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## A Study on The Effects of The Pay for Performance on Employee Work Attitude

Submitted by

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### Abstract:-

Pay for performance is a strategy used by organizations to reward employees who demonstrate exemplary performance. This strategy links employee pay to specific goals or objectives that must be achieved in order to receive the promised rewards. The goal of pay for performance is to motivate and reward employees who work hard and produce results, while providing an incentive to those who are not performing at their best. By linking pay to performance, organizations are able to better monitor and measure employee progress and performance, as well as reward employees for their efforts. This paper will explore the advantages and disadvantages of pay for performance, as well as discuss the various types of incentive systems that can be used to implement this strategy. This study determines the perceptions of pay-for-performance (PFP) and pay levels affect work attitudes (job satisfaction, turnover intention, and affective commitment) and extra-role behaviors (discretionary effort, and interpersonal helping), as well as how three conditional factors— intrinsic motivation, leader-member exchange (LMX), and perceived organizational support (POS)—moderate the main-effect relationships.

## CHAPTER 1 INTRODUCTION

### Introduction: -

Achieving the desired level of service quality requires effective promotion and compensation of human resources given the labor-intensive nature of the industry. Numerous researches have emphasized the crucial part that HR practices, including reward, play in influencing employee behavior and attitudes. (Collins and Smith, 2006, Sun et al., 2007).

Pay for performance is the practice of offering employees financial compensation in exchange for their performance. This type of compensation system is designed to motivate employees to reach their goals and exceed expectations. Pay for performance should be closely linked to key performance indicators (KPIs) that are specific to each job, and rewards should be based on the level of performance achieved. As employees meet or exceed certain targets, they should receive additional compensation in the form of bonuses, commissions, or other financial rewards. This type of system should be clearly communicated and understood by all employees in order to ensure successful implementation.

Pay for Performance is a sort of compensation determined by the effectiveness of a person, a team, a group, or an organization. Systems with variable rewards and incentives have been around for a while. Several fundamental presumptions serve as the philosophical cornerstone of variable or performance-based pay:

- Some individuals are more productive and more effective than others.
- Better-performing workers ought to receive higher pay.
- Each employee's pay should be based in part on how successfully they perform their duties.
- The influence of various jobs on an organization's success varies.

The conventional compensation system, in which changes in work responsibilities are represented by varying amounts of base pay, is based on a different set of principles than the pay-for-performance approach. The length of service is a key differentiation in many firms. Giving certain people advantages while denying them to others is viewed as dividing the team and harming cooperation. These ideas

are a major factor in why many labor unions are against pay-for-performance schemes. On the other hand, high-performing workers seek higher pay in exchange for their exceptional work ethic and contribution to the success of the company.

Pay for Performance is a type of compensation that is based on an employee's performance in an individual, group or team, or organization. These kinds of variable pay plans have long been referred to as incentives.

### **Key Principles of Pay for Performance: -**

A successful performance program needs to adhere to a number of concepts. The following components must be included in a pay-for-performance scheme for it to be successful:

#### **• Vision**

Before a company can create a successful pay for performance program, it needs to have a vision. Although it might seem simple, it is nearly impossible to even understand what kind of performance should be rewarded, much less link it to other components of pay, without such guidance. It is impossible to determine our level of success unless we have a clear idea of what we are trying to accomplish. So, before doing anything else, we need to figure out what the company is aiming to achieve. Pay for performance is the practice of rewarding employees for exceptional performance that results in helping the company achieve its vision and mission. This type of incentive system is based on the idea of rewarding employees for their hard work and dedication. The rewards can be in the form of bonuses, salary increases, or other forms of recognition. This type of incentive system can act as a motivating factor to help employees stay focused and motivated to achieve the company's vision. All successful pay-for-performance programs are built on what is known as a clear business vision.

#### **• Alignment**

The overarching vision of a corporation serves as its destination, and to get there, it must take the appropriate actions. A corporation must correctly align its pay program in order to ensure that it rewards the actions that will result in the achievement of the organization's objectives.

Pay for performance needs to be properly aligned with Human Capital Management in order to ensure that employees are rewarded according to their contributions to the success of the organization. This includes creating a clear and consistent set of performance objectives, establishing metrics and goals that are achievable, and ensuring that employees receive feedback on their performance. Additionally, it is important to ensure that pay increases, bonuses, and other rewards are based on performance rather than seniority or tenure. Furthermore, when establishing pay for performance structures, organizations should consider the impact on employee morale, motivation, and engagement.

