# A DETAILED STUDY OF PROMOTION AND REWARD POLICY OF SBI

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# CHAPTER 1

# INTRODUCTION

## 1.1 Promotion:

Each organization needs to maintain a balance between the internal sources of personnel promotion and external sources by means of recruitment. Hence, promotion must be based on consistent, fair and clear cut policy. The National Institute of Personnel Management (NIPM) has suggested a promotion policy on the following lines:

Drawing up an organization chart to make clear to all the ladder of promotion. Where there is a job analysis and a planned wage policy, such chart is quite easy to prepare.

Making the promotion system clear to all concerned who may initiate and handle cases of promotion. Though departmental heads may initiate promotion, the final approval must lie with the top management, after the personnel department has been asked to check from its knowledge whether any repercussion is likely to result from the proposed promotion.

All promotions should be for a trial period to ascertain whether the promoted person is found capable of handling the job or not. Normally, during this trial period, he draws the pay of the higher post, but it should be clearly understood that if "he does not make the grade" he will be reverted to his former post and former pay scale..

## 1.2 Reward System

"Fat pay package, quicker promotions and incentives are not enough any more. Employers need to listen what employees want."

A 'reward' or 'incentive' can be anything that attracts a worker's attention and stimulates him to work.

In the words of Bureckm and Smith "reward systems is a plan or programme to motivate individual or group performance." An incentive programme is most frequently built on monetary rewards, but also includes a variety of non-monetary rewards or prizes

On the other hand French says the incentive system has a limited meaning that excludes many kinds of inducements offered to people to perform work, or to work up to or beyond acceptable stands. It is related with wage payment plans which tie wages directly or indirectly to standard productivity or to the profitability of the organization or both criteria.

The use of incentives assumes that people's actions are related to their skills and abilities to achieve important longer run goals. Even though many organization by choice or by tradition or contract. In fact rewards on non performance criteria, rewards should be regarded as a "pay off" the performance.

Jack Zigon defines rewards as "something that increase frequency of an employee action". This definition points to an obvious desired outcome of rewards and promotion: to improve performance.

An incentive plan has following important features:-

1. An incentive plan may consist of both 'monetary' and 'non-monetary' elements. Mixed elements can provide the diversity needed to match the needs of individual employees.
2. The timing, accuracy and frequency of incentives are the very basis of a successful incentive plan.
3. The plan requires that it should be properly communicated to the employees to encourage individual performance, provide feedback and encourage redirection.

**1.3 Determinants of Rewards**

These features are contingencies, which affect the suitability and design of rewards to varying degrees. The effective use of rewards depends on 3 variables.

- ✍ Individual
- ✍ Work situation
- ✍ Incentive plan

**1. The individual and the rewards:**

Different people value things differently. Enlightened managers realize that all people do not attach the same value to monetary rewards, bonuses, prizes or trips. Employees' view these things differently be of age, marital status economical need and future objectives .however even though employees' reaction to rewards varies greatly, rewards must have some redeeming merits. For e.g. there might be a no of monetary and non monetary rewards to motivate employees.

**2. The work situation:**

This is made up of four important elements,

**1) Technology:**

Machine or work system, if speed of equipment operation can be varied, it can establish range of the rewards.

**2) Satisfying Job Assignment:**

A worker's job may important a number of activities that he finds satisfying. Rewards may take the form of earned time off, greater flexibility in hour worked, extended vacation time and other privileges than individual values.

**3) Feedback:-**

A worker needs to be able to see connection between works and rewards. These responses provide important reinforcement.

**4) Equity:-**

Worker considers fairness or reasonableness as part of the exchange for his work.

Rewards in general are important motivator. Their effectiveness depends upon 3 factors.

- Drives
- Preference value and
- Satisfying value of the goal objects.

## 1.4 Types of Rewards:

There are a number of ways to classify rewards. We have selected three of the more typical dichotomies: intrinsic versus extrinsic rewards, financial versus non-financial rewards, and performance-based rewards. These categories are far from being mutually exclusive.

**Intrinsic versus Extrinsic Rewards**

Intrinsic rewards are the satisfactions one gets from the job itself. These satisfactions are self- initiated rewards, such as having pride in one's work, having a feeling of accomplishment, or being part of team. These techniques of job enrichment, shorter work-weeks, flex-time and job rotation can offer intrinsic rewards by providing interesting and challenging jobs and allowing employee greater freedom.

Extrinsic rewards include money, promotions and fringe benefits. Their common thread is that they are external to the job and come from an outside source, mainly management. Thus, if an employee experiences feelings of achievement or personal growth from a job, we would label such rewards as intrinsic. If the employee receives a salary increase or write-up in the company magazine, we would label those rewards as extrinsic.

Motivational researchers had generally assumed that intrinsic and extrinsic rewards were independent; that is, the stimulation of one would not affect the other. However, research conducted in the late 1960s and early 1970s suggested that this assumption might be in error.



Early experiments designed to test the independence assumption tended to support the proposition that when extrinsic rewards like money, promotions or fringe benefits were used as payoffs for superior performances, the internal rewards, which are derived from the individual doing what he or she likes, were reduced. The explanation for these occurrences went something like this. For money or other extrinsic rewards to be used as effective motivators, they should be made contingent on the employee's performance. But when this is done it decreases the internal satisfaction the employee gets from doing the job. What has happened is that an external stimulus has been substituted for an internal one.

**Financial versus Non financial Rewards**

Rewards may or may not enhance the employee's financial well-being. If they do, they can do this directly- through wages, bonuses, profit sharing and the like; or indirectly- through supportive benefits such as pension plans, paid vacations, paid sick leaves and purchase discounts.

Nonfinancial rewards cover a smorgasbord of desirable "things" that are potentially at the disposal of the organization. Their common link is that they do not increase the employee's financial position. Instead of making the employee's life better off the job, non financial rewards emphasize making life on the job more attractive. The non financial rewards that we will identify represent a few of the more obvious; however, the creation of these rewards is limited only by managers' ingenuity and ability to assess "payoffs" within their jurisdiction that individuals within the organization find desirable.

The old saying "one man's food is another man's poison" applies to entire subject of rewards, but especially to the area of non financial rewards. What one employee views as "something I have always wanted," another finds superfluous. Therefore care must be taken in providing the "right" non financial reward for each person; yet where selection has been done assiduously, the benefits to the organization should be impressive.

Some workers are very status conscious. A paneled office, a carpeted floor, a large walnut desk or a private bathroom may be just office furnishing that stimulates an employee toward top performance. Similarly status oriented employees may value an impressive job title, their own business cards, their own secretary or a well- located parking space with their name clearly pained underneath the "Reserved" sign.

Some employees value having their lunch between one and two o'clock in the afternoon. If lunch is normally from eleven in the morning until noon, the benefit of being able to take their lunch at another, more preferred, time can be viewed as a reward. Having a chance to work with congenial colleagues and achieving a desired work assignment or an assignment where the worker can operate without close supervision are all non financial rewards that are within the discretion of management and, when carefully used, can provide stimulus for improved performance.

**Performance-Based versus Membership-Based Rewards**

The rewards that the organization allocates can be said to be based on either performance criteria or membership criteria. While the managers in the most organizations will vigorously argue that their reward system pays off for performance. Few organizations actually reward employees based on performance.

Performance-based rewards are exemplified by the use of commissions, piecework pay plans, incentive systems, group bonuses or other forms of merit plan. On the other hand, membership-based rewards include cost-of-living increases, profit sharing, benefits and salary increases attributable to labour market conditions, seniority or time in rank, credentials (such as collage degree or a graduate diploma), or future potential (the recent M.B.A out of a prestigious university). The demarcation between the two is not always obvious. For instance, company paid membership in a country club or use of company-owned automobiles and aircraft by executive may be given for membership or performance. If they are available to, all middle and upper level executives, then they are membership based. However, if they are made available selectively to certain managers based on their performance rather than their "entitlement," which of course implies they can also be taken away, we should treat them as performance-based rewards for those who might deem them attractive.

Advantages of the Performance Related pay (PRP) scheme

- Incentives are linked to meeting targets or objectives, as well as to the quality of performance as perceived by superiors. Linking pay to performance that lends itself to measurement is considered fairer then awarding across-the-board cost of living increases, which do not discriminate between high and low performers.

- Where employees' performance can be measured and the amount of money available to reward performance is sufficient to module effort, it saves money if the organization targets rewards on those who performs.

- High performers are attached to PRP culture in the knowledge that pay is linked productive effort and that poor achievement is discouraged.

- Employees receive useful feedback on their performance.

- There is an emphasis on a result oriented culture, with the accent on effort directed at activities that the organization values.

**Disadvantages of the PRP scheme**

- Behavior is rewarded, which one would expect to occur any way in accordance with the employment contract. Here good performance is expected and provision is made for it and where there is a poor performance it is job of the management to sort it out.

- Open communication between managers and subordinates could be discouraged, because subordinates are less likely to divulge information on personal short comings just in case such disclosures act to their disadvantage.
- The rewarding of self-centered individualism can undermine the co-operation and team work, which are necessary for coping with today's climate.

**1.5 Importance**

Never assume a particular reward is universally important to all employees. Money, for example, can have a very different meaning to different people. It may represent basic security and love, power, a measure of one's achievements or merely means to a comfortable life style. To some employees 1000/- Rs –a-month raise would be very important. Other employees, in the same job and at the same salary level might far prefer an extra week of vacation.

