INDUSTRY PROFILE AND CONCEPTUAL FRAMEWORK.

Introduction

India’s heavy engineering sector can be classified in to two broad segments – capital goods (which is further classified as electrical machinery and non-electrical machinery), and equipment segments. Heavy electrical industry is an important manufacturing sector, catering to the need of energy sector & other industrial sectors. Major equipments like boilers, turbo generators, turbines, transformers, condenser, switch gears and relays and related accessories are manufactured by heavy electrical equipment manufacturers. The performance of this industry is closely linked to the power programme of the country. The Government of India has an ambitious mission of “Power for All by 2012” and planned power capacity addition of 78,577 MW in the 11th five year plan (2007-12).

There is a strong manufacturing base for the manufacture of heavy electrical equipments in the country. Manufacturers of heavy electrical equipments have absorbed latest technology available in the world up to a unit capacity of 660 MW and gearing up for adopting super-critical technology for unit size of 800MW and above the thermal sets. Heavy industry in India comprises of the heavy engineering industry, machine tool industry, heavy electrical industry, industrial machinery and auto industry.

These industries provide goods and services for almost all sectors of the economy, including power, rail and road transport. The fortunes of the heavy electrical industry have been closely linked to the development of the power sector in India. The heavy electrical industry has under its purview power generation transmission, distribution and utilisation equipments.
BHEL is one of the most prominent companies of India. It is also one of the BHEL or otherwise known as Bharat Heavy Electricals Limited is a gas and steam turbine manufacturer in India. Bharat Heavy Electricals Limited (BHEL) is one of the oldest and largest states owned engineering and manufacturing enterprise in India in the energy related and infrastructure sector, which includes power, railways, transmission and distribution, oil and gas sectors and many more. BHEL was established in the year 1953. Its headquarter is in New Delhi. It has presence over 70 countries. 74% of the total power generated in India is produced by equipment manufactured by BHEL. It is the 12th largest power equipment manufacturer in the world. In the year 2011, it ranked ninth most innovative company in the world by US business magazine Forbes. BHEL is today a key player in the power sector through the construction, commissioning and servicing of power plants all over the world. BHEL has around 14 manufacturing divisions, four power sector regional centers, over 100 project sites, eight service centres and 18 regional offices over 65 percent of power generated in India comes from BHEL - supplied equipment. It is one of the India’s nine largest public sector undertakings or PSUs, known as the Navratnas or ‘the nine jewels’.

It is one of the India’s nine largest public sector undertakings or PSUs, known as the Navratnas or ‘the nine jewels’ his constituents of Nift. Navratna status is conferred by the Department of Public Enterprises. To be qualified as Navratna, the company must obtain a score of 60 (out of 100). The score is based on six parameters. Which include net profit to net worth, the total man power cost to the total cost of production or cost of services PBDIT (Profit before depreciation, interest and taxes to the capital employed, PBDIT to turn over, EPS (Earning Per Share) and instructional performance. Additionally, a company must first be a Miniratna and have four independent directors on its board before it can be made a Navratna.

Miniratna: In addition, the Government created another category called Miniratna. Miniratnas can also enter into joint ventures, set subsidiary companies and overseas offices but with certain conditions. In 2002, there were 41 Government enterprises that were awarded Miniratna status. This designation applies to PSEs that have made profits continuously for the last three years or earned a net profit of Rs.30 crore or more in one of the three years. The miniratnas granted certain autonomy like incurring capital expenditure without Government approval up to Rs.500 crore or equal to their net worth, whichever is lower.

BHEL is the largest engineering and manufacturing enterprises in the field of heavy electricity in India. BHEL is a leading power plant equipment manufacturer in the world. Has a productive presence in core sector like power, industry, transportation, oil & gas, telecommunication, defence and non conventional energy sources. BHEL has 14 manufacturing plants 150 project sites countrywide and abroad. Its products and systems have been exported to over 52 countries worldwide.

The departments at BHEL-EPD is divided into, two broad domains, namely, technical and non-technical domain consist of the under mentioned following titles: Planning / material
Similarly the non technical domains consist of, finance, marketing, human resource & HRDC, commercial, communication & public relations, Security & vigilance. The employees of BHEL can be classified into four categories. They are regular, temporary, casual, probationer, apprentice / trainee under BHEL schemes. The pay structures of a company include; salary, dearness allowance, house rent allowances, city compensation allowances, reimbursement of medical allowances, travelling and daily allowance rule. BHEL provides many rewards and incentives like, cash rewards for acquiring / additional qualification sponsorship for higher studies and family planning incentives. The employees benefits of a company are leaving, encashment earned leave (EEL), leave travel concession (LTC), group saving linked insurance scheme. The BHEL group saving linked insurance scheme with effect from April 1987 provides an insurance cover for all employees and promotes savings to provide financial assistance to the employee / beneficiaries at the time of retirement or insurance cover in the event of death while in service.

The other allowances of the company includes, city compensatory allowance, non practical allowances to medical, late night snacks allowance for night shift employees, messing allowances, free uniforms, accommodation, free electricity, kit allowances to employees deputed abroad, vehicle allowance, welding allowance to high pressure welders, transport subsidy, travelling allowance, conveyance allowance to blind and physically handicap employees, washing allowance, educational assistance. Reimbursement of tuition fees, subsidiary to apprentices or trainees, daily allowance.

The house rent allowance (HRA) is given by the organization of the employees at the following rates:
<table>
<thead>
<tr>
<th>CITY / CLASS OF CITIES</th>
<th>RATE OF HRA PER MONTH</th>
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<tr>
<td>Mumbai and Delhi</td>
<td>30% of pay</td>
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<tr>
<td>Another A class cities</td>
<td>25% of pay</td>
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<tr>
<td>B1 and B2 class cities</td>
<td>15% of pay</td>
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<tr>
<td>C class / unclassified cities</td>
<td>10% of pay</td>
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The transfer of an employee at BHEL, an employee shall be liable to be transferred at the discretion of the management from one work or development section of station to another, provided that in doing so the management shall keep in view the suitability of the employees for the particular management work and also the pay grade and the seniority of the employees concerned is projected. The working hours of the company shall be required to work for at least 48 hours a week, which is the minimum required to work overtime. Over time policy of a company may be considered, the management reserves the right to require any employee to work overtime, including work on weekly holidays in accordance with the instructions issued from time to time and the employees is liable to be recalled for duty at any time for such overtime. For the work done adequate compensation by way of compensatory overtime payment will be allowed at the discretion of the management. BHEL identifies and promotes them to the next level, so this is done as a part of the performance appraisal. The aim of the promotion is, to provide all employees with broad equality of opportunity in growth and career prospect. And ensure fair, equitability, consistency and uniformity in the matters of promotion of employees in all the Units Division of the Company. The superannuation of a company every employee shall be required to retire from service on attaining the age of 60 years. And the management may however on review retire any employee after he attains the age of 55 years on giving one and a half months notice or by paying one and half month’s
pay and allowance, thereof subject to necessary clearance including vigilance clearance. The services of an employee may also be terminated by the company on the following grounds:

1. On abolition of the post.
2. On being declared unfit for further service on medical ground.
3. Conviction by a court of law for criminal offence amounting to moral turpitude.
4. Employee engaging himself in other employment without the written permission of the management or if he is found to have been working elsewhere during the period of leave of off duty.
5. Absence by an employee on grounds of sickness for a continuous period of more than 18 months / suffering from any other disorder on the basis of the opinion of the medical board.

The discharge and termination notice period of regular employees-3 months for both sides / others 1 month, and temporary employees-on expiry of the stipulated period of appointment or else 1 month. And for probationers one month notice on either side has to be served / only 14 days notice on either side for other categories. Employee of an apprentices / trainees as per the provisional of the bond. The recruitment policy of the company is based on the order issued by the Government of India. A reservation is made available for physically challenged, ex service man, schedule caste /tribes and other minorities. The procedure for recruitment at BHEL has developed a standard form of procedure: Requisition form to employment exchange, call letters for selection, call letters for trade / technician Apprentices, offer of training for trade / technical apprentices offers for temporary employment, offer of appointment, offer of appointment for supervisors, acceptance form, joining report and finally confirmation order for completion of probation. The sources of recruitment are employment exchange, from open market through advertisement in the press, by considering departmental
candidates possessing the specified require, and from reputed engineering/management through the college campus interview.

In BHEL, selection of applicants is done through the central recruitment committee. The committee constitutes of corporate personnel departments in consultation with the respective division. The main functions of the human resource development centre are identifying the needs of employees, based on the need training and development program are undertaken, the training budget is approved by the HOD, the required employees will undergo training. The scope of training is essentially limited to the product quality (that is general management, behavioural management, technical and skill oriented programming). And training for safety related aspects is given by the safely department and for quality related by the quality department. The responsibility of the training is identifying the training needs of all individuals’ lies with the concerned controlling officers /HOD and group heads. Secondly the responsibility of consolidating and listing, in order of priority, the programs to be conducted, in order to Outcome the necessary training lies the head of HRDC. Developmental programs of a company to be conducted for all categories of employee’s i.e, Executive, Supervisors, and Artisans. The company for this purpose invites faculty from outside. The counselling programs are undertaken for employees who are irregular to work, uninterested in the work, etc. For this purpose, the company encourages suggestions, group work etc., and hence motivate the employees. Performance evaluation and thereby performance appraisal at BHEL is done internally by the immediate concerned officer. The employees are given points based on the performance. The employees are evaluated on the basis of points. 10 points-poor performance, 20 points-excellent performance.

