employer relationship, understanding employees' positive reactions to organization and what influences their individual behaviors. Group of people in the organization taken as sample group which will also forecast the employee obligation, work stress and its effect on behavior and which type of incentives plan should be given to them in the Context of California (Michel, 2007).

Methodology

The objective of the paper was to study the “The Effectiveness of Incentive Programs” at Aditya Birla Retail Private Limited, Mangalore. D.K. It was a descriptive study conducted among 40 employees of the given company who were in different stores of more Supermarkets.

Analysis and Interpretation

This chapter deals with the analysis and interpretation of the data collected. The most important step in an effective research is analyzing and interpreting the data collected and presenting it in a logical sequential manner. This will make its user easier to understand. Analysis basically means to calculate the total number of response to study it and further classify it. Interpretation means to find out what the analysis says or what one understands out of the analysis.

Table 1: The Level of Satisfaction of Respondents with the Working Culture of the Organization

Level	No. of Respondents	Percentage
Highly Satisfied	5	12.5
Satisfied	12	30
Average	20	50
Dissatisfied	3	7.5
Highly Dissatisfied	0	0
TOTAL	40	100

The above table shows that 12.5% of respondents are Highly satisfied with the working culture of the organization, 30% of respondents are Satisfied with the working culture of the organization, 50% of respondents are Average satisfaction with the working culture of the organization, 7.5% of respondents are Dissatisfied with the working culture of the organization and there are no respondents who are Highly Dissatisfied with the working culture of the organization. It shows that majority of the employees are satisfied with the working culture.

Table 2: The Type of Incentive that Motivates Respondents

Types of Incentives	No. of Respondents	Percentage
Incentive Award	18	45
Promotion	20	50
Appreciation Letter	2	5
TOTAL	40	100

The above table shows that 45% of respondents are motivated by incentive awards, 50% of respondents are motivated by Promotion schemes, 5% of respondents are motivated by Appreciation letter.

Table 3: The Level of Satisfaction of Employees with the Incentives of the Organization

Level	No. of Respondents	Percentage
Highly Satisfied	7	17.5
Satisfied	25	62.5
Dissatisfied	8	20
Highly Dissatisfied	0	0
TOTAL	40	100

The above table shows that 17.5% of respondents are highly satisfied with the incentives provided by the organization, 62.50% of respondents are satisfied with the incentives provided by the organization, 20% of respondents are dissatisfied with the incentives provided by the organization and no respondents are highly dissatisfied with the incentives provided by the organization.

Table 4: The Opinion of Employees Regarding the Reasonable Periodical Increase in Salary

Level	No. of Respondents	Percentage
Highly Satisfied	1	2.5
Satisfied	21	52.5
Average	16	40
Dissatisfied	2	5
Highly Dissatisfied	0	0
TOTAL	40	100

The above table shows that 2.5% of the employees Highly Satisfied with the reasonable periodical increase in salary, 52.5% of the employees Satisfied with the reasonable periodical increase in salary, average 40% of the employees satisfied with the reasonable periodical increase in salary, 5% of the employees are dissatisfied with the reasonable periodical increase in salary and no respondents are highly dissatisfied with the reasonable periodical increase in salary.

Table 5: The Level of Job Security for the Employees of ABRL.

Level	No. of Respondents	Percentage
Highly Satisfied	0	0
Satisfied	11	27.5
Average	25	62.5
Dissatisfied	4	10
Highly Dissatisfied	0	0
TOTAL	40	100

The above table shows that there are no employees who are highly satisfied with the job security provided by ABRL, 27.5% of employees satisfied with the job security provided by ABRL, 62.5% of employees average satisfied with the job security provided by ABRL, 10% of employees highly dissatisfied with the job security provided by ABRL and there are no employees who are highly dissatisfied with the job security provided by ABRL.

Table 6: The Opinion of Employees Regarding Effective Performance Appraisal System

Level	No. of Respondents	Percentage
Highly Satisfied	5	12.5
Satisfied	20	50
Average	14	35
Dissatisfied	1	2.5
Highly Dissatisfied	0	0
TOTAL	40	100