This different among employees was substantiated in a study undertaken at a public utility. One hundred and fifty employees were asked to rank their performance for rewards. It was found that the employees in general, rated extra vacation as most preferred, followed by pay, a pension increase, paid family insurance, early retirement and work schedule rearrangements, in decreasing order. But this ranking varied among different employee groups. For instance, the preference for insurance plan decreased with age, while desire for more pension benefits increases. Married employees also valued insurance plan more than single employees, and this preference increased with number of dependents.

Research indicates that the preference for rewards will be significantly affected by age, marital status and number of children the employee has. Young unmarried person desire more time off the job and young married men rated more vacation lower than family health coverage, or that older employees seek increased retirement benefits while younger workers opt for more cash.

In expectancy theory terms, motivation is optimized when employees see rewards satisfying their individual needs. Therefore a good reward system should be designed to offer heterogeneous rewards to a heterogeneous labour force. Employees should be rewarded with what they individually consider important.

One effort to broaden the idea of individualizing rewards has been labeled 'cafeteria compensation'. In contrast to the traditional manner in which fringe benefits are allocated- all employees get the same package which best satisfies his or her current needs. Specifically where cafeteria-type flexible compensation exists, employees are told what their total compensation is, and they can choose a mix salary, life insurance, deferred compensation and other benefits suit their particular needs.

The advantages of flexible compensation go beyond merely allowing employees to customize their own compensation package. This method involves little in additional direct costs, it makes clear to employees how much the organization is actually spending to compensate them and it ensure that the money will be spent only on the rewards the employees want. On the negative side, there is the tendency for employees to think in short- range rather than long- range terms. Most organizations that have instituted a cafeteria plan actually provides all employees with minimum insurance and pension benefits and let each employees select additional rewards to suit his or her own needs.

**1.6 Equitable Distribution**

Employees desire rewards that are distributed in what seems to be an equitable manner. This means fairness among the organization's employee and fairness relative to what people get for doing a similar job in another organization. Equity theory has been proposed to explain what happens when individuals perceive an imbalance between what they put into job and what they get out of it relative to others' give-and-get ratio.

It is no secret that employees make comparisons between themselves and their peers. Employees perceive what they get from a job situation in relation to what they must put into. They also compare their input-outcome ratio with the input-outcome ratio of their peers. If a person's ratio and that of others are perceived to be equal, a state of equity is said to exist. If they are unequal, in-equality exists. That is, the individual views herself or himself as under rewarded or over rewarded. Equity theory argues that when an inequality is seen as aversive, the individual will attempt to correct it.

Evidence indicates that the referent chosen by the employee is an important variable in equity theory. The three referent categories have been classified as "other", "system" and "self". The "other" category includes other individuals with similar jobs in the same organization, as well as friends, neighbors or professional associates. Based on information that employees receive through word of mouth or through newspapers and magazines on such issues as executive salaries or recent union contract, employees can compare their pay relatively to that of others.

The "system" category considers organizational pay policies and procedures and administration of this system. It considers organization wide, implied and explicit, pay policies. Organization precedents in terms of allocation of pay would be a major determinant in the category.

The "self" category refers to input-outcome ratios unique to the individual that differ from the individual's current input-outcome ratio. This category is influenced by such criteria as past jobs or commitments that must be met in terms of family role.

The choice of particular set of referents is related to the information available about referents as well as their perceived relevance. Based on equity theory, employees may choose one or more five alternatives.

1) Distort either their own or others' input or outcomes
2) Behave in some way so as to induce others to change their inputs or outcomes
3) Behave in some way as to change their own inputs or outcomes
4) Choose a different comparison referent
5) Leave the organization
6) Visibility

A reward that is not visible to the employee may fail to get the desired motivating effect from employee. On the other hand, a truly visible reward gets the attention not only of employees but also their peers. This latter qualify means visible rewards can contribute to satisfying an employee's esteem and promotion needs.

In what ways can managers increase the visibility of rewards? Possibilities include well-publicized bonuses, allocating annual salary increases in a lump sum rather than spreading them out over the entire year, and eliminating the secrecy surrounding pay by openly communicating everyone's compensation.

Some organizations have successfully maximized the value of rewards by making them both impressive in size and highly visible. Probably the most widely discussed and controversial approach to increasing the visibility of rewards is to eliminate the traditional secrecy surrounding pay. The proponents of openness argue that pay secrecy actually demotivates employees. Secrecy may tend to work to the disadvantage of using money to motivate managers because even most carefully derived pay schedule and differentials may be seen as potentially less rewarding as they actually are. The misperception of pay contributes to dissatisfaction with pay, and secrecy regarding pay contributes to this misperception.

Complete openness about pay policies is indeed rare in organizations. If such information were common knowledge, employees would undertake to compare their salaries with those of everyone else and the inevitability of human error would reveal any inequalities in pay system. There would be misunderstandings, petty complaints, increased dissatisfaction and perceived if not real inequalities. Whether it is true or not, almost everyone thinks him or her worth more than the next person. On the other hand, an open pay system demonstrates confidence by management in the structure of compensation and hence it should increase the trust individuals have in the organization.



**Flexibility**

An effective reward is one that has the flexibility to vary with changes in performance. If an employee's job performance declines in 1987, the rewards he received in 1986 should ideally have downside adjustment capability.

An effective reward would be flexible in terms of the amount given to everyone in the organization. The annual performance bonus, for instant, offers high flexibility. It can be adjusted upward or downward or eliminated, each year depending on some measure of performance. Additionally, it can be given selectively to those employees who have done a superior job.

Another attribute of flexible reward is that it be given frequently without losing importance. Giving rewards frequently is often helpful foe sustaining extrinsic motivation, yet some rewards diminish in importance when used over time. As a case in point, praise is a flexible reward in that its amount can be varied in allocation to and among individuals. However, it suffers from diminishing returns. Continued use of praise results in the reward losing its importance.

Low Cost

The final quality of an effective reward is low cost. Rewards are not free goods, and the organization must consider the costs along with the benefits from any rewards. A high-cost reward simply cannot be given out as often, and when it is, it reduces organizational effectiveness as a result of its cost. All other factors equal, the lowest-cost reward should be preferable to management.

Summary

A careful review of the above criteria which identified for effective rewards brings one to the conclusion that no organizational reward is ideal on all dimensions. Because no reward is perfect, managers must carefully assess what they expect from their reward system and structure it so it provides the maximum in motivation potential. Each organization is unique, so the rewards that work in one firm may be ineffective in another. Similarly jobs within each organization differ, and the rewards made available to incumbents of each job should reflect this fact.

### 1.7 Designing a Reward Program

The keys to developing a reward program are as follows:

- Identification of company or group goals that the reward program will support
- Identification of the desired employee performance or behaviors that will reinforce the company's goals
- Determination of key measurements of the performance or behavior, based on the individual or group's previous achievements
- Determination of appropriate rewards
- Communication of program to employees

In order to reap benefits such as increased productivity, the entrepreneur designing a reward program must identify company or group goals to be reached and the behaviors or performance that will contribute to this. While this may seem obvious, companies frequently make the mistake of rewarding behaviors or achievements that either fails to further business goals or actually sabotage them. If teamwork is a business goal, a bonus system rewarding individuals who improve their productivity by themselves or at the expense of another does not make sense. Likewise, if quality is an important issue for an entrepreneur, the reward system that he or she designs should not emphasize rewarding the quantity of work accomplished by a business unit.

Properly measuring performance ensures the program pays off in terms of business goals. Since rewards have a real cost in terms of time or money, small business owners need to confirm that performance has actually improved before rewarding it. Once again, the measures need to relate to a small business' goals. As Linda Thornburg noted in HR Magazine, "Performance measures in a rewards program have to be linked to an overall business strategy…. Most reward programs use multiple measures which can include such variables as improved financial performance along with improved customer service, improved customer satisfaction, and reduced defects."

When developing a rewards program, an entrepreneur should consider matching rewards to the end result for the company. Perfect attendance might merit a different reward than saving the company $10,000 through improved contract negotiation. It is also important to consider rewarding both individual and group accomplishments in order to promote both individual initiative and group cooperation and performance.

Lastly, in order for a rewards program to be successful, the specifics need to be clearly spelled out for every employee. Motivation depends on the individual's ability to understand what is being asked of her. Once this has been done, reinforce the original communication with regular meetings or memos promoting the program. Keep your communications simple but frequent to ensure staffs are kept abreast of changes to the system.

**1.8 REWARD VS. PROMOTION**

Although these terms are often used interchangeably, reward and promotion systems should be considered separately. Employee reward systems refer to programs set up by a company to reward performance and motivate employees on individual and/or group levels. They are normally considered separate from salary but may be monetary in nature or otherwise have a cost to the company. While previously considered the domain of large companies, small businesses have also begun employing them as a tool to lure top employees in a competitive job market as well as to increase employee performance.

As noted, although employee promotion programs are often combined with reward programs they retain a different purpose altogether. Promotion programs are generally not monetary in nature though they may have a cost to the company. Sue Glasscock and Kimberly Gram in Productivity Today differentiate the terms by noting that Promotion elicits a psychological benefit whereas reward indicates a financial or physical benefit. Although many elements of designing and maintaining reward and promotion systems are the same, it is useful to keep this difference in mind, especially for small business owners interested in motivating staffs while keeping costs low.