The evaluation made based on many factors such as punctuality, discipline, creativity, leadership; communication, etc., the trade union in BHEL includes many educated workers so that the issues are settled within the factory. Top management and trade union leaders
come together and try to settle problem within the factory premises. The organisation motivates the employees by means of involving the while decision making that is BHEL as adopted the method of Management by Objective. The canteen facility of a company served in the company over 3 years at a subsidized rates say about Rs.3 per day and it also serves nutritious and hygienic food. Provide tea / coffee at least twice a day. A special feature is that each every employee has to wipe his / her I.D. card in a magnetic machine so that it is a way to identify the time of entry and exit to the concern.
CONCEPTUAL FRAMEWORK

MOTIVATION

**Introduction:**

Motivation may be understood differently by different people as incentives to work, motives to achieve goals, desire to possess something useful, drives to come forward for outstanding performance and so on.

Motivation is the spirit of the people, which is ignited by something, such as message appeal and so on. Since the level of self realization, spirit and power is different in different people, motivation factors have varying degrees of Outcome on them.

In an organization, the job design, managerial relationship, reward system, performance appraisal and interaction with employees are important components of motivation. Motivational factors may be viewed from angles of individual characteristics, supervisory factors, organizational factors, external factors and so on.

**Meaning of motivation:**

“A motive is an inner state that energizes, activates or moves and directs or channel behaviour towards the goal.” **Bernard Berelson and Gray A. Steiner:** It reveals that motivation is an inner condition of people which energies people to work hard.

**Types of Motivation:** Motivation has been observed in different forms and types, depending upon various environments, opportunities, goals, abilities and many other factors. These motivation factors are mainly divided into intrinsic and extrinsic motivation.
**Intrinsic Motivation:**

Intrinsic motivation is driven by an interest and enjoyment in the action required to achieve a goal, without relying on external rewards or pressure. In monetary, money or other objects whose value can be expressed in monetary form is used to motivate employees. Giving an additional pay raise for good performers, paying money for good suggestions made by employees is the important tool for measuring employees’ intrinsic motivation.

**Extrinsic Motivation:**

In non-monetary motivation, an object that used for motivating employees are not measured in monetary form. Praising an employee whose performance is excellent, involving employees in the decision making process is the important tool for measuring employee extrinsic motivation. The following are the elements of intrinsic motivation:

**Elements of Intrinsic Motivation:**

- Competence
- Autonomy
- Relatedness
- Performance

**Competence:** Competence aims at overall improvement of employees as well as their skills in a work environment. Since all competence development programs focus on increasing organizational efficiency and employee’s efficiency. The competence and its techniques had become one of the important elements for intrinsic motivation. Competence development is integral to human resource development.
Natural motivation depends upon several unknown factors such as competence, curiosity, etc. Many authors have tried to explore competence and other factors to find their outcomes on primary motivation. Human and other organism have the capacity to interact with the situation. They have the capacity to interact with the environment.

Competence motive receives substantial contribution from activities, they direct, select and persist with the environment. Competence to act, interact and counteract with the environment is the basic foundation of primary motivation. Competence drives help children to learn many things automatically like, riding a cycle, crossing a road, the reading habit, learning the mother language, culture and so on. The intensity of a child's competence motive shapes his adulthood motivation drives. Based on these, competence motives; some employees prefer rough and tough jobs. Others like to work with sophisticated machines, while yet others feel with table work. Competence motives are deeply considered to make employees highly motivated to achieve their goals. (Robert W. White)

Perception of competence and self determinations are the important moderators of supervisory influence on subordinate’s intrinsic motivation. Competence instrument most used to define the core competency of the organization and arranging facilities for learning and more importantly in suggesting in employee evaluation and competence plays a key role in assessing of remuneration of employees. (Sylive F. Richer)

The perceived effects of use of competence instruments indicate the improvement of quality of management and raising the level of customer satisfaction. Competence instruments on human resource management, improving performance level of employee satisfaction. A competence instrument relates to training and development factors the learning culture in the organization.
The need for workers to participate actively and continuously in learning and training and for competence development incorporate a reward system based on salary or promotion for workers. A cultural model of competence development implies that the use of learning circles coaching and working in a team represent newer and more collaborative approaches to competence to competence develop (Worngboosin and Rojivithee 2006).

Recruitment and development capability is regarded as the most important source for core competence. The recruitment and development are necessary approach to creating unique values and distinct values for employee’s skills. Strategic planning is an important dimension in constructing core competence. Environmental condition and speedy and appropriate reaction are more important factors for creating a core competence. Finally, supply core competences are the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies. Core competence is communication, involvement and deep commitment to working across organizational boundaries. Shared vision, cooperation and empowerment are the three dimensions of competence. Shared vision is as a firm’s interest in sharing the organizational views of goals, objectives, policies, priorities and exception. Organizations with greater shared vision likely enhance to business excellence and success. Cooperation is a key factor that plays key role in the development of competence. It acts to build trust, inspire enthusiasm, encourage others and help resolve conflicts creating a high performance. Empowering tends to enhance the meaningfulness of work by helping an employee understand the importance of his or her contribution to overall organizational effectiveness. Growth and profitability are the two key dimensions to measure organizational performance. Organisational performance enhances the overall competence among the employee. (Yu-Fen 2005)
Finally, the perceived effects of use of competence instruments indicate the improvement of quality of management and raising the level of satisfaction. Therefore, instruments on human resource management, improving performance level of employee satisfaction and it relates to training and development factors in the learning culture in the organization.

**Autonomy:** Work autonomy is defined as the degree to which workers feel personal responsibilities for their work and the extent to which employees have a major saying in scheduling their work, selecting the equipment and deciding on the procedure to be followed. Autonomy is associated with greater job satisfaction, because the worker has more freedom to determine their own effort and work schedule. The degree of job autonomy relates to overall job satisfaction. Work autonomy as of the important job characteristic and prerequisites of work motivation.

Job environments, job satisfaction, job involvement, organizational commitment, participation in decision making are the important elements of work autonomy. Job environment is associated with a variety of personalities and organizational valued outcomes. Job involvement is related to organizational identification. Job dimension task identifies and autonomy is the factors of job involvement. Finally, when sufficient freedom is provided to the employees they tend to involve in their jobs resulting in higher motivation and performance. Participation in decision making leads to the creation of trust between employees and their superiors and workers experiencing their jobs which intrinsically rewards. The Participative decision making and job autonomy have been linked to perceived control. Involvement of workers in the flexible work system indicating that workers, particularly value the opportunities associated with these systems, such as an increased
autonomy over how to perform their tasks. Organisational commitment is an important element of job autonomy. Organisational commitment is highly valuable and great Outcome on successful performance of an organization. Organisational commitment is directly as well as indirectly is affected through professional autonomy. Perceived organizational support and organizational commitment are associated with job autonomy. Thus autonomy creates an organizational climate where effective organizational commitment can be developed and nurtured. Employees with freedom approach orientations towards work environment would find the task of learning more enjoyable and less pressured. More active and personal involvement they would show greatest conceptual learning outcomes.

Staff resourcing, remuneration practices, union avoidance strategies, employee involvement are the outcomes of work autonomy. Greater for pay, promotion prospects and importance of the job, fringe benefits and job security are the estimated Outcome of autonomy on job satisfaction.

Staff resourcing has an influence on employees autonomy that could result in the more effective realization of the organization's strategy and firm performance. It enhances the influence of employee control in an organization. Remuneration practices a strong outcome of autonomy. And also common reward practices in worldwide. Employees are continuing to increase their focus on incentive pay while striving to balance incentive portfolio, which tie incentives to specific goals. Centralized policy and applying same in a standardized form international implies outcome of control and autonomy. Union avoidance strategies, substitution tactics are instruments to keep of trade union and increase management control of Labours and over the labour process. Employee involvement and bargaining enhance the union avoidance, substitution is a strategy adopted to relegate workers to maximize control. Training, assignments, leadership programs and planned rotational assignments for experimental learning are developing activities for management of managerial careers.
Finally high on WA would also score highly on intrinsic work motivation, job satisfaction, job involvement, participation in job relates, organizational commitment and reduced absenteeism. Job autonomy increases the job satisfaction and motivation level of employees. And to conclude work autonomy induces the workers to learning and development activities. And it increases the job satisfaction among the employees and organizational performance.

**Relatedness:**

In today’s competitive environment, the ability to learn is the only sustainable competitive advantage. Success depends on creating an organization in which employees are able to identify and solve problems and to unlearn and learn continuously. Organizations are undergoing fundamental shifts in the ways they conduct business. Traditional organizations were designed to manage machine-based technologies, with a primary need for stable and efficient use of resources in mass production organizations. Today, organizations are knowledge based. They are designed to process ideas, experiences and information. In most industries, the ability to learn and change faster than the competition is the key to survival. The organization adds value to the customer by defining new needs and creating goods and / or services to satisfy these, thereby creating a sustainable competitive advantage for the firm. There is no single model of how organizations and their managers learn these new behaviors. Rather, top management realizes that in order for their organization to be successful, employees must identify and develop hard-to-imitate organizational processes that distinguish them from their competitors in the customer’s eyes.

