CHAPTER - 3

FOCUS & OBJECTIVES OF THE STUDY

- THE FOCUS

- PRODUCTIVITY LINKED REWARD SYSTEM
- ORGANISATIONAL DIMENSIONS

- THEORETICAL ASSUMPTIONS

- INFORMATION SEEKING

- VARIABLES SELECTED FOR STUDY

- OBJECTIVES

- HYPOTHESIS
Chapter 3.

THE FOCUS

THE done survey of the existing literature however still leaves us with an unanswered question, namely, how to evaluate the performance of the service sector as the service sector is mostly engaged in fulfilling the socio-economic objectives of the national development plans and have not faced any competition and are used to be seen as a unit of expenditure and social benefit agents. This study is therefore devoted to find out an appropriate answer to this question by analysing the peculiarities of services sector, complexities in productivity measurement and examining the productivity linked reward schemes in vogue in service sector in India and to analyse their impact on the total productivity of the said service sector.

3.2 This has been attempted with references to the perception survey carried out across the major service sector like banks, insurance companies, telecommunication department, public works departments, hospitals, provident fund organisation, employees state insurance corporation, railways, Govt. offices as are found functioning in India. The findings so noticed have been put to cross verification by the detailed vertical study of Employees Provident Fund Organisation (EPFO) and Employees State Insurance Corporation (ESIC). EPFO is a representative organisations reflecting the Govt. offices for social security and industrial control as well as banking operations. Similarly ESIC reflects the functioning of Govt. as well as insurance company and hospitals.
PRODUCTIVITY LINKED REWARD SYSTEM : ORGANISATIONAL DIMENSIONS.

3.3 The vital problem is how to measure the impact of reward systems in the organisation on the functioning of organisation itself in terms of certain quantifiable organisational dimensions. In the context it would be of interest to identify the relevant organisational variables through a theoretical analysis of the organisation functioning as a Conceptual Model. Organisation building process requires management to have tools and techniques which can help them transform formulated strategies and action plans into positive identifiable results. Based on the knowledge acquired by the author in dealing with service sector organisations and a detailed analysis of the cross functional issue of productivity and productivity linked reward system at individual, group and organisational level related directly to organisationed performance point of view subjects as motivation and attitude, employee-management relation, teamwork and co-operations, trust and information sharing, intergroup relations and individual development, ect. a theoretical model has been specifically built for the purpose of providing a conceptual frame-work for this study. The interactive model is presented in EXHIBIT - I.

THEORETICAL ASSUMPTIONS.

3.4 The following three assumptions are made to limit the study in a theoretical framework.

1. PLRS is a wage system where part payment is related to productivity and focus is quality of work life.
IMPROVEMENT IN MOTIVATION OF EMPLOYEES
- HIGHER SATISFACTION LEVEL.
- CUSTOMER ORIENTATION.

- INTERNAL SYSTEMS & PROCEDURES FOLLOWED.
- INTERNAL SYSTEMS & PROCEDURES STRENGTH.
- BETTER INTER GROUP & INTER GROUP RELATIONS.
- HIGHER ORGANISATIONAL COHESIVENESS.

- WILLINGNESS TO ACCEPT HIGHER TARGET
- HIGHER ACHIEVEMENT ORIENTATION

- IMPROVED ORGANISATION STRUCTURE
- IMPROVED EFFICIENT ORGANISATION & SYSTEMS
- HIGHER PRODUCTIVITY

EXHIBIT: 1 ORGANIZATION MODEL
2. The impact of PLRS in a service sector can be seen in Exhibit 2 below.

### IMPACT MODEL

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>BEFORE PLRS</th>
<th>AFTER PLRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PENDENCY OF WORK</td>
<td>- PLENTY OF PENDING WORK</td>
<td>- HIGHER OUTPUT PER</td>
</tr>
<tr>
<td></td>
<td>- INDIVIDUAL EFFECT</td>
<td>- LESS PENDING WORK</td>
</tr>
<tr>
<td></td>
<td>- IN-COHERRANT</td>
<td>- INDIVIDUAL EFFORT</td>
</tr>
<tr>
<td></td>
<td>- UNDUE INTERNAL DELAYS</td>
<td>- CONSISTENT AND</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- CO-OPERATIVE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- LESS INTERNAL DELAYS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- HIGH TEAM WORK</td>
</tr>
<tr>
<td>2. TARGETS FOR TASKS</td>
<td>- LOWER TARGETS</td>
<td>- HIGHER TARGETS</td>
</tr>
<tr>
<td>ACCOMPLISHMENT</td>
<td>- HIGHER MANPOWER DEMAND</td>
<td></td>
</tr>
<tr>
<td>3. CUSTOMER QUEUE</td>
<td>- LONG CUSTOMER WAITING</td>
<td>- HIGHER CUSTOMER</td>
</tr>
<tr>
<td></td>
<td>- LOW CUSTOMER ORIENTATION</td>
<td>- ORIENTATION</td>
</tr>
</tbody>
</table>

3. As an input-output model of productivity the impact on productivity can be presented in Exhibit 3.

### ORGANISATIONAL MODEL

**INPUT STAGE**

- VARIABLE WAGE STRUCTURE PLRS 1.

