

Impact of Performance Appraisal System on Employees Motivation

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Abstract – The present study is focused to examine the relationship of employees payment and employees satisfaction. The study explains that the payment system is managed with a computerized system called payroll system. Employees are paid salary after adjusting for deductions and allowances. Mode of payment is bank. Attendance for complete month is calculated on 25 of every month with left days attendance is assumed. The problem in the existing system is the preparation of revised attendance due to assumed attendance. Employees payments have two main components- Direct and Indirect payments in the form of wages, salaries, incentives, commissions, and bonuses, and there are indirect payments in the form of financial benefits like employer-paid insurance and vacations.

Keywords : Salary, Allowances, Incentives, Commissions, Bonus and Wages.

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INTRODUCTION

BALLARPUR INDUSTRIES LIMITED (BILT) is the largest paper company in India. It is also the only Indian Company to rank amongst the top 200 pulp and paper companies worldwide. It has a strong presence in all segments of the usage spectrum that includes Writing & Printing Paper, Industrial & Specialty Paper. Complementing this is a diversified production infrastructure with six manufacturing units spread across the country.

In recent years, BILT has evolved as a more dynamic, knowledge driven organization focused towards creation of stakeholder value. In the process, it has also transformed the paper industry from a traditional “commodity market” mindset to a branded one. A concerted program of innovation and technological excellence helps it proactively respond to the needs of each individual segment. Today, BILT not only has the range, but also a well-entrenched distribution network that enables it to reach customers, any time, any place.

Value at BILT comes from a tradition of leadership spread across 60 years and three generations. Its genesis lies in the dream of a single man – Lala Karam Chand Thapar. Over the years, entrepreneurial family values, nursed by Mr. L.M. Thapar, have now evolved into a culture of excellence across the organization. This is now evolved into a culture of excellence across the organization. This is now being driven by a professional team led by Mr. Gautam Thapar.

Over the years, BILT has evolved from being a diversified conglomerate to focusing on its core competence – Paper. The redefining of the Corporate identity from ‘Ballarpur Industries’ to BILT’ is a significant step in our intent to shift from a traditional ‘company market’ mindset to a proactive, customer oriented one and a singular focus on growing Shareholder Value.

BILT has a network of over hundred distributors spread across more than 52 locations across the Indian subcontinent. The network is assisted by four Regional Sales Office located at Mumbai, Chennai, Calcutta and Delhi looking after the West, South, East and North Zones respectively.

An important feature of all business organization is that it employs people and makes a workforce. The workforce consists of people of wide range of skills as manual, technical and managerial. The common factor of the entire workforce is their demand to be paid for their efforts. Payroll management is the most important function of staff management at the moment the work is done for the proper functioning of the industry; we have to pay a satisfactory amount or salary to the employee. A substantial part of the company’s finance is committed which affect cash flow position of the company. In the large companies there is an administration/accounts department and responsibility for all remuneration matters.

The payroll system maintains all the records computerized. In order to provide pay-slips to each employee, the essential data received from time office is operated upon in IT department. After inputting the data in to the computer, different types

of programs are developed and efficiently run on the computer to compute the salary/wages of the employees. The data related to the pay roll is store in to computer memory. Pay-slips are printed group, department and token wise. At each department, the control details are printed for each head like; basic, DA, Net Salary payable etc.

There are lots of works, which are to be done or which should be kept in mind by the account department.

1. Basic salary estimation.
2. Allowance calculation.
3. Calculation of gross salary.
4. Deduction like PF, GIS, Loan.
5. Deductions like income tax etc.
6. Calculation of net salary payable.

OBJECTIVES OF THE STUDY

The study is conducted to know the following objectives:

- To study the system used for managing employee's payments
- To study the management of employees payments.
- To find out the problems
- To give solution for the problems

RESEARCH METHODOLOGY

The present study is descriptive in nature as it discovers ideas and insight to bring out new relationship between payment and satisfaction.

RESEARCH DESIGN

To analyze the satisfaction in regard to salaries and wages, of the employees of BILT Yamuna Nagar, sample survey has been employed. Though other methods are also important, this method is given prime significance in modern research because of its extensive use to study the relationship of different factors, attitudes and practices of society and to explore the problems that cannot be treated by experimental methods.

SELECTION OF SAMPLE

Social phenomenon being very vast, it becomes impossible to contact each and every individual of population due to certain limitations like time.

Therefore, the study is preferably narrowed down to a representative sample to make the study more manageable. Keeping in view the objectives and resources limitation of the study, a sample of 50 respondents was considered.