Organisational learning, knowledge sharing, organizational culture employee’s creativity and innovation are the key elements of relatedness.
The learning organization is a revolutionary way to think about strategy, structure and service. It requires revolutionary thinking about staff and systems—who the employees are and how they are developed. To bring about such a dramatic change in behavior, every available organizational resource must be focused on learning. Learning organizations maximize the effectiveness of executive development activities and their contribution to the organization by integrating development into the ongoing practices of the organization. An executive development in learning organizations is characterized by five qualities. (a). The culture of learning organizations support development; (b), learning organizations take the broadest possible view of what constitutes development; (c), development is for everyone in the organization not just a few people or just a few positions; (d), development in learning organizations is purposeful, planned, and fully processed, and development is recognized and rewarded. These characteristics make the separation between development and day-to-day activities transparent—the transfer problem disappears and learning is maximized. Learning from experience and reflection, through either structured or informal learning, is a crucial factor in developing the capacity, individually and organizationally, to grow and develop. At an organizational level such an orientation towards learning is formed by a base set of values and organizational behaviors that value and support learning. The establishment and continuing encouragement of a learning oriented organizational culture provides the basis for an entity that can learn and grow on the basis of its experience—both good and bad. (Michael E. MC Gill, 1995)

Learning can be defined as a relatively permanent change in behavior resulting from experience, education, or training, behavioural change includes the acquisition of skills, knowledge and ability. In organizations people learn specific job related skills, knowledge and abilities. They also learn about organizational norms—what is expected from them and
how things are accomplished. Both of these learning situations affect employee beliefs, attitudes, intentions, and behaviours.

Work-related learning is an important part of young people’s education across the curriculum and key to preparing them for their future careers, enabling them to develop the skills to make a positive contribution to our economy. Planned activity that uses the context of work to develop knowledge, skills and understanding is useful in work, including learning through the experience of work, learning about work and working practices, and learning the skills for work. In the context of this simpler definition: For work is about developing skills for enterprise and employability through problem-solving activities, work simulations, and mock interviews. About work is about providing opportunities for employees to develop knowledge and understanding of employers, employment and enterprise. Through work is about providing opportunities for employees to learn from direct experiences of work, including developing the employability skills and ‘can-do’ attitude that employer’s value through work experience or enterprise activities in an organization and learning through vocational contexts in subjects. The underlying aims of work-related learning are, develop the employability skills of young people and provide young people with the opportunity to ‘learn by doing’ and to learn from experts; raise standards of achievement of employees; increase the commitment to learning, motivation and self-confidence of students; encourage young people to stay in education; enable young people to develop career awareness and the ability to benefit from impartial and informed information, advice and guidance; support young people’s ability to apply knowledge, understanding and skills; improve young people’s understanding of the economy, enterprise, finance and the structure of business organisations, and how they work; and encourage positive attitudes to lifelong learning. Work-related learning benefits young people by: enriching their education and giving them a greater understanding of the ‘world of work’ which lies ahead of them and the world around them;
helping them to develop the employability skills that employers want such as teamwork, problem-solving and communication skills, together with numeracy, literacy and ICT skills; helping them to think through their learning options and career choices; enabling them to challenge stereotyping and make full use of the choice and diversity of the industry sectors; and increasing the possibility that they might be recruited in the future by employers they come into contact with – there have been numerous cases of young people accepting job offers from employers they met through work-related learning. Work-related learning benefits employers by: giving them fresh ideas and perspectives that can help deliver their business objectives; helping them to keep abreast of modern qualifications and developments in education; providing opportunities to demonstrate the jobs and careers available within their organisation (or employment sector); providing opportunities to find recruits from a regular supply of school leavers who are more ‘job ready’, thereby helping to reduce their recruitment and training costs; providing opportunities to contribute to local communities and to build links which will enhance the profile and reputation of their own organisation and sector; providing opportunities to contribute directly to young people’s education, through influencing their attitudes towards work and helping them to develop their capabilities; providing motivational and professional development opportunities for those members of their staff who are directly involved with young people and their schools and colleges; promoting diversity by encouraging more young people from a wider range of backgrounds to consider careers in their industry.

Knowledge Sharing is an activity through which knowledge is exchanged among people, friends, families, communities, or organizations. Organizations have recognized that knowledge constitutes a valuable intangible asset for creating and sustaining competitive advantages. Knowledge Sharing is an activity through which knowledge (i.e., information,
skills, or expertise) is exchanged among people, friends, families, communities. Organizations have recognized that knowledge constitutes a valuable intangible asset for creating and sustaining competitive advantages. Knowledge sharing activities are generally supported by knowledge management systems. However, technology constitutes only one of the many factors that affect the sharing of knowledge in organizations, such as organizational culture, trust, and incentives. The sharing of knowledge constitutes a major challenge in the field of knowledge management because some employees tend to resist sharing their knowledge with the rest of the organization. Explicit Knowledge Sharing, Tacit Knowledge Sharing, Embedded Knowledge Sharing is the strategies of knowledge management. Explicit knowledge sharing occurs when explicit knowledge is made available to be shared between entities. Explicit knowledge sharing can happen successfully when the following criteria are met: Articulation: the knowledge provider can describe the information. Awareness: the recipient must be aware that knowledge is available. Access: the knowledge recipient can access the knowledge provider. Guidance: the body of knowledge must be defined and differentiated into different topics or domains so as to avoid information overload, and to provide easy access to appropriate material. Knowledge managers are often considered key figures in the creation of an effective knowledge sharing system. Completeness: the holistic approach to knowledge sharing in the form of both centrally managed and self-published knowledge. Tacit knowledge sharing occurs through different types of socialization. Although tacit knowledge is difficult to identify and codify, relevant factors that influence tacit knowledge sharing include: Informal networks such as daily interactions between people within a defined environment (work, school, home, etc.). These networks span hierarchies and functions. When the people are fostered can engage unstructured or unmonitored discussions, thereby fostering informal networks. Unstructured, less-structured or experimental work practices that encourage creative problem solving, and the development of
social networks. Embedded knowledge sharing occurs when knowledge is shared through clearly delineated products, processes, routines, etc. This knowledge can be shared in different ways, such as: Scenario planning and debriefing: providing a structured space to create possible scenarios, followed by a discussion of what happened, and how it could have been different. Management training and Knowledge transfer: deliberately integrating systems, processes, routines, etc., to combine and share relevant knowledge.

Knowledge transfer, knowledge sharing and knowledge barriers are the important terms of knowledge management. “An exchange of knowledge between two individuals: one who communicates knowledge and one who assimilates it. In knowledge sharing, the focus is on human capital and the interaction of individuals. Strictly speaking, knowledge can never be shared. Because it exists in a context; the receiver interprets it in the light of his or her own background.” The differences between the definitions of knowledge transfer are perhaps even clearer. “It includes a variety of interactions between individuals and groups; within, between, and across groups; and from groups to the organization.” “The focused, unidirectional communication of knowledge between individuals, groups, or organizations such that the recipient of knowledge (a) has a cognitive understanding, (b) has the ability to apply the knowledge, or (c) applies the knowledge.”

The concept of knowledge barriers Attewell (1992) lack of knowledge” about a new technology and how it should be used in organizations. The concept was then used to explain why a specific technology (in that case business computer) did not spread. The “lack of knowledge” element in KBs seems to be rather consistent in literature but what that really means seems to differ somewhat. Knowledge barriers seem to have been applied from at least three different views: Lack of knowledge about something depending on barriers for knowledge sharing or transfer. Not enough knowledge depending on level of education in a certain area or about a particular topic. The perceptual system in a specific human or group of
humans does not contain enough contact points, or does not fit incoming information to utilize it and convert the information to knowledge.

Since all three terms are closely related, the different views of knowledge also influence the view of knowledge barriers and how to overcome them. If knowledge barriers are regarded as broken transfers it seems like the view coincides with a K-O view. In this view the solution to overcome barriers is to just see to that the knowledge is spread further on to the recipients. Knowledge is rather clear and straight forward in this view. Only when the knowledge is spread and noticed, the solution will be obvious and the knowledge barrier torn down. A knowledge barrier and a failure in knowledge transfer is more or less the same thing, just as that a failure in transfer of the knowledge will result in a knowledge barrier.

We conclude that the three terms knowledge transfer, knowledge sharing and knowledge barriers are blurry. The blurriness is related mainly to which with what view and understanding of knowledge that it is used. Regarding use of the terms, there are clear indications that authors who use the term KT have a tendency towards the K-O perspective and that authors who use the term KS are drawn more towards the K-SCC perspective. The view of KBs and the interpretations of how to lower or pass a KB differ depending on the view. That the positive effect of KM will improve if a well thought out standpoint of practitioners and researchers would fit the type of problem and the ontological thoughts well.