Too frequently, businesses spend a lot of effort and money overhauling their business strategy only to discover that they are unable to make their new vision a reality. What causes this to occur? A thorough investigation demonstrates

that the acts of the company's incentive plan rewards are not consistent with those necessary to realize the goal. Any individual incentive bonuses would be worthless in such a circumstance.

#### **• Holistic Approach**

Pay for performance (PFP) is a human capital management strategy in which employees are rewarded based on their contributions to organizational results. It is a form of merit-based compensation, in which pay increases are tied to performance outcomes rather than to predetermined salary levels. This approach can help to create a more engaged workforce and align pay with organizational objectives. The primary benefits of PFP include increased motivation, improved job satisfaction, and better performance. There are also potential drawbacks, including potential to increase intra-organizational competition and changes in employee behavior, as well as the potential for potential legal issues. Ultimately, a successful PFP plan requires careful implementation and tracking to ensure it is producing the desired results. As was previously noted, pay is only one aspect of human capital management. While having a good alignment in a company's pay plans is crucial, other considerations must also be taken into account. They cannot be treated independently, in addition. A complete incentive strategy that incorporates pay plans, benefits, and career opportunities is required for human capital management in order to take into consideration their interdependencies.

#### **• Commitment**

Even a comprehensive reward system that is well thought out will fall short if top management isn't equally committed. The organization will become more committed to a pay-for-performance performance attitude when the CEO exhibits this commitment through both words and deeds.

Pay for performance and commitment is a type of compensation system that rewards employees for meeting or exceeding performance expectations and for demonstrating commitment to their duties. With this type of system, pay increases or bonuses are based on an individual's performance and level of commitment to their job. This system is often used to encourage employees to work hard and stay with the company, as it rewards employees with higher pay when they demonstrate a commitment to the company and its goals.

If the CEO is not personally dedicated to the program and his or her actions do not match its stated goals, employees will rapidly come to believe—and with good reason—that any discussion of "paying for performance" is more about style than substance.

#### **• Accountability**

The key to a successful pay-for-performance scheme is personal responsibility. No matter how closely the performance review method fits with the goals established, it won't mean anything if staff are not held responsible for achieving their targets at the end of each year. It encourages employees to take personal responsibility for their work performance. Personal responsibility is important because it gives employees a sense of ownership and accountability for their work, which can motivate them to do their best. Additionally, it allows employers to evaluate and reward employees based on individual performance, rather than on general performance across the organization. Finally, it allows employers to tailor rewards to individual employees, which can be especially beneficial for employees who have unique skills or talents that can be leveraged for the benefit of the organization.

A clear understanding of accountability has typically meant that "the numbers speak the tale." To complement their broader business goals, companies set particular financial goals at the beginning of each performance period. We compare an individual's performance to what was initially agreed upon at the conclusion of each designated time period. They are held responsible if they did not accomplish the goal through measures like remuneration and future employment opportunities

### ● Balance

One of the most challenging jobs in any pay-for-performance programme is finding the right balance between various compensation components and performance measurements. Businesses' many objectives are no longer always in alignment as they grow and become more complex.

Meeting or even exceeding quarterly earnings per share (EPS) goals set by Wall Street is seen by many firms as being essential. But how can companies sustain both a short-term emphasis and a long-term growth requirement that can necessitate investments that lower present earnings? A clear vision might help to reduce some of these conflicts, but it can never get rid of them entirely.

The right balance between various compensation components and performance measurements depends on the individual needs of the organization and the goals it is trying to achieve. It is important to consider the organization's culture, strategic objectives, and financial situation when deciding on the right mix and balance. Additionally, the performance measures should be tailored to the organization's specific needs and should be regularly monitored and evaluated to ensure that they are still aligned with the organization's goals. Finally, it is important to ensure that the compensation structure is fair and equitable for all employees.

### ● Rewarding top performers

Paying top performers is frequently advantageous when a business is successful in order to maintain a positive work environment and promote increased productivity. It may be simple to say that no one should receive a sizable reward if a certain threshold for company performance isn't met, yet this viewpoint can be very naive.

Today's top performers are those who will spearhead future gains in overall performance when an organization isn't operating at peak efficiency. Top achievers could be reluctant to provide advantages in challenging situations out of concern for being fired by management.

Although the specifics of the strategies vary greatly from company to company, all of them acknowledge the need of rewarding top performers in both good and poor economic times.