**Some Rewards which are used in different organizations**

1. Best Agent/ consultant /employee / Star performer of the month / quarter.
2. Best Management - For heads who right hand for management too in all activities.
3. Best Technical Leadership - head of R & D, next level to management who do mostly program & new projects.
4. Most Efficient Employee - middle level mgt, who does his work without any expectation from mgt.
5. Best Loyalty - Who worked lot for co. benefit & growth as a friend.
6. Most Progressive Employee - Newly joined employee
7. Best New Comer - Newly joined employee
8. Best Employee of the department - best in embedded prg.
9. Extra miler of the team/ department - in respective field
10. High Value Sales - huge order in single (from one co.)
11. Best Contributor for the team / department
12. Perfect attendance award- who is not taken leave
13. Best Software Support
14. Best System Support



You can also give them gifts like T-shirt with company logo Jackets, Mementos, Movie tickets, concert tickets, certificates.

**1.9 Planning the compensation strategy**

Most senior managers wish, at least at times, that they could ignore compensation. No other organizational system is so weighed with values and emotions, so visible to employees or so much the subject of internal dissent. Nearly everyone has opinions—usually strong opinions—about rewards. Any change in compensation usually attracts loud complaints from employees who feel disadvantaged by the change.

The topic of rewards is rife with myths that are widely accepted but contradicted by extensive research. In view of these difficulties, can busy senior managers safely take the easy way out and leave compensation decisions to their compensation specialists? Or should they devote significant personal attention to compensation? Senior managers should be heavily involved in getting the strategic direction for compensation, and there are some fundamental choices senior managers need to make during this process.

Compensation systems demanded less senior management attention only a few years ago. At that time, senior managers generally left the design of employee compensation systems to technical specialists. This was possible partly because professionally managed compensation systems looked very much alike from one company to another.

For most firms, the goal of compensation design was simply to avoid a competitive disadvantage by keeping labour costs in line with those of competitors, and the goal of compensation administration was to keep employee noise down. The picture has changed greatly during the past decade, as companies throughout the economy have begun to rethink their compensation systems in search for competitive advantage.

Base pay, incentives, benefits and pay for corporate performance all have changed dramatically. Studies of Fortune 1000 firms (Lawler, Mohrman and Ledford) from 1986 to 1997 show large increases in the percentage of Fortune 1000 using a variety of compensation innovations.

For example, there has been a 50 percent increase in companies using pay for skills, knowledge and competencies. A 50 percent increase in companies using work group or team incentives; and a 100 percent increase in firms using flexible benefit systems.

The strategic demands of new competitive forces, new organizational forms, and increase in knowledge work and promotion of the importance of compensation to organizational effectiveness have largely driven these changes. Top managers can no longer afford to leave compensation solely in the hands of compensation professionals.

There are some basic principles of compensation strategy senior managers need to understand. The alignment of compensation with business needs, the goals of the compensation system, reward system levers and basic choice managers need to make are among these principles. A foundation of knowledge will help senior managers use compensation as an important tool for managing the business.

The idea that money doesn't motivate employees has been around since decades. It received its most famous formulation in the work of Fredrick Herzburg. He claimed that intrinsic sources of motivation rising from the design of work are much more important than the extrinsic sources, such as pay, in determining the level of employee motivation. In Hertzberg's view extrinsic sources are "hygiene" factors that can have a negative effect but not a positive effect on motivation, while intrinsic sources are true motivators. However, while Hertzberg is remembered for his emphasis on the importance of intrinsic motivation, contemporary motivation in scholars almost universally reject his claim that extrinsic rewards do not motivate.

A more recent view is expressed by Alfie Kohn, a polemicist whose highly biased and incomplete review of the reward literature might have remained obscure had it not been excerpted in the Harvard Business Review. Kohn argues that extrinsic rewards cannot work for several reasons. He argues that extrinsic rewards such as pay need not be provided continually to be effective, whereas intrinsic rewards such as work design are available to employees without continuous management action.

However, we are unimpressed with the discovery that you can't pay employee for performance just once—you have to keep paying them.

Employees also adopt this myth and use it to turn the tables on management, arguing that any improvement in pay or working conditions will reward management with higher productivity, ultimately making the added rewards "free". This is like asking Santa Claus for presents. Seemingly no one has to pay for them.

Unfortunately, the popular belief that happiness leads to productivity is not supported by the evidence. Literally, hundreds of studies have examined the relationship between employee attitudes such as job satisfaction and productivity. (Of course, satisfaction is not the same thing as happiness, but the two obviously are closely related).

In every decade since the 1950s a major review of this ever-growing literature has reached the same conclusion: that is, the relationship between satisfaction and productivity is detectable, but too small to be of practical significance. Well the relationship exists, it may well be because more productive people tend to be rewarded for their higher performance, and this happiness may be the indirect result rather than the cause of productivity. Making people happier makes them stay in the organization longer—that is, it reduces turnover—but it does not necessarily make them more productive.

# CHAPTER 2

## LITERATURE REVIEW

Organizations in today's environment seek to determine the reasonable balance between employee commitment and performance of the organization. The reward and promotion programs serve as the most contingent factor in keeping employees' self esteem high and passionate. Oosthuizen (2001) stated that it is among the function of managers to motivate the employees successfully and influence their behavior to achieve greater organizational efficiency. La Motta (1995) is of the view that performance at job is the result of ability and motivation.

Ability formulated through education, equipment, training, experience, ease in task and two types of capacities i.e. mental and physical. The performance evaluation and rewards are the factors that proved to be the bonding agents of the performance evaluation programs. According to Wilson (1994), the process of performance management is one among the key elements of total reward system.

Entwistle (1987) is of the view that if an employee performs successfully, it leads to organizational rewards and as a result motivational factor of employees lies in their performance. Majority of the organizations require their employees to work according to the rules and regulations, as well as, job requirements that comply with full standards. The investigations that have been conducted to find the relationship between compensation and individuals were focused to increase the performance of employees (Ciscel, 1974). The highly motivated employees serve as the competitive advantage for any company because their performance leads an organization to well accomplishment of its goals.

Among financial, economical and human resources, human resources are more vital that can provide a company competitive edge as compared to others. According to Andrew (2004), commitment of all employees is based on rewards and promotion. Lawler (2003) argued that prosperity and survival of the organizations is determined through the human resources how they are treated. Most of organizations have gained the immense progress by fully complying with their business strategy through a well balanced reward and promotion programs for employee. Deeprose (1994) argued that the motivation of employees and their productivity can be enhanced through providing them effective promotion which ultimately results in improved performance of organizations. The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation. Managing the performance of employees forms an integral part of any organizational strategy and how they deal with their human capital (Drucker as cited in Meyer & Kirsten, 2005).

Today where every organization has to meet its obligations; the performance of employees has a very crucial impact on overall organizational achievement. In a demotivated environment, low or courageless employees can not practice their skills, abilities, innovation and full commitment to the extent an organization needs. Freedman (1978) is of the view that when effective rewards and promotion are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance. Employees take promotion as their feelings of value and appreciation and as a result it boosts up morale of employee which ultimately increases productivity of organizations.Csikszentmihalyi (1990) posits a view that the state of satisfaction and happiness is achieved by the employees only when they maximally put their abilities in performing the activities and functions at work.

In this way motivated employees are retained with the organizations thus reducing extra costs of hiring. Flynn (1998) argued that rewards and promotion programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee's job satisfaction. Where job satisfaction, as defined by Lock (cited in Gruneberg, 1979, p. 3), is a pleasurable positive emotional state as a result of work appraisal from one's job experiences.

The rewards include the financial rewards, pay and benefits, promotions and incentives that satisfy employees to some extent but for committed employees, recognition must be given to keep them motivated, appreciated and committed. Baron (1983) argued that when we recognize and acknowledge the employees in terms of their identification, their working capacity and performance is very high. Recognition today is highest need according to most of the experts whereas a reward which includes all the monetary and compensative benefits cannot be the sole motivator for employees' motivation program. Employees are motivated fully when their needs are met.

The level of motivation of employees increases when employees get an unexpected increase in promotion, praise and pay (La Motta, 1995). In today's dynamic environment the highly motivated employees serve as a synergy for accomplishment of company's goals, business plans, high efficiency, growth and performance. Motivation is also required when the organizational workforce has not a good relationship pattern. Employees' relation with employees and with supervisor is a key ingredient of the inner strength of the organization. The ability of supervisors to provide strong leadership has an effect on job satisfaction of employees (Morris, 2004). The study relates how the impact of incentives, promotion and rewards programs drives employee motivation.

Rewards play a vital role in determining the significant performance in job and it is positively associated with the process of motivation. Lawler (2003) argued that there are two factors which determine how much a reward is attractive, first is the amount of reward which is given and the second is the weightage an individual gives to a certain reward.

Deeprose (1994, p. 3) is of the view that "Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible." Fair chances of promotion according to employee's ability and skills make employee more loyal to their work and become a source of pertinent workability for the employee. Bull (2005) posits a view that when employees experience success in mentally challenging occupations which allows them to exercise their skills and abilities, they experience greater levels of job satisfaction. Incentives, promotion and rewards are the key parameters of today's motivation programs according to most of the organizations as these bind the success factor with the employees' performance. Robbins (2001) asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing. Similarly, the recognition which is a central point towards employee motivation adores an employee through appreciation and assigns Fortune best companies which discriminates companies from the others is recognition that is the most important factor of their reward system. Wilson (1994) stated that the conditional recognition is that type of promotion which one has to earn by his own efforts and which is gained by some sense of achievement of an action or result.