K-O- Knowledge as an object
K-SCC- Knowledge as a Subjective Contextual Construction.

An Organisational culture supports learning. A learning organisation has a culture and value set that promotes learning. A learning culture is one in which there is clear and consistent openness to experience, encouragement of responsible risk taking in pursuit of continuous improvement, willingness to acknowledgement, failures and learn from them. In a
company with a learning culture, everyone—management, employees, customers, suppliers—feels that there are opportunities to learn and grow. (Ian W. Smith, 2004)

Relatedness leads to increase the learning capacity of an employee and to understand about the importance of the concept of learning organisation. The most important prominent feature of relatedness is the employees are duty bound to interact to fellow employees. It encourages social relationship among the employees and creates conducive relative spirit. Relatedness causes individual learning outcome and understanding among the employees. It enables the creativity and innovation among the employees. The overall findings of relatedness are, it increases the employees skills and performance and organisational performance.

**Performance:**

Performance is defined as the point of an individual, group of organizations pre-set objectives reached both qualitative and quantitative. Employees beginning from arrival to business, they use their knowledge and skills within the framework of job description and in return for gathering social and economic advantages within the business opportunities. In simple term that organization high or low performance depends on the employee’s individual performance level. Realistic organizational goals, explaining the objectives to employees, overlapping individual purpose with organizational objectives, improving the quality of employee’s skills are the elements of performance.

The performance appraisal is the process of assessing the performance and progress of an employee or of a group of employees on a given job and his potential for future development.
According to Flippo, performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.

**Performance Management:** Performance management is the integration of performance appraisal system with the broader human resource system as a means of aligning employees' work behaviour with organization goals. Performance management should be an ongoing interactive and facilitate productivity.

Performance based pay is a policy tool that organizations should consider as part of their drive to raise organizational performance. And it is a compensation scheme that link employee performance to pay. It can be defined as a system of remuneration in which an individual’s increase in salary mainly solely or depends on his or her appraisal or merit rating. (Alison L. Booth,) Help with recruitment and selection; facility change in organizational culture; weaken trade union power; increased role of line manager; greater financial control and value for money; ability to reward and recognize performance and encourage to flexibility are the important reasons for introducing performance based pay in an organization. Performance based pay can be divided into two main categories. (i.e.) Merit pay and incentive pay.

Merit pay relates to compensation to a management assessment of the individual employee performance; the increment earned (PBP) and the total become’s the employee’s new basic pay. The effects of merit pay indicate that individual incentive plans can motivate employees and improve individual performance. In conclusion individual incentive schemes are more likely to succeed in simple, structured jobs and in the context in which trust is high and fair performance goals can be set.
Incentive pay relates compensation more to performance criteria, such as return on investment, the volume of goods produced or sold earning or share. Performance based merit pay system has little positive Outcome or employee motivation and organizational performance. Pay for performance system indicates that individual’s financial incentives are ineffective in organizational settings. And it concludes that effectiveness of financial incentive depends on organization conditions.

The following are the problems of performance based pay: Measurement difficulties, feedback and acceptance, limited desirability of merit reward, system noise (factors which obscure the effort linkage) such as long time lapse between performance and reward and conflicting use of financial and non financial rewards. Model on performance management that includes performance measurements, rewards, recognition, goal setting and coaching / feedback as important methods of managing the performance of an employee. (Mike Schraeder)

Performance appraisals are a key component of employee management. Maximum utilization of manpower may be enhanced by through performance appraisals. Performance appraisals are a tool to evaluate the quality of the system, therefore it is important to evaluate its potential quality and effectiveness. An organization using performance appraisal to manage employee performance should adopt / design appraisal methodologies that support the vision, culture and goals of the organization.

The rewards are popular and commonly used technique to influence employee behaviour and performance organization may issue rewards in the form of bonuses and other types of remuneration to enhance the employee performance –organization should provide the rewards in a proper timely manner, it leads to employee behaviour. A monetary form of reward is a common method of an every organization. Non-monetary recognition is a
valuable tool for influencing employee behaviour. Recognition is a simple compliment of employees' noteworthy performance.

Initiatives to improve employee’s abilities should result in improved performance. Individual ability affects individual performance. Training is a common method organization use to improve the employee’s ability. Training can influence performance when employees perceive an organization's investment in training indicates that organizations value their contribution.

Establishing goals is an important activity for managing employee performance. A goal has a positive effect on motivation, driving individuals to accomplish them.

Employees spend a significant position of their adult lives engaged in the workplace and work-related activities. Avenues for employee participation, including involvement in setting goals and making decisions in the organization. The practice of allowing employees to provide input communicates to employees that they are valuable to the organization and that their values, opinions, needs, and ideas are also worthwhile.

Feedback is often provided to employees formally through performance appraisals. It can also come through coaching, which is recognized as a popular strategy for improving employee performance. Organizations may benefit from providing managers with training related to coaching.

Finally, high level of the trust, adequate rewards, and effective performance appraisals, degree of professionalism are the factors associated with success of PBP. The PBP affects the individual and organizational performance.
Elements of extrinsic motivation:

The following are the elements of extrinsic motivation such as:

- Rewards
- 360 degree performance appraisal system
- Pay and allowances
- Work nature (Promotions and organizational policies)
- Working environment and interpersonal relationship.

Rewards: Rewards and recognition play an important role in organizing and employee performance. Reward induces the workers to keep their morale and high spirit among the employees in an organization. Rewards and its practices are the important element of extrinsic motivation.

Organization in today's environment seeks to determine the reasonable balance between employee’s commitment and performance of the organization. The reward and recognition programs serve as the most contingent factors in keeping employees as self esteem, high and passionate.

Employees are motivated by rewarding sustained performance. Motivation can be achieved and enhance through recognition. Employee rewards and recognition programs are designed with the objectives of the organization. These recognition programs must be designed to support the mission and goals of the specific organization. The organization must develop the recognition programs such as awards for length of service, employee suggestion program and employee recognition programs.
An employee can be motivated through monetary incentives and non monetary incentives. These are two types of recognition programs, such as, employee recognition program and employee involvement programs and also financial and non financial motivation program.

Employee recognition system is a more powerful motivator technique and it is used to recognize individual as well as group performance. The reward could range from monetary incentives such as bonus to non-monetary awards such as dinner gift certificates for awards such as praise and recognition that do not have a monetary equivalent value. An organisational reward system motivates individuals to perform the targeted behaviours.

There are various ways which can be adopted by the management in recognition of the good performance of the employees. Congratulate an employee by writing a note or e-mail message or compliment by mentoring about the good performance in a formal meeting. Install an award or certificate, a customer service award could motivate an employee to give his best or say awarding a certificate of honour for good attendance to recognize an employee’s productivity. Group good performance recognition can be done disturbing common, memorable things such as tiepins, calendar, and coffee mugs leads to a good performance in terms. The service ambassador concept, foster good customer service norms through well groomed select employees because they set examples of high customer service. Whenever an employee makes a valuable suggestion, resulting in cost cutting or improving quality, the employee gets rewarded for his suggestion.

Employee involvement is a participative process which utilizes the entire capacity of employees and is so designed so as to encourage more commitment to the organization's success. The underlying logic is that if they involve workers in the decisions that affect them and increase their autonomy and control over their work lives, employees will become more
motivated, more committed to the organization, more productive, and more satisfied with their jobs. Involvement program is the underlying assumption that since employees are being involved in taking decision that affect them and their work, likely that employee will become more motivated, committed to the organization more productive and enhance job satisfaction.

The following are the effective ways to improve the employee involvement programs. They are employee participation, democratic practices, participative management, quality circle, employee empowerment, and delegation and employee ownership.

An employee participative management program makes use of joint decision making to ensure employee involvement. It leads to subordinate along with their immediate superiors share an important degree of decision making power. Participative management has at times been promoted as a panacea for poor morale and low productivity. But for it to work the issues in which employees get involved must be relevant to their interests, so they’ll be motivated, employees must have the competence and knowledge to make a useful contribution, and there must be trust and confidence between all parties involved.

Representative participation is rather than participating directly in decisions; workers are represented by a small group of employees who actually participate. Representative participation has been called the most widely legislated form of employee involvement around the world. The goal of representative participation is to redistribute power within an organization, putting labour on a more equal footing with the interests of management and stockholders. Overall, “the greatest value of representative participation is symbolic. If one is interested in changing employee attitudes or in improving organizational performance, a representative participation would be a poor choice.”

A quality circle is defined as a work group of 8 to 10 employees and supervisors who have a shared area of responsibility and who meet regularly-typically once a week, on
company time and on company premises—to discuss their quality problems, investigate causes of the problems, recommended solutions and take corrective actions. Quality circle indicates that they tend to show little or no effect on employee satisfaction, and although many studies report positive results from quality circles on productivity, these results are by no means guaranteed.

Empowerment means giving subordinates enough autonomy for crucial decision making and the freedom to redefine work priorities.

Some of the financial motivational programs (or) Incentives variable pay may be in the form of piece rate plans, wage incentives, profit sharing bonuses and gain sharing.