Rewards and recognition are forms of appreciation that organizations use to motivate and reward their employees for their hard work and efforts. Rewards are tangible items such as gifts, bonuses, promotions, and other incentives, while recognition is more intangible and can include praise, recognition for achievement, awards, and other acknowledgments. Rewards and recognition programs can be used to build morale, encourage teamwork, and increase productivity. These programs can also help to attract and retain talented employees.

### ● Intrinsic Motivation

Intrinsic motivation is an internal drive to perform activities for personal satisfaction and fulfillment. Leader-member exchange refers to the quality of the relationship between leaders and their followers, which can influence the follower's performance. Perceived organizational support is the belief that an employee's contributions are valued and appreciated by the organization, which can influence their motivation. These three concepts are closely related, as all three can influence an employee's motivation and performance. Intrinsic motivation and perceived organizational support can both be increased by fostering a positive leader-member exchange. When leaders treat their followers with respect and value their contributions, they are more likely to feel motivated and supported. This can have a positive effect on their performance.

### ● Leader-Member Exchange

Leader-member exchange (LMX) theory is a relationship-based approach to leadership that focuses on the two-way relationship between leaders and followers. It is based on the idea that the quality of the relationship between a leader and a follower has a direct impact on job performance, job satisfaction, and motivation. LMX theory conceptualizes the relationship between leaders and followers as an exchange in which the leader and follower both give and receive support and resources. This exchange can be either positive (high-quality) or negative (low-quality). Leaders who develop positive relationships with their followers are more likely to have followers who are engaged and motivated, whereas those with negative relationships are more likely to have followers who are disengaged and unmotivated.

### ● Perceived Organizational Support

Perceived organizational support (POS) is a psychological construct that measures the degree to which an employee believes that their organization values their contributions and cares about their well-being. It has been established as a significant predictor of employee attitudes and behaviors, such as job satisfaction, organizational commitment, and organizational citizenship behavior. POS is often measured through surveys or questionnaires that ask employees to rate their perceptions of the level of support they receive from the organization. The items usually ask employees to rate their agreement with statements such as "My organization cares about my well-being" and "My organization values my contributions." POS is important because it can lead to improved employee attitudes, such as job satisfaction, organizational commitment, and organizational citizenship behavior. Evidence suggests that employees with higher perceived organizational support are more likely to stay with the organization, to be more motivated and engaged in their work, and to be more productive.

## CHAPTER 2 LITERATURE REVIEW

### Literature Review: -

#### ➤ **Samy Garas, Kienpin Tee, and chou-hsuan Lee, 2022**

First, we examine whether incentives for CEOs to take risks are associated with improved corporate performance. Strong empirical evidence that incentives for CEO risk aversion, represented by higher CEO delta, may be associated with concomitant better firm performance, such as: B. Return on Investment (ROA) and Market Capitalization (MTB). On the other hand, we find that the risk-taking incentive presented by CEO Vega does not significantly affect his ROA, and only his CEO in his group with large equity holdings significantly affects his MTB ratio. I was. Panel data results show that a female CEO has, on average, a lower CEO delta (lower risk aversion) and his CEO vega (risk-taking incentives) to compensation packages compared to male CEOs. shown. Our results also show that the above positive relationship between CEO risk aversion incentives (measured by CEO delta) and firm performance (measured by ROA) is less pronounced when the CEO is female. is showing.

➤ **Adele Atkinson and Deborah Wilson, 2009**

The research model was designed to see if implementing a payment scheme based on pupil achievement increased teacher effort. To collect data, the first wave consisted of a pilot group of 40 schools chosen as a convenience sample from a group of about 200 schools that had previously participated in a Department for Education and Skills survey. The remaining schools from the DfEE pilot group made up the second wave. The first and second waves were all phoned in. After agreeing to participate, school principals were interviewed or asked to complete a questionnaire. As research methods, multiple regression analysis is used. As a result, using teacher-level data matched with pupil test scores and value-added, researchers discovered that the scheme did improve test score gains by about 40% on average per pupil. However, there is a disparity between subject teachers, with math teachers showing no improvement. The findings indicate that teacher-based performance pay is a policy tool that education officials should consider as part of their efforts to improve educational performance.