Employees are definitely closer to their organization as their job can become the major satisfaction in their life after having a proper promotion and rewards at their job. Rewards enhance the level of productivity and performance at job whether it's a first time performance or repeated activity at the job in a progressive way. Research by Eastman (2009) consistently found that intrinsic motivation is conducive to producing creative work, while extrinsic motivation is unfavorable to producing creative work.

Gagne (2009) suggested a new model of knowledge-sharing motivation which provides suggestion for designing five important human resource management (HRM) practices including staffing, job design, performance and compensation systems, managerial styles and training. Ali and Ahmed (2009) confirmed that there is a statistically significant relationship between reward and recognition respectively, also motivation and satisfaction. The study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. The pay package is one of the most obvious and visible expressions of employment relationship, it is main issue in exchange between employees and employer expressing connection between individual work and performance employing organization itself"

Hege Wisch and Ganguli O, N, (1967), in his study found "pay and allowances as the most important factor causing satisfaction or dissatisfaction to workers"

Singh ET. al. (1977) in a study of organizational culture and its impact on managerial remuneration concluded that the demands for money was significantly influenced by the quality of organizational culture and that it can substantially be reduced by improving the quality of organizational culture. Findings such as those suggest that satisfaction, task involvement, demand for money and commitment are largely determined by organizational culture.

According to Fred Luthans (1981), "inequality occurs when an individual perceives that the ratio of his outcomes to input and the ratio of relevant others outcome to input are unequal"

Rowlinson (1988) one of the American vice presidents whose company observed and concluded that recognition speaks to the employee receiving it and awards and only one aspect of it. The symbolism, meaning and intrinsic value attached to the reward are equally important.

Although the gold plated carriage clock, watch all engraved tinkered in recognition of long service is probably most prominent form of recognition award in U.K.

Judy L. Agnew and William K. Redmon, (1992), indicates that the organization may have the latest technology, well -thought out strategic plans, detailed job descriptions and comprehensive training programmes, but unless the people are rewarded for their performance-related behaviours, the "up-front" variable (technology, plans and so on) or the rules that govern their behaviour have little impact". Pay and allowances as the most important factor causing satisfaction or dissatisfaction to workers.

Steve Williams and Fred Luthans (1992) stated that, "the choice of reward interacting with feed back had a positive impact on task performance".

Simon (1992) after thorough study suggested that employees should be given cash bonuses and prizes for meeting sales targets, customer services and cleanest store. For special yearly competition when only few people gain prizes should be precious and can range from holiday voucher, a set of 2 tickets for an all expense paid trip to Hollywood.

One example is Vodafone Australia. When Vodafone introduced the **liveyourlife** reward and promotion program they had turnover rates around 30 per cent per year. That rate has reduced to just 18 per cent (Human Resources 2005) predominantly due to the company focusing on its culture and its people. The liveyourlife incentive program is a major part of the people retention initiative. By offering experiential benefits as part of their remuneration structure, the dynamic Managing Partner encouraged Gardens to be known as an innovative, progressive and fun law firm.

The National Australia Bank approached liveyourlife to customize a team based experiential reward program for a project that involved employees in every branch of the Bank across Australia, including remote regional areas. Liveyourlife customized a specific team based reward program including the development of specific team experiences for branches in regional areas. The customized liveyourlife team based reward program was delivered with great success.

**CHAPTER 3**

## COMPANY PROFILE

### STATE BANK OF INDIA



The State Bank of India, the country's oldest Bank and a premier in terms of balance sheet size, number of branches, market capitalization and profits is today going through a momentous phase of Change and Transformation – the two hundred year old Public sector behemoth is today stirring out of its Public Sector legacy and moving with an agility to give the Private and Foreign Banks a run for their money.

The bank is entering into many new businesses with strategic tie ups – Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point of Sale Merchant Acquisition, Advisory Services, structured products etc – each one of these initiatives having a huge potential for growth.

The Bank is forging ahead with cutting edge technology and innovative new banking models, to expand its Rural Banking base, looking at the vast untapped potential in the hinterland and proposes to cover 100,000 villages in the next two years.

It is also focusing at the top end of the market, on whole sale banking capabilities to provide India's growing mid / large Corporate with a complete array of products and services. It is consolidating its global treasury operations and entering into structured products and derivative instruments. Today, the Bank is the largest provider of infrastructure debt and the largest arranger of external commercial borrowings in the country. It is the only Indian bank to feature in the Fortune 500 list.

The Bank is changing outdated front and back end processes to modern customer friendly processes to help improve the total customer experience. With about 11448 of its own branches and another 6500+ branches of its Associate Banks already networked, today it offers the largest banking network to the Indian customer. Banking behemoth State Bank of India is planning to set up 15,000 ATMs in the country by March 2010 investing more than Rs 1,000 crore.

RP Sinha, deputy managing director (information technology) of the bank, said: "We plan to have 25,000 ATMs in the country by March 2010. We will add 15,000 ATMs to the existing ones by end of this fiscal." The bank has almost 10,300 ATMs in the country at present.

According to a senior SBI official, the spot for an ATM counter is taken on lease. It requires Rs 5.2-5.5 lakh to set up the infrastructure and almost Rs 3.5 lakh for an ATM machine. "All put together, the cost is around Rs 9 lakh per counter," he said. Going by the estimate, SBI would require a whopping Rs 1,350 crore for setting up 15,000 ATMs.

The Bank is also in the process of providing complete payment solution to its clientele with its ATMs, and other electronic channels such as Internet banking, debit cards, mobile banking, etc.

With four national level Apex Training Colleges and 54 learning Centres spread all over the country the Bank is continuously engaged in skill enhancement of its employees. Some of the training programes are attended by bankers from banks in other countries.

The bank is also looking at opportunities to grow in size in India as well as internationally. It presently has 82 foreign offices in 32 countries across the globe. It has also 8 Subsidiaries in India – SBI Capital Markets Ltd, SBI Mutual Funds, SBI factor and commercial services Ltd, SBI DFHI Ltd, SBI Cards and Payment Services Ltd, SBI Life Insurance Company Ltd, SBI Fund Management Pvt. Ltd, SBI Canada - forming a formidable group in the Indian Banking scenario. It is in the process of raising capital for its growth and also consolidating its various holdings.

**Background:**

State Bank of India is the largest and one of the oldest commercial bank in India, in existence for more than 200 years. The bank provides a full range of corporate, commercial and retail banking services in India. Indian central bank namely Reserve Bank of India (RBI) is the major share holder of the bank with 59.7% stake. The bank is capitalized to the extent of Rs.646bn with the public holding (other than promoters) at 40.3%.

SBI has the largest branch and ATM network spread across every corner of India. Thebank has a branch network of over 17000 branches (including subsidiaries). Apart fromIndian network it also has a network of 73 overseas offices in 30 countries in all time zones, correspondent relationship with 520 International banks in 123 countries. In recent past, SBI has acquired banks in Mauritius, Kenya and Indonesia. The bank had total staff strength of 198,774 as on 31st March, 2008. Of this, 29.51% are officers, 45.19% clerical staff and the remaining 25.30% were sub-staff. The bank is listed on the Bombay Stock Exchange, National Stock Exchange, Kolkata Stock Exchange, Chennai Stock Exchange and Ahmedabad Stock Exchange while its GDRs are listed on the London Stock Exchange.

SBI group accounts for around 25% of the total business of the banking industry while itaccounts for 35% of the total foreign exchange in India. With this type of strong base, SBI has displayed a continued performance in the last few years in scaling up its efficiency levels. Net Interest Income of the bank has witnessed a CAGR of 13.3% during the last five years. During the same period, net interest margin (NIM) of the bank has gone up from as low as 2.9% in FY02 to 3.40% in FY06 and currently is at 3.32%.

**KEY AREAS OF OPERATION:**

The business operations of SBI can be broadly classified into the key income generating areas such as National Banking, International Banking, Corporate Banking, & Treasury operations. The functioning of some of the key divisions is enumerated below:

**a) Corporate banking**

The corporate banking segment of the bank has total business of around Rs1,193bn. SBI has created various Strategic Business Units (SBU) in order to streamline its operations.

These SBUs are as follows:

a.1) Corporate Accounts

a.2) Leasing

a.3) Project Finance

a.4) Mid Corporate Group

a.5) Stressed Assets Management

**b) National banking**

The national banking group has 14 administrative circles encompassing a vast network of 9,177 branches, 4 sub-offices, 12 exchange bureaus, 104 satellite offices and 679 extension counters, to reach out to customers, even in the remotest corners of the country. Out of the total branches, 809 are specialized branches. This group consists of four business group which are enumerated below:

b.1) Personal Banking SBU

b.2) Small & Medium Enterprises

b.3) Agricultural Banking

b.4) Government Banking

**c) International banking**

SBI has a network of 73 overseas offices in 30 countries in all time zones and correspondent relationship with 520 international banks in 123 countries. The bank is keen to implement core banking solution to its international branches also. During FY06, 25 foreign offices were successfully switched over to Finacle software. SBI has installed ATMs at Male, Muscat and Colombo Offices. In recent years, SBI acquired 76% shareholding in Giro Commercial Bank Limited in Kenya and PT Indomonex Bank Ltd. in Indonesia. The bank incorporated a company SBI Botswana Ltd. at Gaborone.