**TRANSITION STAGE**

- REDUCED PENDENCY 2.
- IMPROVED TARGET ACCOMPLISHMENT 3.
- REDUCED CUSTOMER QUEUE 4.
- REDUCED INTERNAL DELAY 5.

**OUTPUT STAGE**

- PRODUCTIVITY OF ORGANISATION 6.
- IMPROVED ORGANISATIONAL CLIMATE 7.
- IMPROVED CUSTOMER SATISFACTION 8.
Chapter 3.

INFORMATION SEEKING:

3.5 For the purpose of the study different modes of information survey have been adopted for the eight stages identified in Exhibit - III. The modes are as given below:

Stage 1. Variable Wage Structure (PLRS)
What it is in service sector organisation?
- Factual information seeking.
- Literature Survey.
Productivity in Service Sector organisation.
- Factual information seeking.
- Perception survey.

Stage 2, 3, 4, & 5.
- Perception Survey of Employees of Selected organisations.
- Actual information seeking from the organisation selected for detailed study.

Stage 6, 7, & 8.
i) Productivity at organisational level
   - Study of individual organisation.
ii) Productivity at Individual organisation.
   - Study of individual organisation
   - Perception survey
   - Qualitative Study
Chapter 3.

VARIABLES SELECTED FOR STUDY

3.6 Based on the theoretical assumptions the conceptualisation as given in three exhibits (1,2,& 3) the following variables have been evolved for further study in relation to impact of productivity linked reward schemes in service sector organisations.

Individual Employees related.
- Work Commitment.
- Morale and Motivation.
- Team work.
- Relations with others.

Organisational Level related.
- Work commitment.
- Morale and Motivation.
- Team work.
- Intergroup relations.

System related.
- Organisational Productivity.
- Systems implementation.
- Decision making process.
- Customer orientation.
- Organisational climate - management employee relations.
OBJECTIVES.

3.7 Thus the major task that this study intends to accomplish are as under:-

1. Identifying the major peculiarities of the services sector in India by analysis of the prominent functional characteristics, organisational objectives and commonly deployed input-output parameters of the service sector organisations chosen for this study.

2. Studying the complexities involved in measuring the productivity in service sector and recommend a logical framework for productivity measurement in service sector and establishing its linkage with reward system, develop the most practicable frame for PLRS with a view to facilitate introduction of such schemes which may aid in augmenting the productivity in service sector organisation.

3. Examining the varied perceptions of the employees working at various levels in the chosen units in service sector towards the phrase 'Productivity' and its interrelations with other organisations in the context of service sector and analysing them in order to construct a general definition of productivity as applicable to the profile of activities carried out by the service sector.

4. To identify the factors contributing to 'Productivity in service sector' so as to be useful in creating productivity awareness model for service sector organisation.

5. Studying the impact of Productivity Linked Reward System/scheme (PLRS) on Productivity in selected services units, with reference to the case studies conducted by the
researcher for Employee Provident Fund Organisation and Employee’s State Insurance Corporation by studying the impact of PLRS on (i) (a) Pendency of work, (b) Reduction in internal delays, (c) Targets for Task Accomplishments, and (d) Customer Ques; (ii) (a) Work Commitment (b) Morale and Motivation (c) Team Work (d) Inter-Group Relations; and (iii) (a) Productivity (b) Decision-making (c) Customer orientation (d) Organisational systems and procedures, and (e) Employee-Management Relations.

6. Developing a PLRS Impact Model For Productivity in service sector and making a search contributing to creation of awareness among the employees towards productivity improvement.

HYPOTHESIS :

3.8 The study is primarily based on the following three major hypothesis deduced by the researcher on the basis of the studies undertaken by other researchers and consultants in the past and his personal observations made during the past professional career spread over more than two decades.

H1: There is a high impact of PLRS on Productivity, Systems and Procedures, Decision Making, Customer Orientation and Organisational working of Service Sector Organisations.

H2 There is a high impact of PLRS on pendency of work, reduction in internal delays, targets for task accomplishment.

H3. There is a high impact of PLRS on work measurement, morale and motivation, team work, and inter-group relations.