DATA COLLECTION

The data has been collected from primary and secondary sources. The basic premises of my study are primary data but at the same time it is supplemented with the secondary data. The respondents were contacted personally and the research instrument use of gathering data was the questionnaire.

EMPLOYEE PAYMENTS

Employee payments refer to all forms of pay or rewards going to employees and arising from their employment and it has two main components. There are direct financial payments in the form of wages, salaries, incentives, commissions, and bonuses, and there are indirect payments in the form of financial benefits like employer-paid insurance and vacations.

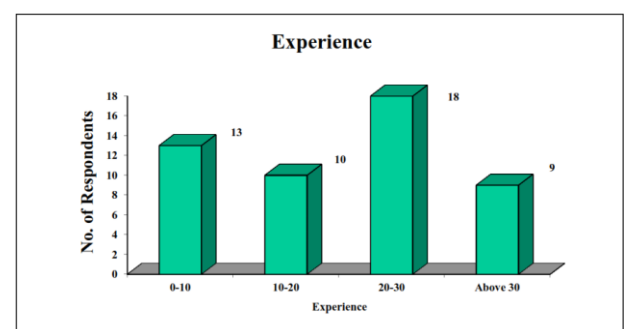
DATA ANALYSIS AND INTERPRETATION

ASSUMPTIONS

It was assumed that 0-2 is not satisfied, 3-5 are partially satisfied and 6-8 are completely satisfied.

EXPERIENCE

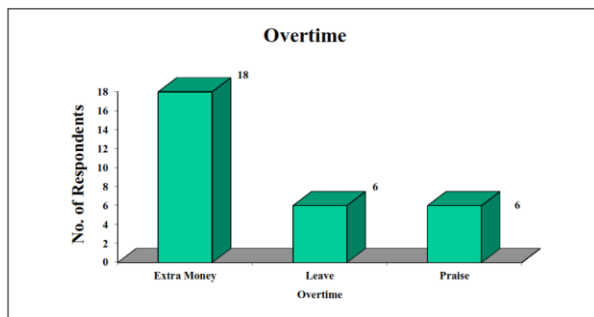
EXPERIENCE	NO. OF RESPONDENTS	PERCENTAGE
0-10	13	26%
10-20	10	20%
20-30	18	36%
ABOVE 30	9	18%
TOTAL	50	100.00%



It has been found from the above table and graph that a sample of 50 respondents with adequate experience in the organization was randomly selected. However all the respondents were classified into 4 categories based on years of experience i.e. 0-10, 10-20, 20-30, above 30 years.

OVERTIME

WORKERS GET FOR OVERTIME	NO. OF RESPONDENTS	PERCENTAGE
EXTRA MONEY	18	60%
LEAVE	6	20%
PRAISE	6	20%
TOTAL	30	100%



The analysis of the overtime in the office revealed that extra money paid for overtime was helped/encouraged the workers. However the leave and appreciation don't encourage the employees because no financial help was given to them and hence only extra money encourages the employees.

SALARY

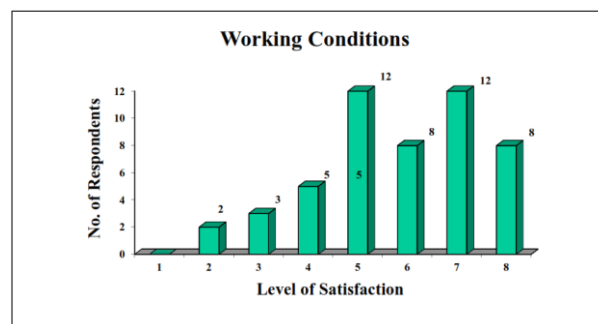
SALARY	NO. OF RESPONDENTS	PERCENTAGE
1000-3000	8	16%
3000-6000	8	16%
6000-9000	6	12%
9000-12000	20	40%
ABOVE12000	8	16%
TOTAL	50	100.00%



The salary structure is also studied. The analysis of data reveals that maximum respondents (40%) selected falling between Rs. 9000 to 12000 salary. Further percentage of respondents falling between 1000-3000, 3000-6000 and above 12000 is same i.e. 16%.

WORKING CONDITIONS

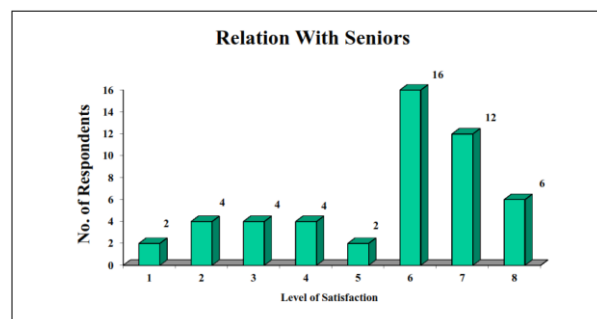
LEVEL OF SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE
0	0	0%
1	0	0%
2	2	4%
3	3	6%
4	5	10%
5	12	24%
6	8	16%
7	12	24%
8	8	16%
TOTAL	50	100%



The analysis of working conditions reveals that 4% respondents are not satisfied with the working conditions while 40% are partially satisfied and 56% are completely satisfied. Analysis of the data reveals that working conditions played critical role on employee's performance and in BILT working conditions are satisfactory.