**d) Treasury**

The bank manages an integrated treasury covering both domestic and foreign exchange markets. In recent years, the treasury operation of the bank has become more active amidst rising interest rate scenario, robust credit growth and liquidity constraints. The bank diversified its operations more actively into alternative assets classes with a view to diversify the portfolio and build alternative revenue streams in order to offset the losses in fixed income portfolio. Reorganization of the treasury processes at domestic and global levels is also being undertaken to leverage on the operational synergy between business units and network. The reorganization seeks to enhance the efficiencies in use of manpower resources and increase maneuverability of banks operations in the markets both domestic as well as international.

**e) Associates & Subsidiaries**

The State Bank Group with a network of 14,061 branches including 4,755 branches of its seven Associate Banks dominates the banking industry in India. In addition to banking, the Group, through its various subsidiaries, provides a whole range of financial services which includes Life Insurance, Merchant Banking, Mutual Funds, Credit Card, Factoring, Security trading and primary dealership in the Money Market.

e.1) Associates Banks:

SBI has six associate banks namely

• State Bank of Indore

• State Bank of Travancore

• State Bank of Bikaner and Jaipur

• State Bank of Mysore

• State Bank of Patiala

• State Bank of Hyderabad

e.2) Non-Banking Subsidiaries/Joint Ventures

i) SBI Capital Markets Ltd,
ii) SBI Mutual Funds,
iii) SBI factor and commercial services Ltd,
iv) SBI DFHI Ltd,
v) SBI Cards and Payment Services Ltd,
vi) SBI Life Insurance Company Ltd,
vii) SBI Fund Management Pvt. Ltd, SBI

CHAPTER 4

# RESEARCH METHODOLOGY

## 4.1. Title of Study

**"A detailed study of promotion and reward policy of SBI"**

## 4.2 Sample:

Sample is 100 employees from the total population.

## 4.3 Need and significant of study.

In today's business scenario promotion and rewards is most effective tool of motivating employees. People mostly leave job because of compensation factor.

## 4.4 Why reward system is required?

These components will be designed, developed and maintained on the basis of reward strategies and policies which will be created within the context of the organizations between strategies, culture and environment: they will be expected to fulfill the following broad aims;

1. **Improve Organizational Effectiveness**: Support the attainment of the organization's mission, strategies, and help to achieve sustainable, competitive advantage.
2. **Support and change culture**: Under pin and as necessary help to change the 'organizational culture' as expressed through its values for performance innovation, risks taking, quality, flexibility and team working.
3. **Achieve Integration**: Be an integrated part of the management process of the organization. This involves playing a key role in a mutually reinforcing and coherent range of personal policies and process.
4. **Supportive Managers**: Support individual managers in the achievement of their goals.
5. **Motivate Employees**: Motivate employees to achieve high levels of quality performance.
6. **Compete in the Labour market**: Attract and retain high quality people.

**4.5 Objectives of the study:**

**Primary:**

To study various factors relating to Rewards and promotion in State bank of India.

**Secondary:**

- Study about Criteria for rewards and promotion.
- To know about the Eligibility for rewards and promotion
- To study the Impact of Rewards and promotion on behavior of employees.
- To study the Benefits derived by Rewards and promotion.
- To give Recommendation and Suggestions to the company

**4.6 Research Design:-**

This is descriptive study including various factors of Rewards and promotion like criteria for promotion and rewards, eligibility, impact on behaviors of employees, frequency for rewarding, benefits derived and recommendation and suggestions.

**4.7 Universe:-**

Universe is employees of State Bank of India.

**4.8 Sample and sampling procedure:-**

Sample taken from the study consist of employees of SBI. Samples were selected from various departments like Administration, Development, quality control, Customer support, research and development, finance and accounting, information and technology, training, human recourse and marketing.

**4.9 Tools of data collection**:-

An interview schedule was used for data collection, apart from personal interview.

**4.10 Limitations of study:-**

Sample size: the present study is carried out for academic purpose, so sample size is restricted.

1. No generalization: the study is restricted to an organization under study, so it can not be generalized for all employees in other organization.
2. Rewards and promotion are complex problem and researcher has attempted to study most appropriate factors but chances can not be ruled out that some areas may have been untouched or not adequately touched.

## CHAPTER 5

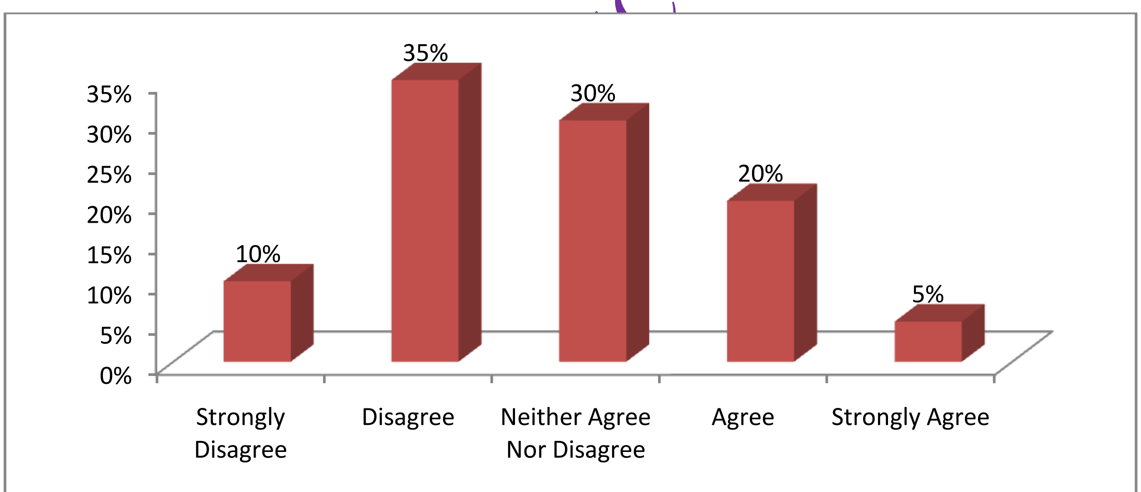
## DATA ANALYSIS AND INTERPRETATION

**1. I am aware of various rewards monetary and non monetary reward schemes of SBI.**

**Table 5.1**

| **Category** | **No. of respondents** | **Percentage** |
|---|---|---|
| Strongly Disagree | 10 | 10% |
| Disagree | 35 | 35% |
| Neither Agree Nor Disagree | 30 | 30% |
| Agree | 20 | 20% |
| Strongly Agree | 5 | 5% |
| **Total** | 100 | 100% |

**Chart 5.1**






**Interpretation:**

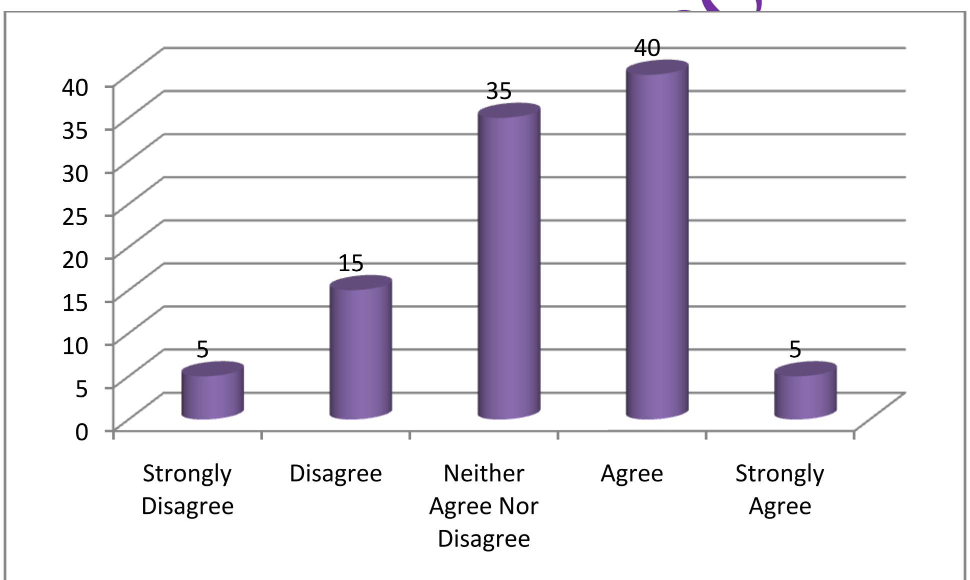
The above pie chart indicates that 10% of the employees strongly disagreed, 35% disagreed,30% neither agreed nor disagreed ,20% agreed and 5% strongly agreed that they were aware of the various rewards schemes (monetary & non monetary) of ABC Corp. Since the sample size was 100, the percentage is equal to the no. of employees

**2. I am aware about the basic criteria on which various awards are based.**

**Table 5.2**

| **Category** | **No. of respondents** | **Percentage** |
|---|---|---|
| Strongly Disagree | 5 | 5 |
| Disagree | 15 | 15 |
| Neither Agree Nor Disagree | 35 | 35 |
| Agree | 40 | 40 |
| Strongly Agree | 5 | 5 |
| **Total** | 100 | 100% |