➤ **Flora F.T. Chiang, 2010**

The effects of job satisfaction, organizational commitment, and turnover intent on pay for performance are investigated in this journal research model. The tourism sector and Hong Kong hotels were chosen as the sample for the research methodology. Then, with support from several hotel departments, questionnaires were given to a selection of service personnel at random. Seven hotels in Hong Kong collectively provided 258 valid responses. For all study variables, descriptive statistics and correlation coefficients are used. The analysis employs a hierarchy of regressions. The findings demonstrate that employees tended to have more favorable work attitudes when they perceived a high PFP relationship, according to a sample of studies gathered from the hotel industry. Additionally, P-O fit acted as a mediator in the association between the PFP link and work attitudes. When it comes to the alignment of service quality values between employees and organizations, reward practices like PFP are crucial. PFP can increase work satisfaction, commitment, and turnover intent in addition to creating a clear link between pay and performance. All of these factors may help to improve service quality.

➤ **Laarni Bulan, 2010**

The purpose of this study model is to look into the relationship between productivity and the vulnerability of CEO fortune to share value, as well as the relationship between productivity and the vulnerability of CEO alternative fortune toward stock market performance. To acquire data, the researcher used data obtained from ExecuComp's yearly CEO remuneration statistics from 1992 to 2003, as well as firm information obtained from Compustat. The research sample includes all 917 manufacturing companies represented in ExecuComp and Compustat. There are 6,636 firm-year observations in their primary sample. The research methodologies employ pooled ordinary least squares (OLS) and firm fixed effects estimates. As a result of their findings, researchers discovered that a CEO's delta and vega favorably effect output for the overwhelming bulk of enterprises in their sample, but that this link is non-linear and extremely complex. These findings imply that appropriate delta and vega combinations must be chosen in order to align CEO incentives with the goal of increasing productivity.

➤ **John G. Sessions, John D. Skatun, 2017**

Although it is well accepted that performance-based pay (PRPs) can exacerbate wage discrepancies inside organisations, the literature has mostly overlooked intertemporal lifecycle effects. We simulate the impact of PRP adoption on wage and compensation features. To explain recent empirical evidence that the PRP flattens wage and wealth profiles, we develop a simple two-period model of efficiency wages. As a result of this deterioration, the legitimacy of long-term employment contracts is jeopardised. This is due to the fact that profiles are intended to be driven by agencies rather than human capital considerations.

➤ **Dr. Aamir Sarwar, Hira Aftab, Amna Arif and Marium Naeem, 2014**

The goal of this research is to calculate salaries and rewards based on the performance of university instructors in Pakistan. This research looks into the various prizes given to college teachers based on their performance. We examine the pay systems of public and private universities and recommend the best method for you. This is a cross-sectional study (n=400) that used survey methods to acquire primary data. The Mann-Whitney U test, Kruskal-

Wallis test, and chi-square are among the statistical tests utilised. The data reveal that teachers at public universities are more active in performance-based reward schemes than teachers at private universities.

➤ **Florian Ederer, Gustavo Manso, 2013**

According to economic research, performance-based awards are helpful in increasing effort and production. According to psychological studies, performance-based financial incentives inhibit creativity and innovation. How should CEO compensation be structured if the purpose is to incentivize managers to seek more innovative company strategies? We demonstrate that a combination of rewards for success is useful in stimulating creativity. Individuals who work under such incentive systems are more likely to conduct research and develop innovative business ideas than those who work under fixed wages or traditional performance-based incentive systems. We also uncover evidence that the prospect of dismissal can decrease incentives for innovation, although golden parachutes can offset these anti-innovation effects.

➤ **Ian Larkin, Lamar Pierce, Francesca Gino, 2012**

This study focuses on non-managerial employees' strategic compensation. Despite the fact that agency theory provides a valuable framework for understanding rewards, there are various elements that raise the cost of performance-based awards. It claims that it fails to account for the psychological costs of social comparison and psychological elements in the study, such as overconfidence, and that it diminishes the efficacy of individual performance-based wages, favoring teamwork, seniority, and fixed salaries. We contend that rewards are crucial not just for strategically motivating and attracting paid individuals, but also for the impact they have on complementary actions of peers and firms. In this study, we address the empirical consequences of the suggested synthesis theory as well as alternative theoretical extensions.

➤ **Becky A. Briesacher, 2009**

This study was related to the fact that data on the impact of pay-for-performance systems in nursing homes is scarce. To gather the data, the writer searched the electronic database MEDLINE and the Internet for empirical data describing pay-for-performance program in nursing homes using Google U.S. Government Search. In addition, to enhance the search, he interviewed key stakeholders. The findings demonstrate that 13 pay-for-performance schemes were implemented in nursing homes between 1980 and 2007: 7 programs were still functioning in 2007, while 6 had been discontinued. The present program was all very young, with the oldest dating back to 2002. As a result, the author discovered little empirical evidence that pay-for-performance program improve resident care quality or efficiency in nursing homes.