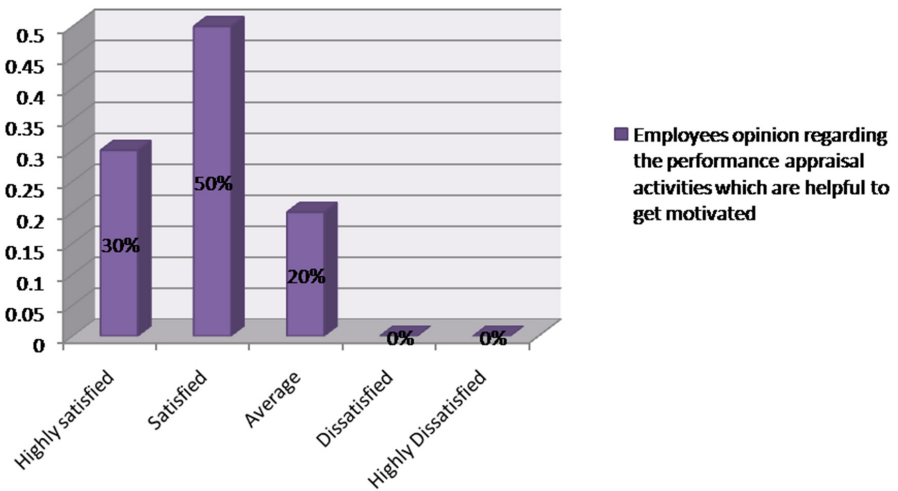
From the above table we can find that 12.5% of employees are Highly Satisfied, 50% of employees are Satisfied, 35% of employees show Average satisfaction, 2.5% of employees are Dissatisfied with the performance appraisal system of ABRL and there is no employee who is highly dissatisfied with the performance appraisal system of ABRL.

Table 7: The Employees Opinion Regarding the Effective Promotional Opportunities

Level	No of Respondents	Percentage
Highly Satisfied	4	10
Satisfied	13	32.5
Average	15	37.5
Dissatisfied	8	20
Highly Dissatisfied	0	0
TOTAL	40	100

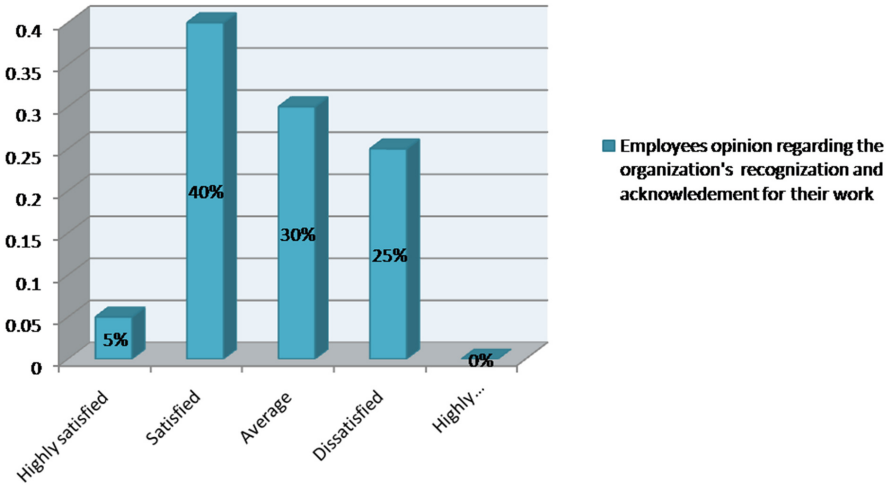
The above table shows that 10% of employees are Highly satisfied, 32.5% of employees are Satisfied, 37.5% of employees show Average satisfaction, 20% of employees are Dissatisfied with the promotional opportunities in ABRL and there is no employee who is highly dissatisfied with the promotional opportunities in ABRL.

Chart 1: The Employees Opinion Regarding the Performance Appraisal Activities Which are Helpful to Get Motivated



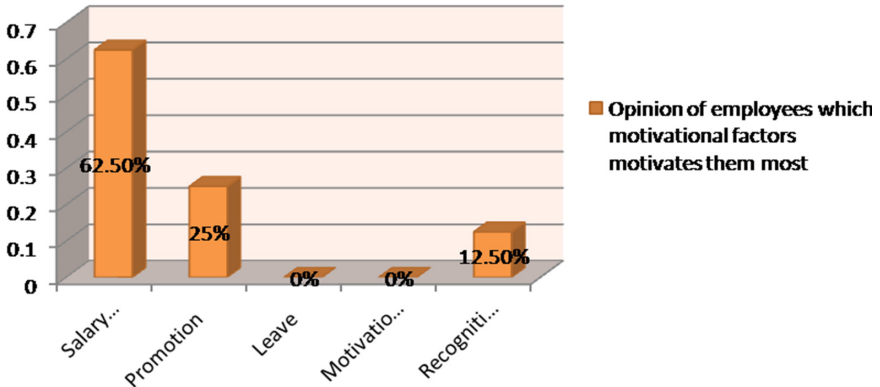
The above figure shows that 30% of employees are Highly satisfied, 50% of employees are Satisfied, 20% of employees show Average Satisfaction with the performance appraisal activities of ABRL which is helpful to get motivated and there is no employee Dissatisfied and Highly dissatisfied with the performance appraisal activities of ABRL which is helpful to get motivated.