**Chart 5.2**




**Interpretation:**

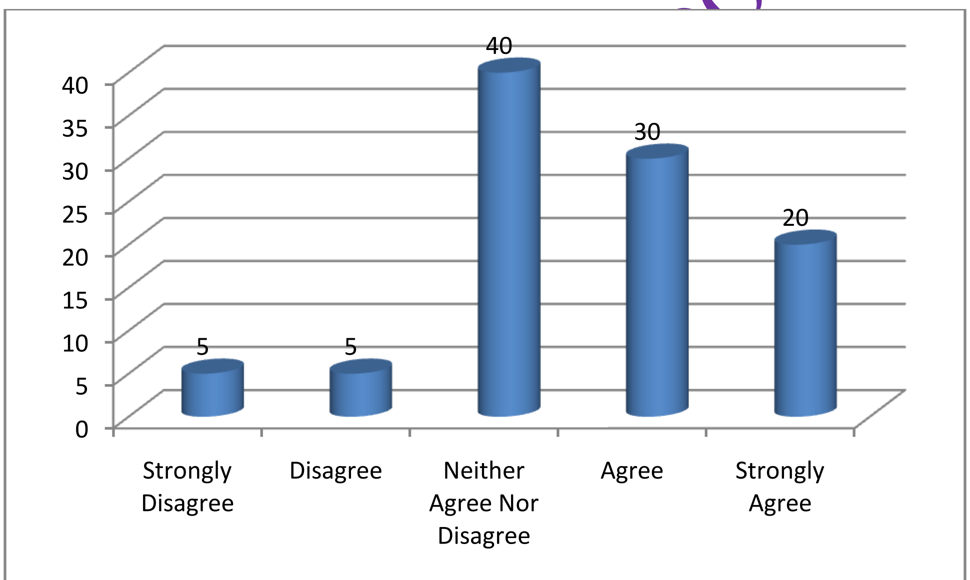
The above pie chart indicates that 5% hence 5 employees strongly disagreed, 15% disagreed, 35%neither agreed nor disagreed, 40% agreed, 5% strongly agreed that they were aware of the basic criteria on which rewards were based.

**3. Rewards are based on clear and objective criteria**

**Table 5.3**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 5 | 5 |
| Disagree | 5 | 5 |
| Neither Agree Nor Disagree | 40 | 40 |
| Agree | 30 | 30 |
| Strongly Agree | 20 | 20 |
| **Total** | 100 | 100% |

**Chart 5.3**




**Interpretation:**

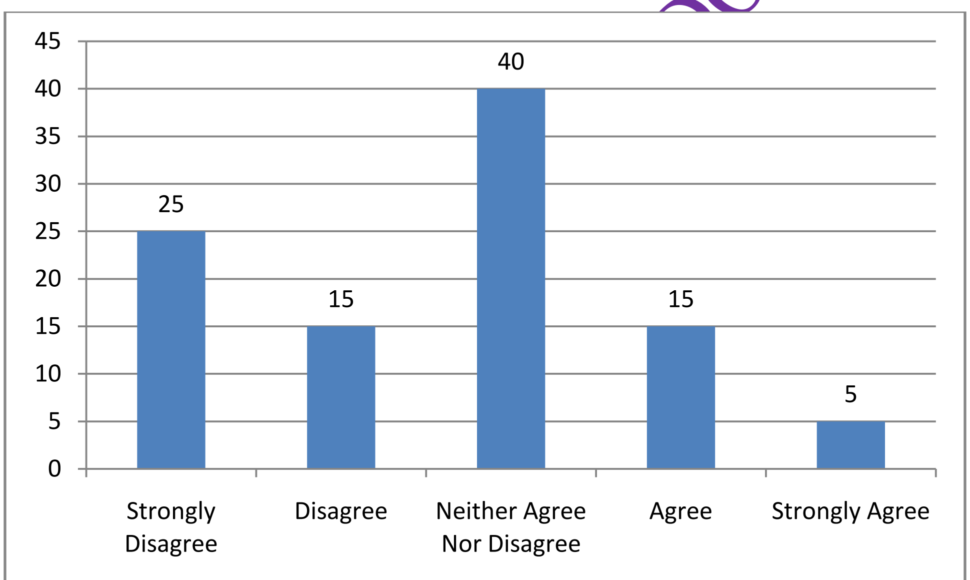
The above pie chart indicates that 5% of the employees and hence 5 employees strongly disagreed, 5% disagreed, 40% neither agreed nor disagreed, 30% agreed and 20% strongly agreed that the rewards were based on the objective criteria in ABC Corp.

**4. Rewards are given as per criteria**

**Table 5.4**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 25 | 25% |
| Disagree | 15 | 15% |
| Neither Agree Nor Disagree | 40 | 40% |
| Agree | 15 | 15% |
| Strongly Agree | 5 | 5% |
| **Total** | 100 | 100% |

**Chart 5.4**




**Interpretation:**

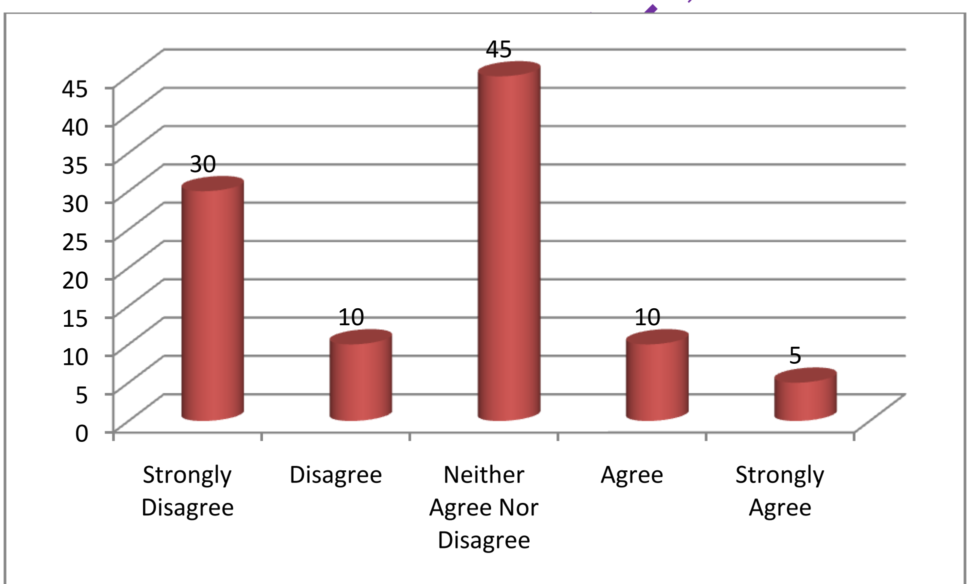
The above chart indicates that 25% and hence 25 employees strongly disagreed, 15% disagreed, 40% neither agreed nor disagreed, 15% agreed, 5% strongly agreed that the rewards were given as per the criteria.

**5. Favoritism prevails when it comes to giving away awards**

**Table 5.5**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 30 | 30% |
| Disagree | 10 | 10% |
| Neither Agree Nor Disagree | 45 | 45% |
| Agree | 10 | 10% |
| Strongly Agree | 5 | 5% |
| **Total** | 100 | 100% |

**Chart 5.5**






**Interpretation:**

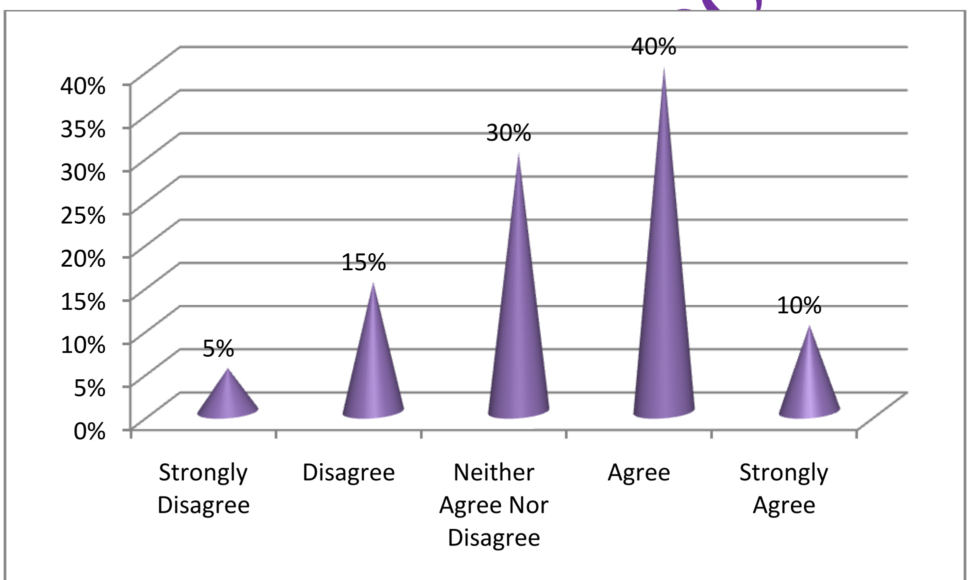
The pie chart indicates that 30% employees hence 30, strongly disagreed, 10% disagreed, 45% neither agreed nor disagreed,10% agreed and 5% strongly agreed that favoritism prevails while giving away the rewards.