### ➤ Eunmi Chang, 2006

"Individual pay for performance and commitment HR practices in South Korea" - investigated whether the new compensation system influences Korean employees' organizational commitment and work effort, and how HR practices moderate these effects. The researcher gathered information from two sources: A human resource manager and 30 employees from dedication and work effort were appraised from individual employees operating in the organization among 42 companies. As a result, employees who have been with the company for a longer period of time tend to demonstrate higher levels of organizational commitment and job effort.

## CHAPTER 3 RESEARCH METHODOLOGY

### Methodology - sampling, data finding, data collection

The study was conducted on a sample from a private logistics industry, and a survey was conducted with the frontline employees in each office, asking information about their perceptions and attitudes toward the PFP scheme implemented in the company, work attitudes and performance, individual characteristics and their perceptions of group and organizational characteristics.

### Objectives of the Study:-

- Evaluation of the correlation of incentives to employee performance.
- Identification of the influence of the three conditional factors on employee attitudes.
- Examine differences in perceptions of an organization's work with respect to employee salaries.

### Need for the Study

In order to achieve positive labor outcomes, financial incentives have been considered as beneficial.

The importance of remuneration and wages, as well as their long-term influence on the organization in terms of fostering employee interest in corporate operations, are investigated in this study in order to build a solid relationship between the organization and its employees.

### Questionnaire

We are students of Mittal School of Business, Lovely Professional University. As a part of our capstone project titled "A Study on The Effects of The Pay for Performance on Employee Work Attitude" We require your support in filling this questionnaire. Please be assured that the information so collected will be used only for academic purposes.

1. Name\*
2. Gender\*
  - Male
  - Female
3. Age\*
  - 18-25
  - 26-35
  - 36-45
  - 46-55
  - Above 55
4. For how many years have you been working in this organization? \*
  - Less than a year
  - 1-3 year's
  - more than 3 years
5. Your role in the organization is: \*
  - Operations/Production
  - Finance/Accounts
  - Marketing & Sales
  - HR/Administration
  - Other:
6. Annual salary structure? \*
  - 3-5LPA
  - 5-7LPA
  - 7-9LPA
  - 9-12LPA
  - Above 12LPA
7. Educational Background\*
  - Up to High School
  - Graduation
  - Post-Graduation
  - Others
8. Do you believe that employees have job security in the organization? \*Strongly Disagree
  - 1
  - 2
  - 3
  - 4
  - 5

Strongly Agree

9. Do you see any promotional opportunity in your organization? \*

- Highly Agree
- Agree
- Can't Say
- Disagree
- Highly Disagree

10. You have management support for higher education\*

- Highly Agree
- Agree
- Neutral
- Disagree
- Highly Disagree

11. Are you satisfied with rewards and recognition pattern that your organization follows? \*

- Highly Satisfied
- Satisfied
- Neutral
- Unsatisfied
- Highly Unsatisfied

12. Insurance schemes provided by organization are good. \*

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

13. Compensation paid for workers during layoffs or during any accidents occurring within the company are satisfactory\*

- Highly Satisfactory
- Satisfactory
- Neutral
- Unsatisfactory
- Highly Unsatisfactory

14. Fringe benefits provided by the company are good. \*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

15. Performance Appraisal System in Practice is good. \*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

16. Provided Performance Based Incentives by the organization are Satisfactory\*

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

17. Yearly Bonus Scheme in your organization is \*

- Highly Satisfactory
- Satisfactory
- Neutral
- Unsatisfactory
- Highly Unsatisfactory

18. The premiums paid by organization for the group insurance scheme are\*

- Highly unsatisfactory
- Unsatisfactory
- Neutral
- Satisfactory
- Highly satisfactory