Piece rate is a method used for production workers, the workers are paid a fixed rate for each they produce. The bonus is another variable pay, when either all the employees or select categories of employees are paid a bonus. On the good performance of the company profit sharing is in the form an organized attempt to redistribute the compensation using profitability as the criterion. Group incentive based place involves considering an increase in productivity as a measure to distribute the compensation to employees.

Merit based pay plans for individual performance. However, unlike piece rate plans which pay based on objective output, merit based pay plans, which pay based on objective output, merit based pay plans are based on performance appraisal ratings. A main advantage of merit pay plans is that they allow employers to differentiate pay based on performance so that those people thought to be high performers are given bigger raises. Limitations: Merit pay based on an annual performance appraisal. Thus, the merit pay is as valid or invalid as the performance ratings on which it is based. Merit pay is that sometimes the pay raise pool fluctuates based on economic conditions or other factors that have little to do with an individual employee’s performance.
Bonuses for many jobs, annual bonuses are a significant component of the total compensation. One advantage of bonuses over merit pay is that bonuses reward employees for recent performance rather than historical performance. The incentive effects of performance should be higher because rather than paying people for performance that may have occurred years ago, (and was rolled into their base pay), bonuses reward only recent performance.

The skill based pay is also important for organizations to reward employees on the basis of different skills they bring to work. Organizations have realized that the use of multiple skills can be a potent tool to help in the organization growth process.

Profit sharing plans are organization wide programs that distribute compensation based on some established formula designed around a company’s profitability. These can be direct cash outlays or, particularly in the case of top managers, allocation of stock options.

Gain sharing is a variable pay program that has gotten a great deal of attention in recent years in gain sharing. This is a formula based group incentive plan improvements in the group. Improvements in group productivity from one period to another determine the total amount of money that is to be allocated.

The employee stock ownership plans (ESOPs) our company established benefit plans in which employees acquire stock, often at below market prices, as a part of their benefits.

ESOPs indicate that they increase employee satisfaction. But their Outcome on performance is less clear. ESOPs have the potential to increase employee job satisfaction and work motivation. But for this potential to be realized employees need to psychologically experience ownership. Employees need to be kept regularly informed of the status of the business and also have the opportunity to exercise influence over it.
**Intrinsic and Extrinsic Rewards:**

The organization offers intrinsic and extrinsic rewards to members for the purpose of improving human resource outcomes.

Intrinsic rewards are those exist in the job itself. It may be achievement, variety, challenge, and autonomy, and responsibility, personal and professional growth. They also include, status recognition Praise from superiors and co-workers, personal satisfaction self esteem and compliment.

Extrinsic rewards are, those are external to the job itself, such as Pay, Fringe benefits, Job security, Promotion, Private office space, Social climate. And also includes, competitive salaries, Pay raise, merit bonuses and such as indirect forms of payment as compensatory time off.

A wage premium may enhance productivity by improving nutrition, boosting moral, encouraging greater commitment to firm goals, reducing quits and the disruption caused by turnovers, attracting higher quality workers and inspiring workers to put in the greater effort.

Performance management is one among the key elements of total reward systems. The employee performs successfully in an organization; it leads to organizational rewards and as result motivational factors of employee’s lies in their performance. Motivation of employees and their productivity can be enhanced through providing them effective recognition, ultimately results in improved performance of organizations.

Variable pay programs increase motivation and productivity. Organizations with profit sharing plans have higher levels of profitability than those without them. Similarly, gain sharing has been found improve productivity in a majority of cases and often has a
positive Outcome on employee attitudes. And piece rate pay for performance plans to stimulate higher levels of productivity this positive effect was not observed for risk adverse employees. The overall success of an organization based on organization how motivates the employees and way of evaluating the performance of employees for job compensation. Some of the ways are suggested to motivate the employees within the organization. Effective rewards and recognition are implemented within an organization. Good working environment induce the employees to excel in their performance. Employees take recognition as their feelings of value and appreciation results in encouraging the moral of the employees and increase the productivity of the organization.

Rewards and recognition programs keep a high spirit among employees and encourage their moral and create a linkage between performance and motivation of employees. Reward and recognition 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 job satisfaction.

The important aspects of organizational reward systems that is useful for motivating individuals to perform the targeted behaviours. A reward system is a key factor for success of knowledge sharing in an organization. Monetary rewards seemed to have an immediate effect on motivation on knowledge sharing. Performance management is one among the key elements of total reward systems. The employee performs successfully in an organization; it leads to organizational rewards and as result motivational factors of employee’s lies in their performance. Motivation of employees and their productivity can be enhanced through providing them effective recognition, ultimately results in improved performance of organizations.
360 degree performance appraisal system:

360 degree performance appraisal aims at overall development of an organization as well as employees. Since all HR practices focus on increasing organizational efficiency and employee efficiency. The 360 degree performance appraisal system and its practices with the HR practices and also become one of the important components of extrinsic motivation.

From an organizational perspective, 360 degree performance appraisal can be examined to facilitate cultural change used solely for development purposes, succession planning system, executive development, reinforce core values and business strategies and input to the performance appraisal. In order to make appraisal more objective, transparent and participative concepts such as self-appraisal, subordinate appraisal and appraisal by the customer. 360 degree performance appraisal system increases the employee performance and enables the accurate strength and weakness of the employees in an organization. (Ozge Oz,)

The following are the types of performance appraisal. They are: Self- appraisal, superiors appraisal, subordinate’s appraisal, peer appraisal.

Self-appraisal is a very important part of 360 – degree appraisal because it gives the employee absolute freedom to objectively look at his or her strengths and areas of development along with an opportunity to assess the performance. Surprisingly enough, in a well established system employees use the self appraisal very effectively and organizations also find that employees often are their own strongest critiques and display very high degree of objectively self-appraisal also provide a very high degree of objectivity. The self - appraisal also provides the opportunity to employee to express his or her career moves for the future.

This undoubtedly continues to be the heavy weight component of the appraisal system. In the 360 –degree appraisal system, the focus is to provide constructive feedback on
the employee’s performance during the review period. Another very significant element of
the superior’s appraisal is to put career aspiration of the employee in proper perspective.
Superior must communicate to the employee in a clear way what the organization plans for
the employee.

The subordinate appraisal plays a very important role in the 360 – degree appraisal
system. First of all, it is a very clear expression of the organization that it encourages
openness and that feedback is a two way process. Secondly, it is systematic recognition of the
fact that an employee’s subordinate appraisal is to get a first hand assessment of how the
subordinates perceive their superior to be in terms of style of functioning, etc. It is, however,
very critical to design the subordinate – appraisal or upward –appraisal as it is sometimes
called in a proper way.

Another distinctive feature of the 360-degree appraisal, it is significant because peers
play a critical role in the life of any employee in the organization.

The first thing about peer appraisal is to select the right peers both from within the
department as well as from the other departments which are directly connected with the
working of employees department. The concept of internal customers comes handy here. 3-5
internal customers should normally be chosen for peer appraisal.

Peer Appraisal must strive to get the feedback on employees working style and may
include ability to appreciate other peoples view.

Thus, these four components complete the 360-degree of the overall appraisals. 360-
degree appraisals are a logical and systematic way of looking at appraisals in the current
context. A word of caution however is that because it is a fact at that moment and others
talking about it, should not be the only reason for yours organisation to go for the 360-degree
appraisals. The factors to keep in mind before attempting to introduce 360-degree appraisal may include the level of maturity in your organisation climate and culture, top management commitment to openness and willingness to receive feedback and clarity about the usages of the input received from the 360-degree appraisal.

360 degree performance appraisal system improves the understanding between superiors and employees of the work relations, personal performance and underlying motives for career development. (Dr. Beatrice)

Thus 360 degree feedback, have become a fundamental tool in personnel and human resource management. It is mainly used in identifying training needs assessment job analysis, performance appraisal or managerial and leadership development.

360 degree performance appraisal system reduces appraiser mistakes related to performance systems which are performed by one sourced performance data. From individual perspective, the appraisal is used in order to aid improving or even unsatisfactory performance, to decrease employee’s defensiveness about weakness, used as device to provide feedback and to give employees understanding of their abilities.

Applying 360 degree performance appraisal system after that a detailed plan is composed, will increase the success of the application. By this perspective, it is proposed for organisations which are using of willing to use 360 degree performance appraisal system to apply the programme through logic model in order to increase the appreciations success. Thus it is argued that the road map about 360 degree performance appraisal to be designed and that the productivity of the system can be increased by planning who will participate the system which outcomes will be achieved.
This study concludes 360 degree performance appraisal is to be more beneficial and to solve the problems that may be faced in different levels with their aim. It is planning to complete the preparation stage of the appraisal system.

**Pay and allowances:**

A pay for performance standard serves to raise productivity and lower labour costs in today’s competitive economic environment. It is agreed that manager must at least some reward to employee effort and performance. Without this standard, motivation to perform with greater effort will be low, resulting in higher wage costs to the organisation. Additionally, most employees believe that their compensation should be directly linked to their relative performance.

The term “pay for performance” refers to a wide range of compensation options, including merit based pay, bonuses, salary commissions, job and pay banding, team/group incentives and various gain sharing programmes. Compensation system seeks to differentiate between the pay of average performers and that of outstanding performers.