RELATION WITH SENIORS

LEVEL OF SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE
0	0	0%
1	2	4%
2	4	8%
3	4	8%
4	4	8%
5	2	4%
6	16	32%
7	12	24%
8	6	12%
TOTAL	50	100%



From the above it has been found that 12% of the respondents are not having satisfactory relations with their seniors, 20% of respondents are partially satisfied and 68% are completely satisfied. So we find that majority of the respondents are satisfied with the relations with their seniors and only few respondents are not satisfied with their relations with their seniors.

SATISFACTION WITH SALARY

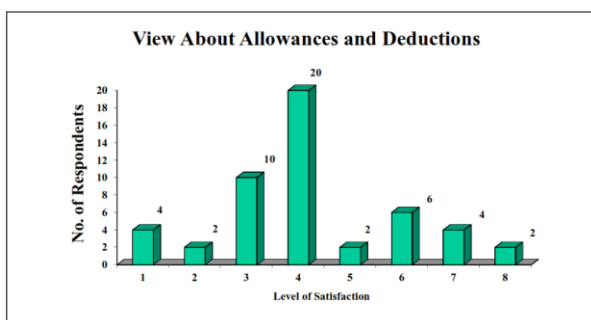
LEVEL OF SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE
0	0	0%
1	3	6%
2	5	10%
3	3	6%
4	3	6%
5	12	24%
6	17	34%
7	6	12%
8	1	2%
TOTAL	50	100%



The analysis of data reveals that about 16% of the respondents are not satisfied with their salary but 36% of the respondents are partially satisfied. 48% of respondents are completely satisfied. Some of the respondents are of the views that in other company's employees receive more at the same position than what they are getting in BILT.

VIEW ABOUT ALLOWANCES AND DEDUCTIONS

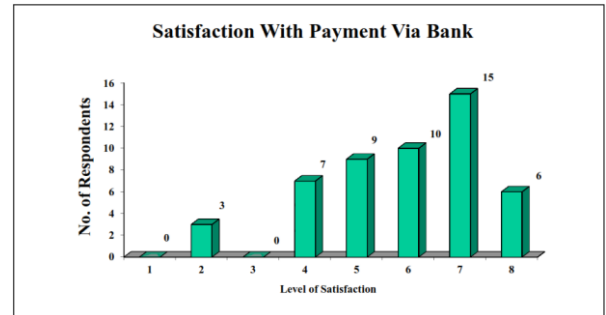
LEVEL OF SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE
0	0	0%
1	4	8%
2	2	4%
3	10	20%
4	20	40%
5	2	4%
6	6	12%
7	4	8%
8	2	4%
TOTAL	50	100%



The allowances and deductions have also been studied. The analysis of data reveals that mainly those who are not satisfied with their salary are also not satisfied with the allowances given to them. 12% of respondents are not satisfied with the allowances given to them, 64% are partially satisfied and 24% are completely satisfied.

SATISFACTION WITH PAYMENT VIA BANK

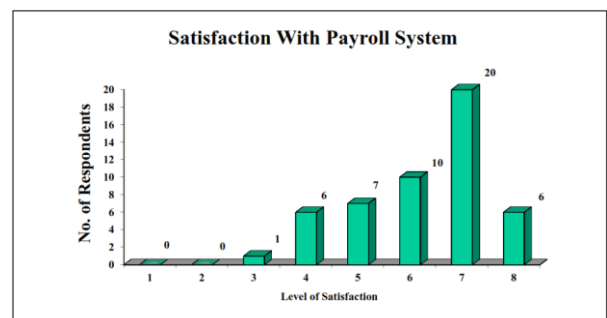
LEVEL OF SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE
0	0	0%
1	0	0%
2	3	6%
3	0	0%
4	7	14%
5	9	18%
6	10	20%
7	15	30%
8	6	12%
TOTAL	50	100%



The employees are paid salary and wages through bank. The analysis of data reveals that only 6% of respondents are not satisfied by this mode of payment, 32% are partially satisfied and 62% are completely satisfied. From this we find that maximum of the employees are satisfied with this mode of payment.