19. Effectiveness from the performance pay \*

- Highly Satisfactory
- Satisfactory
- Neutral
- Unsatisfactory

20. The pay matrix rewards high performing employees with a larger annual merit increase. \*

- Strongly disagree
- Disagree
- Neutral

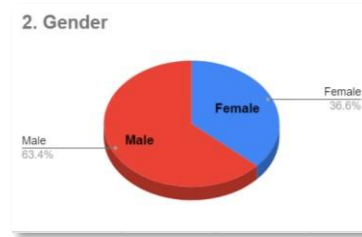
- Agree
- Strongly agree

## CHAPTER 4 ANALYSIS AND INTERPRETATION

### Analysis and Interpretation

#### 1. Gender\*

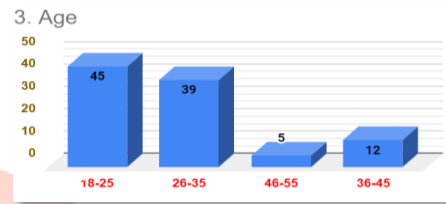
Gender	Number of Respondents	Percentage of Respondents
Female	37	37%
Male	64	64%



The percentage of females in the sample is 36.6% and males is 63.4%, which indicated that the organization consists of majority of male employees. Whereas in recent years, the number of women working in logistics has expanded considerably as more and more women seek chances in this historically male-dominated industry. This is due to a variety of causes, including an increasing need for qualified workers and an increased awareness of the need to diversify the workforce. Logistics firms are aggressively seeking competent women to fill positions historically held by men. Furthermore, the advancement of technology and automation has created new opportunities in the business, making it simpler for women to enter. These women may excel in the area and contribute to a more diverse and balanced logistics industry with the correct assistance and training. With increase in diversity and inclusion in the organization there comes increase in employee engagement, employee retention and higher innovation that contributes to higher revenue.

#### 2. Age\*

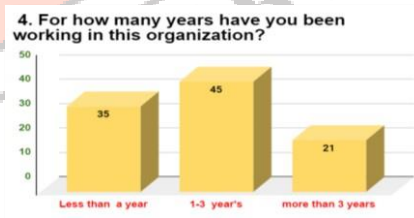
Age (Years)	Number of Respondents	Percentage of Respondents
18-25	45	45%
26-35	39	39%
36-45	12	12%
46-55	5	5%



The influence of age on employee performance varies depending on the individual and the role. In the graph it can be seen that out of the sample there are only 5 employees of the age 46-55 which is because, older employees have greater experience, which might be useful in some situations. They frequently contribute essential skills, knowledge, and insights to the workplace that younger employees may not have. They are usually the ones with the higher positions in the company. Younger employees that is of the age 18-25, on the other hand, are maximum in the sample, which is 45 employees. It is because they are more enthusiastic and energetic, and they can frequently bring a new viewpoint to the workplace. The employees of age 26-35 are 39 in the sample, these are the ones who have experience and are looking for promotional advantages in the organization, these employees hold good skills and knowledge of the organization. Ultimately, regardless of age, the most significant aspect in employee effectiveness is the individual's work ethic and attitude.

#### 3. For how many years have you been working in this organization? \*

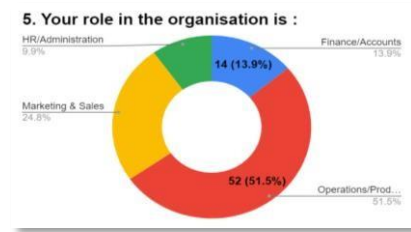
Options	Number of Respondents	Percentage of Respondents
1-3 year's	45	45%
Less than a year	35	35%
more than 3 years	21	21%



The employees working in the organization for less than a year are 35, for 1-3 years are 45 and more than 3 years are 21. Which implies that the majority of the sample has been working in the organization for more than one year. A logistics organization may need more new employees for a variety of reasons, including increased demand for goods and services, expansion into new markets, or a need for additional specialized skills. Additionally, a logistics organization may need more new employees to keep up with advances in technology, to handle increased customer communication, or to meet the changing needs of their customers. Young employees can bring a fresh perspective to an organization, as well as enthusiasm, new ideas, and an eagerness to learn. They can also bring a more current understanding of technology, social media and trends to an organization, which can be valuable in staying competitive in the marketplace. Additionally, they may bring a sense of diversity and inclusion to the team, which can help create a more vibrant workplace.