Chart 2: The Opinion of the Employees about the Organization's Recognition and Acknowledgment of their Work



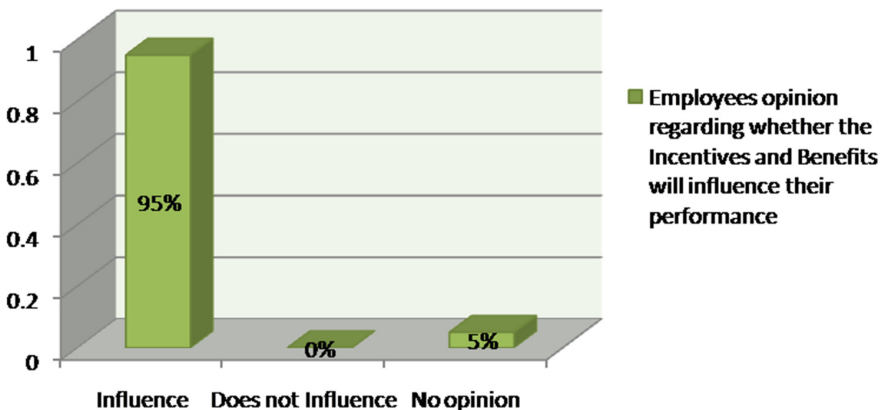
The figure 2 explains that 5% of employees are Highly Satisfied, 40% of employees are Satisfied, 30% of employees show Average Satisfaction, 25% of employees are Dissatisfied with the organization's recognition and acknowledgement for their work and there are no employees who are Highly Dissatisfied with the organization's recognition and acknowledgement for their work.

Chart 3: The Opinion of the Employees that Which Motivational Factors Motivate Them the Most



The above figure illustrates that 62.5% of employees have an opinion that they get motivated by Salary increase, 25% of employees have an opinion that they get motivated by Promotion, 12.5% of employees have an opinion that they get motivated by Recognition and there are no employees who are motivated by Leave and Promotional Talk.

Chart 4: Employee's Opinion Regarding whether the Incentives and Benefits will Influence their Performance.



The above table shows that 95% of employees agreed that Incentives and Benefits will influence their performance, no employees say that Incentives and Benefits does not influence their performance and 5% of employees had No Opinion regarding the influence of Incentives and Benefits on the performance.

Findings

It is with the various Incentive Programs ABRL had been able to achieve employees effectiveness to a great extent and thereby contributing to the success of the organization.

From the study it had been found that 50% employees were average satisfied with the working culture of the organization. 50% of the respondents had an opinion that promotion motivates them more and 45% of respondents had an opinion that incentive awards motivate them more. More than 62% of respondents were satisfied with the incentives provided by the organization. 62.5% of employees agreed with the job security provided by the organization. Half of the respondents were satisfied with the effective performance appraisal system of the organization. From the survey it was found that 70% of respondents were satisfied with the promotional opportunities provided by the organization. More than 80% of the respondents were satisfied and they had an opinion that performance appraisal activities were helpful to get motivated. 25% of respondents had the opinion that they were dissatisfied with the organization because organization did not recognize and acknowledge their work. 62.5% of respondents believed that salary increase would motivate them. It was also found out that 95% of respondents were of the opinion that the incentives and benefits would influence their performance.

Recommendations

Monthly payout could be introduced taking into consideration of the employees' common opinion. Organization should make sure that they provide update information regarding its various Incentive schemes to the employees. Organization could motivate their employees by providing increase in payout and include non-monetary benefits also in the Incentive scheme. Achieving the incentive program should also be included as a parameter in giving promotion to the employees so that the employees would get motivated to perform better. Individual performance should also be included as a criterion for calculating the incentive rather than group performance.

Conclusion

The research study shows that most of the employees were new to the company because 50% of them had only less than 1 year experience, and very less number of employees had 4-6 years of experience in the organization. The opinions collected from the respondents reveal that the major drawback of the present system was that the employees were confused with the Incentive Program and other benefits like Attendance bonus, Annual Bonus etc. Majority of the respondents expect salary increase and promotion as a factor which motivated them more. The employees were not completely satisfied because organization did not recognize and acknowledge their work. They get motivated to perform more because of the monetary benefits they receive as incentive. The Incentive system helped the employees in increasing their performance. It also indicated the present Incentive system practiced in ABRL would be fairly good and the employees were happy with the criteria in which their Incentive was calculated.

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