It emphasised a pay for performance philosophy by forming new salary ranges based on each job’s Outcome on the business and incentive rewards linked more directly to individual and company performance, productivity studies show that employees will increase their output by 15 to 35 percent when an organisation installs a pay-for-performance program.

Unfortunately designing a sound pay-for-performance system is not easy. Consideration must be given to now employee performance will be measured. Measuring an employee’s output may be relatively easy and objective on an assembly line but more difficult (and subjective) when the employee works in a service environment other concerns
include the monies to be allocated for compensation increases, which employees to cover, the payout method and the periods when payments will be made. A critical issue concern the size of the monetary increase and its perceived value to employees. A pay for performance program will lack its full potential when pay increases only approximate raises the cost of living.

**Motivating Employees through compensation:** Pay constitutes a quantitative measure of an employee’s relative worth. For most pay has a direct bearing not only on their standard of living, but also on the status and recognition they may be able to achieve both on and off the job. Because pay represents a reward received in exchange for an employee’s contributions. Pay equity and pay secrecy is the important tool to motivate the employees within the organisation. It is essential also that an employee’s pay be equitable in terms of what other employees are receiving for their contribution. It is also known as pay equity.

Pay Equity simply defined, equity embraces the concept of fairness. Equity theory, also referred to as distribute fairness is a motivation theory that explains now people respond to situations in which they feel they have received less (or more) than they deserve. It states that individuals form a ration of their inputs abilities, sills, experiences) in a situation to their outcomes (salary, benefits) in that situation. They then compare the value of the ration with the value of that ration with the value of the input/output ration for other individuals in a similar class of jobs either internal or external to the organization. If the value of their ration equals the value of another’s they perceive the situation as equitable and not tension exists. However, if they perceive their input/output ration as inequitable relative to others: this creates tension and motivates them to eliminate or reduce the inequity.

For employees, pay equity is achieved when the compensation received is equal to the value of the work performed. Employee’s perceptions of pay equity or inequity can dramatic
effects on their motivation for both work behaviour and productivity. Managers must therefore develop strategic pay practices that are both internally and externally equitable compensation policies are internally equitable when employees believe that the wage rates for their jobs approximate the job’s worth to the organization. Perceptions of external pay equity exist when the organization is paying wages that are relatively equal to what other employers are paying for similar types of work.

The expectancy theory of motivation links to pay for performance predicts that one’s level of motivation depends on the attractiveness of the rewards sought and the profitability of obtaining those rewards. Expectancy theory therefore holds that employees should exert greater work effort if they have reason to expect that it will result in reward that is valued. To motivate this effort, the value of any monetary reward should be attractive. The following figure understands employees must believe that good performance is valued by their employer and will result in their receiving the expected rewards.

**Pay for performance and expectancy theory:**

![Diagram](image)

**Source:** Managing Human Resource: Bohlander, Snell. P.No.341

The model predicts, high effort will lead high performance and high performance should result in rewards that are appreciated.
Pay Secrecy indicates misperceptions by employees concerning the equity of their pay and its relationship to performance can be created by secrecy about the pay that others receive. There is reason to believe that secrecy can generate discuses in the compensation system. Pay secrecy how every may not promote a positive strategic pay program. Pay secrecy concerning employee’s knowledge of their base pay results showed that,

Knowledge of pay is the strange predictor of pay satisfaction, which is highly associated with work engagement.

Knowledge of base pay more strongly predicts pay satisfaction than does the actual amount of pay received by employees.

**Incentive plan:**

Strategic compensation management is growth of incentive plans, also called variable pay programs for employees throughout the organisation. There are three types of incentive plans. Such as individual, group, enterprises. Individual consist of piece work, standard hour plan, bonuses merit pay, lump sum merit pay, incentive awards, sales incentives for professional employees, executive compensation. Group incentive plan consists of team compensation, Scanlon plan, Rucker plan, Improve share. And enterprise consists of profit sharing stock options, employee stock ownership plans.

**Type of Incentive Plans:**

<table>
<thead>
<tr>
<th>Individual</th>
<th>Group</th>
<th>Enterprise</th>
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<tr>
<td>Piecework</td>
<td>Team compensation</td>
<td>Profit sharing stock options</td>
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<tr>
<td>Standard hour plan</td>
<td>Scanlon plan</td>
<td>Employee stock ownership plans (ESOPS)</td>
</tr>
</tbody>
</table>
Bonuses merit pay | Rucker plan
Lump sum Merit pay | Improve share
Incentive awards
Sales incentives for
Professional employees.
Executive compensation

**Source:** Managing Human Resource: Bohlander, Snell. P.No:427

**Individual:** There are two types of piece work. They are, straight piece work and differential piece rate.

Straight piece work is an incentive plan under which employees receive a certain rate for each unit produced. Differential piece rate is a compensation rate under which employees whose production exceeds the standard amount of output receive a higher rate for all of their work than the rate paid to those who do not exceed the standard amount. Standard hour plan is an incentive plan that set rates based on the completion of a job in a predetermined standard time. Bonus is an incentive payment that is supplement to the base wage. Spot bonus is an unplanned bonus given for employ effort unrelated to an established performance measure.

The merit pay program (merit raise) links an increase in base pay to how successfully an employee performs his or her job the merit increase is normally given on the basis of an employee’s having achieved some objective performance standard although a superior’s subjective evaluation of subordinate. Performance may play a large role in the increase given.
Merit raises can serve to motivate if employees perceive the raise to be related to the performance required to earn it.

Lump – Sum merit pay is a pay program under which employees receive a year – end merit payment, which is not added to their base pay.

Incentive awards and recognition are often used to recognize productivity gains, special contribution or achievements and service to the organisation. Merchandise awards, personalised fits, theatre tickets, vacations, gift certificates and personalised clothing represent popular non cash incentive awards. Tangible awards presented with the right message and style can make employees feel appreciated while at the same time understanding a company value.

Sales incentives is an incentives plans must provide a source of motivation that will elicit co-operation and trust. The following are the types of sales incentive plans. They are, straight salary plan, straight commission plan, combined salary, commission plan.

- Straight Salary Plan is a compensation plan that permits sales people to be paid for performing various duties that are not reflected immediately in their sales volume.

- Straight commission plan is a compensation plan based on a percentage of sales.

- Combined salary and commission plan is a compensation plan that includes a straight salary and a commission.

Professional employees can receive compensation beyond base pay. Executive compensation plans consist of five basic components: They are, Base salary, short term incentives or bonuses, Long term incentives or stock plans, benefits, perquisites.
**Group Incentive Plan:** Group plans enable employees to share in the benefits of improved efficiency realized by major organisational units or various individual work teams. Team compensation incentive plan is a compensation plan in which all team members receive an incentive bonus payment when production or service standards are met or exceeded. Gain sharing incentive program plans under which both employees and the organisation share financial gains according to a predetermined formula that reflects improved productivity and profitability. The Scanlon plan is a bonus incentive plan using employee and management committees to gain cost reduction improvements.

The Rucker plan is a bonus incentive plan based on the historic relationship between the total earnings of an employees and the production value created by the employees. Impro Share is an improved productivity through straining. A gain sharing program under which bonuses are based on the overall productively of the work team.

Enterprise: Profit sharing is any procedure by which on employee pays, or makes available to all regular employees in addition to base pay special current deferred sums based on the profit of the enterprise. Stock options plans grant to employees the high to purchase a specific number of shares of the company’s stock at guaranteed price during a designated time period. Employee stock ownership plans (ESOP) is a stock plans in which an organisation contributes shares of its stock to an established trust for the purpose of stock purchases by its employees.

**Work Nature : (Promotions and organisational policies)**

**Promotions:** Promotions may be temporary or permanent, depending upon the needs of the organisation. When an employee is assigned to a higher level job without increase in pay, it is called a ‘dry’ promotion. Promotion refers to advancement of an employee to a higher post carrying greater responsibilities, higher status and better salary. It is upward movement of an
employee in the organisations hierarchy, to another job commanding greater authority and higher status and better working conditions.

When an employee is assigned a higher level job with more pay and powers, he is said to be promoted. The following are the difference between promotion with up gradation and transfer.

Both promotion and up gradation are used to reward employees for better performance and to motivate them for greater effort. Up gradation implies movement of an employee to a higher pay scale without change of job. The job itself is evaluated to a higher grade change of job with increase in status, authority and salary.

Due to limited vacancies at higher levels, it is not possible for management to promote all employees. Therefore up gradation may be used to motivate those employees who cannot be promoted.

Promotion is a tool of motivating employees but transfer has little motivational value. Transfer is a horizontal shift of an employee where as promotion is a vertical movement. Transfer implies movement of an employee to another job at the same level and pay scale with increase in authority, status and pay.

Promotion and wages is important indicator to encourage employees to work hard. Fair promotion is a more powerful motivator than wage level and wage increase. Fair promotion system is one of the few determinants of motivation in the current HR system suggests that employees expect equity in decision related to promotion as opposed to the standards of individual merit in order to maintain high motivation levels and career expectations.
Promotion practices indicated that career development is a combination of three different systems of advancement: (Imada and Hirata, 1995) The following are the systems of advancement. They are uniform promotion, career competition, tournament system.