6. Deserving people are rewarded

**Table 5.6**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 5 | 5% |
| Disagree | 15 | 15% |
| Neither Agree Nor Disagree | 30 | 30% |
| Agree | 40 | 40% |
| Strongly Agree | 10 | 10% |
| **Total** | 100 | 100% |

**Chart 5.6**




**Interpretation:**

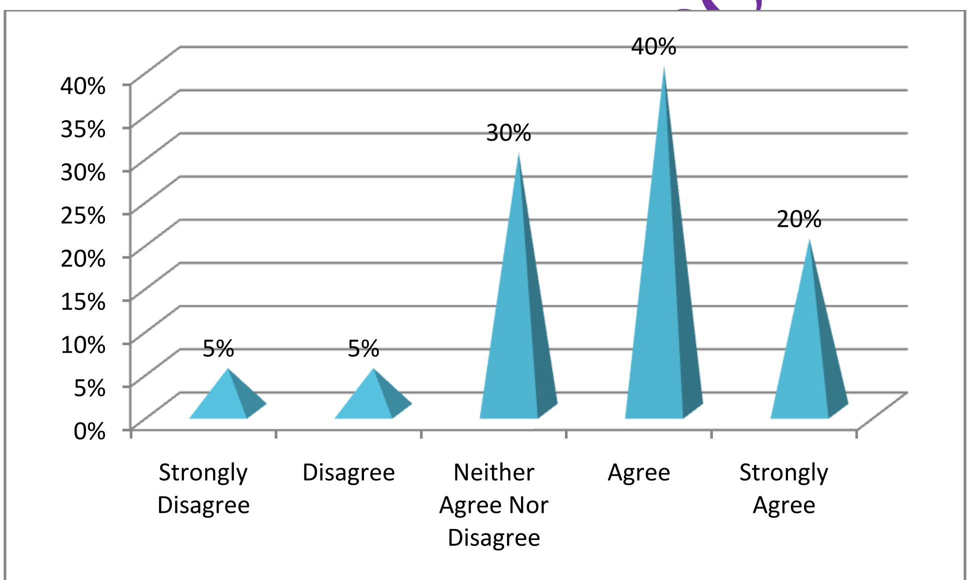
The pie chart indicates that 5% employees hence 5 strongly disagreed, 15% disagreed, 30% neither agreed nor disagreed 40% agreed and 10% strongly agreed that deserving people were rewarded in the organization.

7. Rewards are given as and when they become due

**Table 5.7**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 5 | 5% |
| Disagree | 5 | 5% |
| Neither Agree Nor Disagree | 30 | 30% |
| Agree | 40 | 40% |
| Strongly Agree | 20 | 20% |
| **Total** | 100 | 100% |

**Chart 5.7**




**Interpretation:**

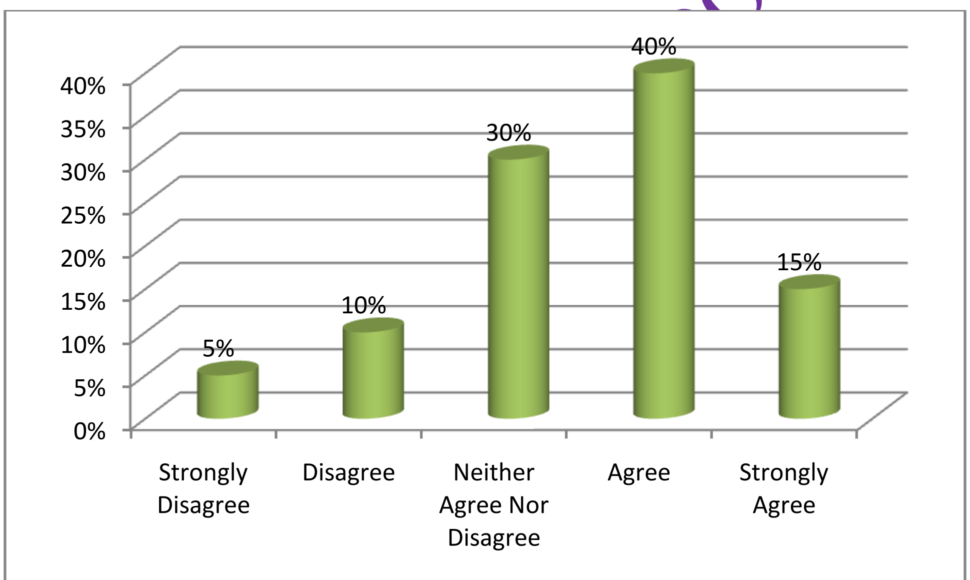
The above pie chart indicates that 5% employees hence 5, strongly disagreed, 5% disagreed, 30% neither agreed nor disagreed, 40% agreed, 20% strongly agreed that the rewards were given as and when they became due.

8. Awardees get adequate Publicity

**Table 5.8**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 5 | 5% |
| Disagree | 10 | 10% |
| Neither Agree Nor Disagree | 30 | 30% |
| Agree | 40 | 40% |
| Strongly Agree | 15 | 15% |
| **Total** | 100 | 100% |

**Chart 5.8**




**Interpretation:**

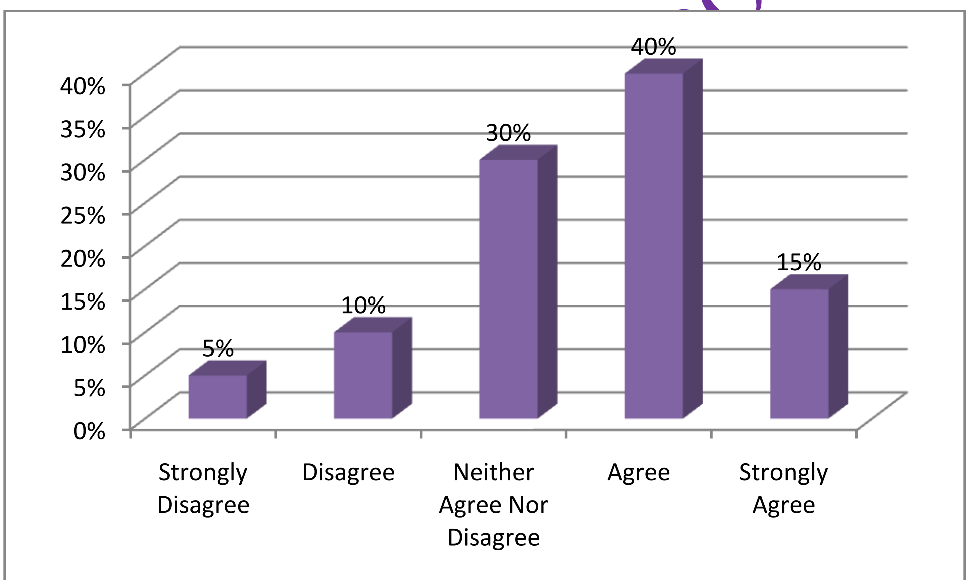
The above pie chart indicates that 5% employees hence 5, strongly disagreed, 10% strongly disagreed, 30% neither agreed nor disagreed, 40% agreed, 5% strongly agreed that the awardees get adequate publicity.

9. Good performance is appreciated and recognized by top management

**Table 5.9**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 5 | 5% |
| Disagree | 10 | 10% |
| Neither Agree Nor Disagree | 30 | 30% |
| Agree | 40 | 40% |
| Strongly Agree | 15 | 15% |
| **Total** | 100 | 100% |

**Chart 5.9**




**Interpretation:**

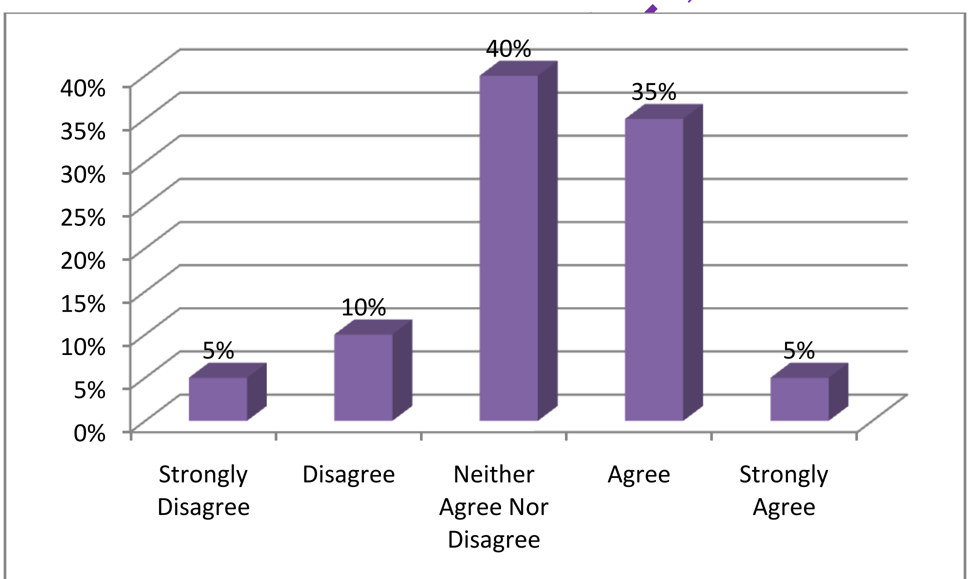
The above pie chart indicates that 5% strongly disagreed, 10% disagreed, 30% neither agreed nor disagreed, 40% agreed, 15% strongly agreed that good performance is recognized and appreciated by top management.