## 4. Your role in the organization is: \*

Options	Number of Respondents	Percentage of Respondents
Finance/Accounts	14	13.9%
HR/Administration	10	9.9%
Marketing & Sales	25	24.8%
Operations/Production	52	51.5%

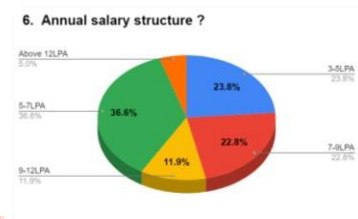


The sample consists of operations or production role that is 52 respondents, 25 respondents of marketing and sales, 14 respondents of finance or accounts and 10 respondents of Human Resource or administration. The majority of sample is covered by operations or productions which is because the sample has been taken from a logistics company. But for proper functioning of the operations department and organization as a whole all the roles and departments are important.

Every department in an organization plays an important role in the success of the organization. Every department has its own unique and specific job to do, and how well it does its job can have an impact on the success of the organization. Each department's performance contributes to the success of the organization as a whole, and it is important that each department works together to reach the organization's goals and objectives.

## 6. Annual salary structure? \*

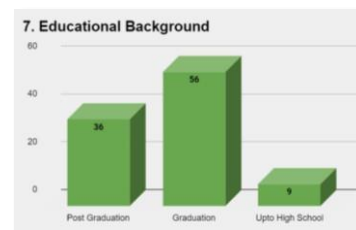
Options	Number of Respondents	Percentage of Respondents
3-5LPA	24	23.8%
5-7LPA	37	36.6%
7-9LPA	23	22.8%
9-12LPA	12	11.9%
Above 12LPA	5	5.0%



The sample consists of 24 employees with annual salary of 3-5 LPA, 37 employees with 5-7LPA, 23 employees with 7-8LPA, 12 employees with 9-12LPA and 5 employees with above 12LPA. Employees with different roles and skills have different salaries. The annual salary structure of different employees can have a significant effect on employee performance. Employees who are paid a fair, competitive salary for the work they do will be more motivated and more likely to work hard, whereas employees who are underpaid may become resentful and less productive. Different employees have different levels of experience, expertise, and job roles, and their salaries should reflect this. Having different salary structures for different employees helps to ensure that wages are fair and equitable, and that employees feel respected and valued for their contributions. Therefore, the result of the question shows that there is a positive correlation between annual salary and employee performance, with higher salaries often resulting in increased motivation, job satisfaction, and productivity. However, other factors such as job design, work environment, and job security also play a significant role in determining employee performance.

## 7. Educational Background \*

Options	Number of Respondents	Percentage of Respondents
Graduation	56	56%
Post-Graduation	36	36%
Up-to High School	9	9%



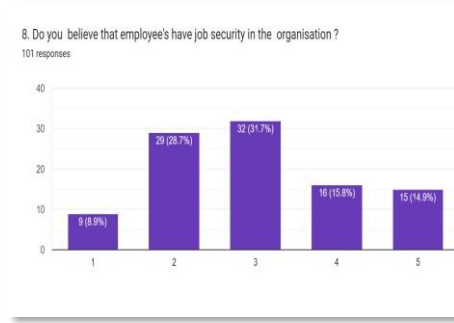
The sample consists of 36 employees who have done post-graduation, 56 employees who have done graduation and 9 employees who have studied up-to high school. Educational background can have a big impact on an employee's pay and performance. Employees with higher levels of education often have higher salaries and tend to perform better on the job. They tend to have better problem-solving skills, communication skills, and technical skills which often lead to better job performance. Higher education also tends to be associated with more career opportunities

and more job stability, which can improve an employee's performance and overall job satisfaction. As the graph depicts that the sample consists of 56 graduated employees which implies that the logistics companies prefer graduates because they usually have a higher level of education and knowledge of the industry. They also may have more experience with problem-solving, communication, and critical thinking, which are all important skills in the logistics industry. Graduates also tend to be more motivated and are often more willing to learn and adapt to new technologies and techniques.



8. Do you believe that employees have job security in the organization? \*

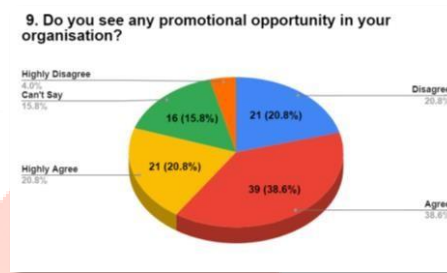
Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	9	8.9%
Disagree	29	29.7%
Neutral	32	31.7%
Agree	16	15.8%
Strongly Agree	15	14.9%



15 respondents highly believe they have job security, 16 believe they have job security, whereas 32 respondents cannot specify their beliefs regarding job security in the organization they are working and 38 respondents do not believe that they have job security. This belief has a major impact on the employee perception and loyalty towards the organization. Job security in private organizations is often uncertain due to the competitive nature of the business world. Private organizations often have to make difficult decisions such as downsizing and restructuring in order to remain competitive. This can lead to job insecurity for employees as it can be difficult to predict when these changes may occur. Additionally, private organizations may need to respond quickly to changes in the market which can make job security even more uncertain.