Employees are uniformly and equally promoted to the next level (this system is considered to be applicable exclusively to male core employees). This is an ideal type of seniority promotion system because all employees are promoted solely on the basis of their tenure and experience in the company.

Career competition according to this system, promotion inequality is not observed in the early career stages of workers who joined in the same year. The gaps in the speed of promotion become apparent in the latest stages, in particular, with regard to promotion of middle managers at higher levels. The first-tier employees are quickly promoted to the first line managers in the class, followed by the second-and third tier contenders a few years at the first tier. The difference in promotion rates stimulates serious rivalry between employees in the same class.

This system is mainly applied to upper levels (the general managers and higher levels); therefore, the damage to motivation is not very critical at the lower levels. This is said to be a tournament system. The following are the important points of purpose of promotion. Promotions are recognition of an employee’s performance and commitment / loyalty and motivate him towards better performance. Promotion enables to boost the morale and sense of belonging of employees. Promotion helps to develop a competitive spirit among employees for acquiring knowledge and skills required by higher level jobs. It helps to retain skilled and talented employees. Promotion helps to develop a competent internal source of employees for higher level jobs and to utilize more effectively the knowledge and skills of
employees. Finally promotion helps to attract competent and suitable employees for the organization.

The following are the categories or bases for promotion. They are seniority as a basis of promotion, merit as a basis of promotion, seniority cum merit.

Seniority as suggested as the criteria for promotion on the plea that there is a positive correlation between lengths of service in the same organization. This system is also based on the tradition of respect for older people. Merit implies the knowledge, skills and performance record of an employee. A sound promotion policy should be based on a combination of both seniority and merit. A proper balance between the two criteria in can be created in several ways:

- Minimum length of service may be prescribed.

- Relative weight-age may be assigned to seniority and merit

- Employee performance and qualification

Minimum length of service implies Employees with five years of service or more are made eligible for promotion. Among these merit is used as the sole criteria to select the employee for promotion. Relative weight-age indicates 40 % for seniority and 60% for merit weight-age may be used. Employees with a minimum performance record and qualifications are treated eligible for promotion. Seniority is used to choose from among the eligible candidates. Every organization should formulate a sound policy regarding promotion of its employees. The main features of a good promotion policy are as follows:

It must be provide for a uniform distribution of promotional opportunities throughout the company. It means equal opportunities for promotion should be provided to all categories of jobs in all the departments.
It must tell employees the avenues of advancement available to them. Multiple chain promotion charts may be prepared for this purpose. In such a chart each position is linked to several other positions to which promotions can be made. The charts showing ladder or paths of advancement or promotions are called opportunity charts or fortune sheets. Dead end jobs should be labelled and the upward path should be well marked on the chart.

The basis of promotion should be clearly specified. Due weight-age should be given to seniority, merit and future potential of an employee.

Suitable training and development opportunities should be provided so that employees can prepare themselves for advancement. The policy should fair and impartial, arbitrariness, favouritism, etc., should be eliminated.

Detailed records of service and performance should be maintained for all employees.

It should be consistent. i.e., it should be applied uniformly irrespective of person concerned.

The researcher concludes the promotions acts as an incentive mechanism provided employees value higher positions. In the context of long term employment, which is common in the internal markets it is reasonable that the speed of advancement is slaged because slow promotion causes employees to stay in the promotion competition for a long time and it maintains a high level of motivation.

**Organisational Policies:** A policy can be defined as ‘the mode of thought and the principles underlying the activities of an organisation or an institution’. Policies are generally known as plans in that they are general statements of principles which guide the thinking, decision making and action in an organisation. A policy is nothing more than a well developed statement of directions and goals. Goals involve the definition of precisely what
the business is or should be, and the particular kind of company it should be. Direction guides the action of the firm to accomplish these goals.

The some of the features of effective organisational policies:

Policies refer to general statement of principles for the attainment of objectives. Policies will have hierarchy. Top policies should restrict the area within which a decision is to be made and ensure consistency in decision making. Policies should be mutually application by subordinates. Policies should pre decide issues and avoid repetition and must provide unified structure to other types of plans. Policies should cover all functional areas. Policies avoid confusion and provide clear cut guidelines to subordinates. Therefore business policy is an essential element in management and the life blood for the successful functioning of business. Ultimately, a policy is a positive declaration and a command to its followers.

The following are the importance of good policy. Policies serve as precedents and reduce the repetitive rethinking of all the factors in individual decisions; and they save time. Policies try to achieve maximum coordination. A certainty of action is assured even though the top management may change. The policies continue and this continuity promotes stability of the organisation. Organisational policies encourage as much as each manager has a clear understanding of the range within which he can make decision and give answers to subordinates without any delay. Policies are treated as a standard or measuring yard for evaluating performance: The actual results can be compared with the policies and deviations if any, can be found out any remedial actions can be taken. Sound policies help build up employee enthusiasm and loyalty for the organisation. Policies also set the pattern of behaviour and permit participants to plan with a greater degree confidence and lead to better co-operation. Policies serve as ‘control guides delegated decision making’. They seek to ensure consistency and uniformity in decisions on problems “that recur frequently and under
similar, but not identical circumstances”. Policies enable a firm to make the maximum utilisation of scarce available resources. The policies build up an image of the business in the eyes of the public and bring reputation and goodwill.

The overall findings of an organisational policies encouraged to attain the organisational objectives and improve the organisational and as well as employee performance.

**Working Environment and Interpersonal Relationship:**

**Working Environment:** The environment is the resultant of a number of interacting and constantly changing social and economic forces and thus remains in a state of flux. Variations in the overall and sectoral rates of growth and frequent shifts in organisational policies necessitated and triggered by social, economic or even political issues and problems demanding urgent attention keep working environment in a state of continuous change. The changing environment creates challenges, opens up new opportunities and affects the strengths and weakness of various business segments. An organisation not only comprehends and makes strategic adjustments in organisational planning and operation but is also able to project the forthcoming changes from the current scenario and take appropriate defensive measures. An organisation insensitive to change in business organisation is more likely to confront the vagaries of business and may be compelled to make more expensive and painful adjustments at a belated stage or simply be driven out of business in a competitive environment. Firms with good adaptability or flexibility are in a better position to capitalize on a given change in working environment and enhance their competitive position in the market.

Working environment in an organisation is never constant or static. It is always in a dynamic state and is affected by a number of factors as discussed in the following sections. The various factors that affect or constitute working environment keep interacting with one
another. Except in the case of emergency or crisis, changes in working environment are not sudden but gradual. Many organisations are able to predict or forecast the changes on the basis of their wisdom and experience with which they can analyse the existing configuration of variables affecting the environment. Such organisations are able to reposition themselves and exploit the opportunities unfolded by changing environment. Those who are not able to understand the present environment and anticipate future changes face the danger of being marginalised in competition.

Understanding a changing working environment and predicting it at least in near future is not an easy task. The task requires a cadre of professional business economist and managers who have thorough knowledge of the behaviour of macroeconomic variables and can estimate the Outcome of their changes on working environment conditions. Not only that, an appropriate understanding of the interaction between different layers of working environment is also essential. There is a deep relationship between economic and non-economic environment, local, regional, national and international environment and past, present and future environment. The various facts, data and trends have to be carefully studied and analysed and researched to scan and assess working environment over a particular period of time. Unfortunately, most of the firms don’t have adequate resources and the expertise in this regard and depend upon the reports of rating agencies, consultants, newspapers and journals, economic research institutions or even on the intuitive understanding of a few top level managers in their organisations.

In order to understand the dynamics of business environment, it is essential to understand the nature, working and problems of an economy. This understanding enables us to know how the changes in the variable affecting the economy are caused and how do such variables interact. An understanding of these factors and their behaviour in an economic system further helps to make predictions about the state of the economy or working
environment at least in the near future. There are basically three types of variables affecting an economy. They are exogenous (external) variables, policy variables, endogenous exogenous variables, which affect the economy but are not affected by it. Some of these are wars, population growth, natural calamities, revolutions and the condition of foreign economies, policy variables, including monetary policy, taxes, subsidies, anti-inflationary policy, industrial policy and the like, which are determined by the government. Endogenous variables, such as national income, output, employment, exchange rate, rate of interest and the inflation rate which are greatly determined or affected by the exogenous and policy variables. In addition there are socio economic and non socio economic variables like, health, sanitation, education, administration, social values, traditions, beliefs and the like which also have an important influence on the economy.

The process of environmental analysis may be divided into the following four stages. They are, scanning the environment, monitoring specific environmental trends, forecasting the direction of future environmental stages, assessing the current and future environmental changes for their organisational implications.