SATISFACTION WITH PAYROLL SYSTEM

LEVEL OF SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE
0	0	0%
1	0	0%
2	0	0%
3	1	2%
4	6	12%
5	7	14%
6	10	20%
7	20	40%
8	6	12%
TOTAL	50	100%



The data reveals that no respondent is unsatisfied with the payroll system of company while 28% are partially satisfied and 72% are completely satisfied.

OPINION SURVEY

The detailed investigation from employees regarding their opinion revealed the following:

- Some respondents opined that payroll department should bring latest amendments in income tax regarding income from salaries into their notice.
- Further some other respondents are of the view that salary payments should be done timely.
- Those respondents who are not satisfied with the working conditions viewed that the environment is not as of a professional company and the working environment is not conducive.
- Many other respondents expressed that salaries are less as compared to other companies like TATA, Reliance.
- Some respondents suggested showing employee's dues like balance allowances in pay slips.
- However some respondents reported that there is a need to improve ATM facility with clear instructions to the concerned bank as sometimes there is no money in ATM.
- Interest on the contribution of employees should also be shown separately in monthly ledger of provident fund.

To sum up there is a need to improve employee payments so that employees confidence could be build up which will help in improving the efficiency of the total organizational system.

CONCLUSIONS

On the basis of analysis the main requirement of the company is to change the existing system. As there was increased workload due to the facts like that company has to prepare revised attendance of the following month to check the measures of basic pay, overtime, loans etc due to assumed attendance.

Employees feel that they were not provided with adequate knowledge of the working. Also some employees feel that training provided to them is useless because it is extra burden on them.

Salary policies of the company needs to be revised.

In the conclusion we can say that

- Working conditions in the BILT are satisfactory.

- Salaries and wages provided to employees through bank are also satisfactory.
- Employees are also provided on the job training.
- Organization organizes various personality development and cultural activities for the employees.

SUGGESTIONS

For calculating employees payments attendance is taken of assumed month that creates some problems in the system delay in payments of overtime, reproducing of revised attendance. To overcome this problem attendance can be taken for full month. But even this system will also have some merits and demerits.

MERITS

- For clerical department, if the attendance is taken for full month instead of assumed month, requirement of organization is to make the full attendance processing daily with reliability and adequacy.
- It will be an advantage for I.T. department that there is no need for reproducing revised attendance.
- The overburden of calculation (in case of assumed days) will be reduced.
- The employees will not have to wait for the payment of overtime.
- The procedure for claims can be removed because if attendance is taken as of full month then no leaves would be there for claims.
- Calculations of allowances and deductions could be made accordingly i.e. job of carry forward for these jobs would be restricted.

DEMERITS

- The calculations of attendance of full month may cause delay in payments to employees.
- Difficulty will be there in presenting the payroll before the management on 1st of every month because for this purpose each and every calculation is to be made before 1st of every month. This is not possible as the records of attendance completes on 31st of the following month.

- If the processing is extended to last working day it will cause delay in the processing of payroll.
- It will lead to delay in the working of accounts office thus there may be delay in dispersion of salary from the scheduled date.
- As the closing of the accounts is done monthly, if the schedules are changed to last working day, in that case monthly pay cannot be calculated properly.

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ANNEXURE

QUESTIONNAIRE - 1

Name:

Age:

Address:

Experience:

Department:

Designation:

Educational qualification:

Illiterate

Primary

Middle

Metric

Graduate

Post graduate

Any technical qualification:

Nature of job:

Permanent

Casual or temporary

Monthly salary:

QUESTIONNAIRE - 2

How to answer the questions: *give the score from 0 to 8 in increasing order as your satisfaction level.

1. What type of feeling do you have by working in BILT?

2. How many hours do you work?

3. At which shift you work?

A 12 p.m to 8 a.m

B 8 a.m to 4 p.m

C 4 p.m to 12 a.m

D General – 7.30a.m to 4.30p.m

1. Do you do overtime?

Yes No

2. What you get for overtime?

Extra money

Leave

Praise

3. Do you have any problem with overtime?

Yes No

If yes specify

.....

If u have to face any type of problem on your job? If yes, specify.

Yes No

.....

4. Are you satisfied with the working conditions of BILT?

5. Are you satisfied with your salary?

Specify the reason

.....
.....

6. What is your view about allowances and deductions in the net salary?
7. What you feel about facilities provided by company?
8. What is your view about your relation with your senior?
9. What is your view about payroll system of BILT?
10. Your suggestions to bring any change in the present payroll system?

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11. What is your view about the payment of salaries and wages via bank?
12. Do you have any suggestion to improve the mode of employee payments?

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