10. Seniors share the credit of good work with their subordinates

**Table 5.10**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 5 | 5% |
| Disagree | 10 | 10% |
| Neither Agree Nor Disagree | 40 | 40% |
| Agree | 35 | 35% |
| Strongly Agree | 5 | 5% |
| **Total** | 100 | 100% |

**Chart 5.10**




**Interpretation:**

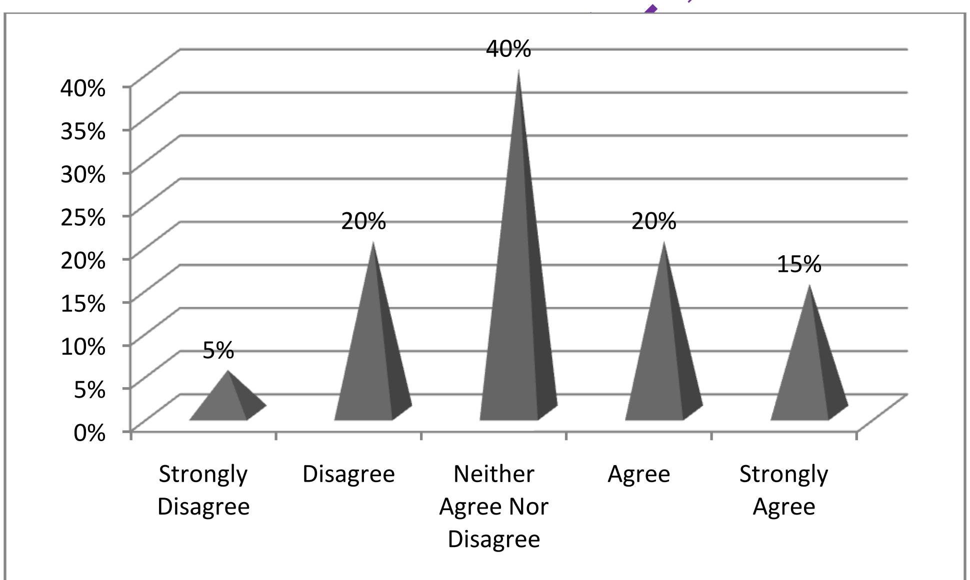
The above data indicates that 5% employees strongly disagreed, 10% disagreed, 40% neither agreed nor disagreed, 35% agreed, 5% strongly agreed that seniors shared the credit of good work with their subordinates.

11. Quantum of rewards is proportionate to one's achievement.

**Table 5.11**

| Category | No. of respondents | Percentage |
|---|---|---|
| Strongly Disagree | 5 | 5% |
| Disagree | 20 | 20% |
| Neither Agree Nor Disagree | 40 | 40% |
| Agree | 20 | 20% |
| Strongly Agree | 15 | 15% |
| **Total** | 100 | 100% |

**Chart 5.11**






**Interpretation:**

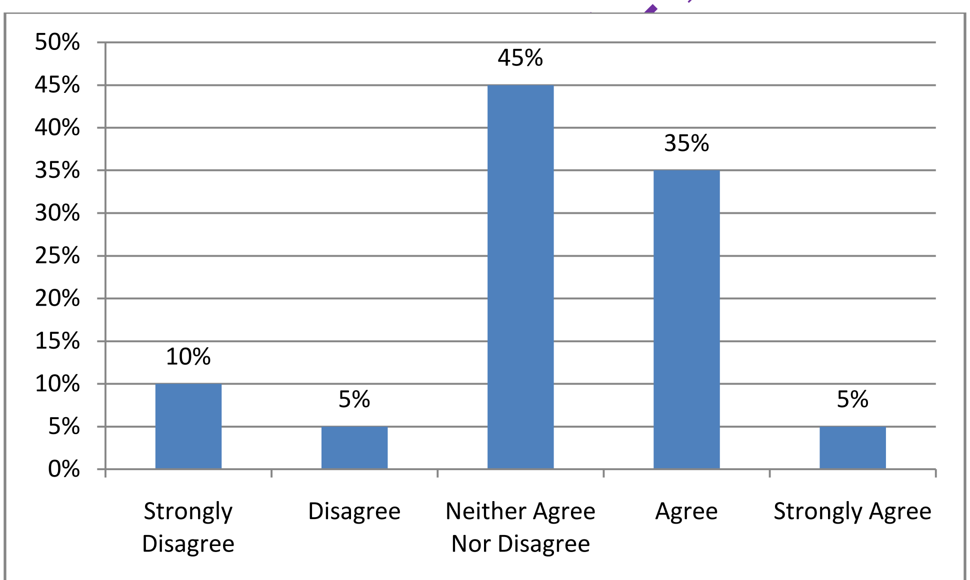
The above data indicates that 5% employees strongly disagreed, 20% diagreed,40% strongly neither agreed nor disagreed, 20% agreed,15% strongly agreed that quantum of rewards is proportionate to one's achievement in ABC Corp.

12. Performance linked monetary rewards are reasonable at the company.

**Table 5.12**

| **Category** | **No. of respondents** | **Percentage** |
|---|---|---|
| Strongly Disagree | 10 | 10% |
| Disagree | 5 | 5% |
| Neither Agree Nor Disagree | 45 | 45% |
| Agree | 35 | 35% |
| Strongly Agree | 5 | 5% |
| **Total** | 100 | 100% |

**Chart 5.12**




**Interpretation:**

The above data indicates that 10% employees strongly disagreed, 5% disagreed, 45% neither agreed nor disagreed 35% agreed and 5% strongly agreed that the performance linked monetary rewards are reasonable in the company.

## CHAPTER 6

## FINDINGS AND SUGGESTIONS

**MAJOR FINDINGS:**

- 35% disagreed that they are aware of various rewards monetary and non monetary reward schemes of SBI.
- 40% agreed that they were aware of the basic criteria on which rewards were based.
- 20% strongly agreed that the rewards were based on the objective criteria in ABC Corp
- 25% strongly disagreed that the rewards were given as per the criteria.
- 30% strongly disagreed that favoritism prevails while giving away the rewards.
- 10% strongly agreed that deserving people were rewarded in the organization.
- 40% agreed that the rewards were given as and when they became due.
- 40% agreed that the awardees get adequate publicity.
- 40% agreed that good performance is recognized and appreciated by top management.
- 35% agreed that seniors shared the credit of good work with their subordinates.
- 20% agreed that quantum of rewards is proportionate to one's achievement in ABC Corp.
- 35% agreed that the performance linked monetary rewards are reasonable in the company

## SUGGESTIONS

1. Surveys should be conducted frequently in order to judge satisfaction level of the employees.
2. In addition to surveys, interaction of HR officers with the employees should also be given space if possible.
3. Suggestions and discrepancies regarding the various reward schemes should be openly invited from the employees and should be materialized into action as soon as possible should not be dumped as paperwork.
4. Formal and Informal meetings: should be conducted to judge the employee satisfaction, regarding various services & new way out should be searched to tackle the same.

## CHAPTER 7

## CONCLUSION

The responses obtained indicate that the employees were fairly satisfied with the reward system of **SBI**. Although a small sample size was taken to analyze it, every proportion of population was represented by the sample appropriately.

The questions were designed using basic principles into consideration i.e. fairness, openness, timeliness etc. The responses thus obtained were then analyzed to arrive at the conclusion.

The responses obtained in the two extremes were very less, i.e. every question was responded by the employees avoiding the two extremes of strongly agree & strongly disagree this can be justified by the fact as explained above in the limitations that the employees were hesitant and behaved as if some confidential information was being extracted from them or that it indicates that employees were fairly satisfied with the management regarding the various reward system schemes.

Majority of the responses obtained were that of "agree" i.e. approximately 30 to 40% 0f the employees responded "agree" to the questions like rewards are given as per criteria that indicates that etc., indicating that organization had been fairly successful in keeping the reward system schemes balanced and satisfactory.

Also it was observed that most of the executives took a lot of time in responding and were less cooperative and open as compared to the non executive employees, also the satisfaction level was high in the higher grade above. The SBI employees were enthusiastic and cooperative in their responses aw well as interactive. After detailed analysis done band wise or grade wise it can be concluded that the satisfaction level of the employees as well as their awareness regarding various rewards & promotion schemes was fairly well, i.e. the employees were fairly satisfied with Reward System of SBI.

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**APPENDIX- QUESTIONNAIRE**

| STATEMENT | Strongly Disagree | Disagree | Neither Agree Nor Disagree | Agree | Strongly Agree |
|---|---|---|---|---|---|
| 1. I am aware of various rewards monetary and non monetary reward schemes of the company. | | | | | |
| 2.I am aware about the basic criteria on which various awards are based | | | | | |
| 3.Rewards are based on clear and objective criteria | | | | | |
| 4.Rewards are given as per criteria | | | | | |
| 5. Favoritism prevails when it comes to giving away awards | | | | | |
| 6. Deserving people are rewarded | | | | | |
| 7. Rewards are given as and when they become due | | | | | |
| 8. Awardees get adequate Publicity | | | | | |
| 9. Good performance is appreciated and recognized by top management | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 10. Seniors share the credit of good work with their subordinates | | | | | |
| 11. Quantum of rewards is proportionate to one's achievement. | | | | | |
| 12. Performance linked monetary rewards are reasonable at the company. | | | | | |
| | | | | | |