Scanning is the process of analysing the environment for the identification of the factors which outcome on or have implications for the business. Such factors may include those which have appeared suddenly or evolved over time. Identification of emerging / ensuring trends is a critical purpose of the environmental scanning. In this “prospective mode scanning focuses on identifying precursors or indicators of potential environmental changes and issues. Environmental scanning thus aimed at alerting the organisation to potentially significant external impingement before it has fully formed or crystallized. Successful environmental scanning draws attention to possible changes and events well before occurrence, allowing time for suitable strategic action.
Working environment consist of all those factors that have a bearing on the business. Business decisions are influenced by internal and external environments. An organisation must have a strategy to achieve its mission/objectivities/goals. Strategy is sometimes defined as establishing a proper firm environment fit. Mission/objectives/goals should be based on a assessment of the external environment and the organisational factors (i.e the internal environment). The external environment was, broadly components, viz., Business opportunities and threats to business. Similarly the organisational environment has two components strengths and weakness of the organisation. Thus strategy formulation is properly pitting the organisational factors (the external environment) against the opportunities and threats in the external environment.

The working environment may be classified in to two types of environment. It may be internal environment and external environment. Internal environment consists of factors internal to the firm. External environment (i.e) factors external of the firm. The internal factors are generally regarded as controllable factors because the company control over these factors, it can alter or modify such factors as its personnel physical, facilities organisational and functional (i.e) marketing mix. The external factors are by and wage, beyond the control of a company. The external or environmental factors, such as economics factors, socio-cultural factors, government and legal factors demographic factors, geophysical factors etc., are therefore, generally regarded as uncontrollable factors.

Some of the external factors have a direct and intimate Outcome on the firm, link the suppliers and distributors of the firm these factors are classified as micro environment also known as task environment and operating environment. There are other external factors which affect an industry very generally such as, industrial policy demographic factors etc. They constitute what is called macro environment, general environment or remote environment. Therefore, the business environments are three levels. They are internal
environment micro environment task environment / operating environment. Important internal environment factors which have bearing on the strategy and other decisions are outlined below: Value system, Mission and objectives, Management structure and nature, Internal Power relationship, human resources, company image and brand equity, other factors.

The external environment consists of a micro environment and macro environment. The micro environment also known as task environment and operating environment because the micro environmental forces have a direct bearing on the operations of a firm. Elements of micro environment are suppliers, customers, competitors, marketing intermediaries Public. Suppliers an important force in the micro environment of a company is the suppliers, i.e, those who supply the inputs like raw materials and components to the company. The importance of reliable Source / sources of supply to the smooth functioning of the business is obvious. Because the sensitivity of the supply, many companies give high importance of vendor development. Vertical integration, where feasible, helps to solve the supply problem. It is very risky to depend on a single supplier because a strike, or lockout or any other production problem with that supplier may seriously affect the company. Hence multiple sources of supply often help reduce such risks. The supply management assumes more importance is a scarcity environment. “Company purchasing agents are learning how to “wine and dine” suppliers to obtain favourable treatment during periods of shortages. In other words, the purchasing department might have to “market” itself to suppliers. Customer as it is often exhorted, the major task of a business is to create and sustain customers. A business exists only because of its customers. Monitoring the customer sensitivity is, therefore a prerequisite for the business success.

A company may have different categories of consumes like individuals, households, industries and other commercial establishments and government and other institutions.
Depending on a single customer is often too risky because it may place the company in a poor bargaining, position, apart, from the risks of losing business consequent to the winding up of a business by the customer or due to the customer’s switching over to the competitor of the company.

The choice of the customer segments should be made by considering a number of factors including the relative profitability, dependability, and stability of demand, growth prospects and the extent of the competition. A competitor indicates a firm’s competitors include not only the other firms which market the same of similar products but also all those who complete for the discretionary income of the consumers. The competition among the products may be described as desire competition as the primary task here is to influence the basic desire of the consumer. Such desire competition is generally very high in countries characterised by limited disposable incomes and many unsatisfied desires (and, of course with many alternatives for spending / investing the disposable income. The competition among such alternatives which satisfy a particular category of desire is called generic competition.

Brand competition is the competition between the different brands of the same product form marketing intermediaries. The immediate environment of a company may consist of a number of marketing intermediaries which are “firm that aid the company in promoting, selling and distributing its goods to final buyers.” The marketing intermediates including middleman such as agents and merchants who “help the company find customers or close sales with them”, physical distribution firm which “assist the company stocking and moving goods from their origin to their destination”. Marketing intermediaries are vital links between the company and the final consumers. A dislocation or disturbance of the link or a wrong choice of the link may cost the company very heavily. In sum or finally marketing intermediaries help connect the company with consumers. Publics: “A publics is any group
that has an actual or potential interest in or Outcome on an organisation ability to achieve its interest”.

Macro environment is a company and the forces in its micro environment operate in larger macro environment of forces that shape opportunities and pose threats to the company. Factors influencing the macro environment economic environments, political and regulatory environment social and cultural environment demographic environment technological environment, natural environment.

Finally the good the working environment induces the workers to work hard and perform well.

**Interpersonal Relationship:**

A dictionary of human resources & personnel management (1997): defines Interpersonal relations as relations, communications and dealing with people. There are three main areas of dealing with co-workers. They are, dealing with subordinates, dealing with peers, dealing with superiors.

Good interpersonal skills, communication skills, empathy, collaboration and cooperation and conflict management are required for good interpersonal relations at work in case of all three groups of co worker.

Dealing with subordinates indicates administration, communication, interpersonal; leadership and motivation skills are five grouping of managerial skills, which is essential for a manager to be successful. Out of five groupings of managerial skills are needed for dealing with subordinates required for good interpersonal relations with them and the identification of managerial skills and roles, that interpersonal skills are essential skills, and that proficiency in those skills is what and good. *(Davis et al.1996 and Hunt & Baruch 2003), (Goleman,1998)*
Finally managers should be aware of behaviours that damage their relationships with subordinates, such as wanting to be “liked” by everybody socializing with staff too much (outside work). Providing to be the best at accomplishing task, thinking to be the only one who can do something, and similar.

Dealing with peers implies an organisation wants to improve the quality of its products/services with them; it should help team members develop their personal relationships. Building bonds, nurturing instrumental relationship collaboration and cooperation, team capabilities are the competencies dealing with peers. People who are good at building bonds cultivate and maintain extensive informal networks seek out relationships that are mutually beneficial, build rapport and keep others in the loop, and make and maintain personal friendships among work associates. (Goleman, 1998). People good in collaboration and cooperation balance the focus on the task with attention given to relationship, share plans, information and resources; they promote a friendly, cooperative climate and they spot the nurture opportunities for collaboration. Team capabilities, in other words creating group synergy in pursuing collective goals, are also important because when team works well, turnover and absenteeism decline, while productivity tends to rise. (Moreland and Goleman, 1998)

Finally one of the skills that enable good interpersonal relations among colleagues at work is conflict management. Good feelings spread more powerfully than bad ones, and the effects are extremely salutary, boosting cooperation, fairness, collaboration, and the overall group performance.

Dealing with superiors denotes interactions with superiors are a greater Outcome on the employee’s career success than his / her contacts with any other individual within the organisation. When dealing with superiors, it is wise to give positive reinforcement. The
employee should praise his / her boss for meeting, listening, understanding, being open minded and being willing to work with him / her. (Knippen & Green, 1999a) There are four major approaches to improve safety in the work place:

The first approach has been to focus on the work environment itself, making it physically safer. The major thrust in this approach has been to revise: policies redesign jobs, Engineer and ergonomically design tasks with the human factor in mind (Ramsey, 1995).

The ergonomic approach emphasizes improving the fit between human psychological and sociological aspects of workplace safety are de-emphasized in an effort to better match job requirements with the behaviours that humans can perform safety comfortably.

The second approach has been to identify traits in employees that are more likely to lead to accident. Neuroticism and extroversion are hypothesized to detract from an individual’s vigilance toward matters of safety. (Hansen, 1988; Smith & Kirham, 1981). The link between neuroticism and ‘accident proneness’ is supported only in cases of advance neuroticism.

A third focus is in contrast with job design and trait models. It attempts to convince employees to behave more safely. Behavioural modification models of safety emphasize that specific conduct can be encouraged by organisations that enhances safety related outcomes. The management can demonstrate a visible commitment through the institutionalization of rewards and sanctions that enhance safe conduct. Safety feedback systems were integrated into the daily routine of production. (De Santamaria, 1980) Multi dimensional models including, feedback, reinforcement processes and repetitive goal setting have positive effects on the behaviours that improve safety related outcomes.
A fourth focus understands safety improvement is from the interpersonal or social perspective. Safety climate is considered one dimension of a multi dimensional organisational climate. Finally, safety climate reflects employee’s perceptions about the relative importance of safe conduct.

There are four dominant factors of perception of safety climate: They are safety committee, importance of safety training, work pace and, perceived status of the safety officer.

These factors helps to identify the organisational activities such as elevating the status of the safety officer and improving interpersonal communications can foster a positive safety culture. (Zohar, 2002)

In sum, these factors highlight the importance of enhancing perceptions of safety climate and reducing injury rates. And also interpersonal relations increase the relationship between superiors and subordinates, and the aware of work place safety among the employees.

**Conclusion:**

In the above chapter covered the industry profile and conceptual framework is concerned generally with intrinsic and extrinsic motivation in public sector enterprises with reference to BHEL. The following chapter deals with analysis of the current research on the intrinsic and extrinsic motivation in public sector enterprises making conducted by a sample of BHEL employees in Trichy and Ranipet in Tamil Nadu.