9. Do you see any promotional opportunity in your organization? \*

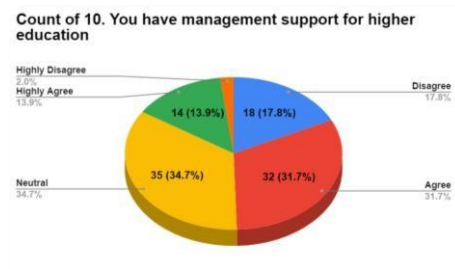
Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	4	4.0%
Disagree	21	20.8%
Neutral	16	15.8%
Agree	39	39.6%
Strongly Agree	21	20.8%



In the sample 21 respondents strongly agree, 39, respondents agree, 16 respondents can not specify, 21 respondents say they disagree and 4 say they highly disagree that they have promotional opportunity in their organization. Since majority of the respondents have selected agree, it means the organization is working towards creating an environment where employees have promotional opportunity. Since offering promotional opportunities for employees can lead to higher employee performance. Such opportunities give employees the chance to advance their careers and can motivate them to work harder to reach their goals. Additionally, offering employees promotions can help create a positive work environment and foster an atmosphere of recognition and reward. This can lead to increased employee engagement, better job satisfaction, and improved morale. Furthermore, giving employees the opportunity to progress their careers can also encourage them to stay with the company for a longer period of time and help to reduce turnover rates. Therefore, providing employees with opportunities for career growth and advancement through promotions has been found to positively impact their performance.

10. You have management support for higher education

Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	2	2%
Disagree	18	17.8%



Neutral	35	34.7%
Agree	32	31.7%
Strongly Agree	14	13.9%

Majority of the respondents have selected agree, highly agree and neutral which means that the organization supports higher education of its employees. Since the organization providing administrative support to higher education may improve employee performance. This is because higher education helps employees acquire new skills and knowledge. In addition, higher education helps improve morale and motivation, leading to higher job satisfaction and employee performance. We also improve employee retention rates by providing administrative support for higher education, helping employees expand their skills and knowledge to become more effective not only in their current roles but also in the future. can be increased. Additionally, access to higher education helps employees stay in their current role and increase their loyalty to the organization. Providing financial support for higher education can also be a powerful tool in helping employees stay with the company longer.

11. Are you with rewards and recognition pattern that your organization follows?

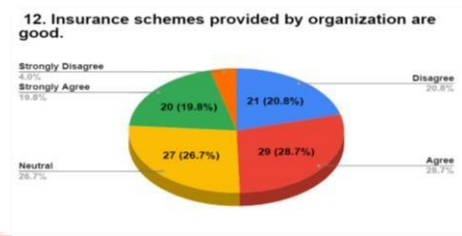
Options	Number of Respondents	Percentage of Respondents
Highly Unsatisfied	3	3.0%
Unsatisfied	16	15.8%
Neutral	28	27.7%
Satisfied	35	37.7%
Highly Satisfied	19	18.8%



Majority of the respondents have selected highly satisfied, satisfied which means that the organization follows good rewards and recognition pattern. Since rewards and recognition patterns can have a significant impact on employee performance. A company can use various types of rewards and recognition programs to motivate and reward employees for their hard work and dedication. These could include bonuses, merit awards, spot awards, recognition programs, and employee appreciation programs. Each of these programs should be tailored to the individual employee and should be meaningful to them. By providing rewards and recognition, a company can create a positive work environment and motivate employees to perform at their best.

12. Insurance schemes provided by organization are good. \*

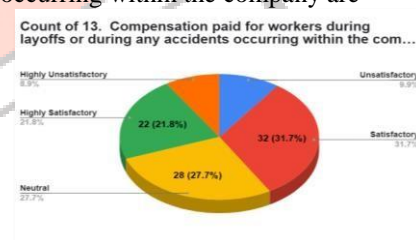
Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	4	4.0%
Disagree	21	20.8%
Neutral	27	26.7%
Agree	29	28.7%
Strongly Agree	20	19.8%



49 respondents believe that the organization provides good insurance schemes whereas 27 respondents cannot specify, 25 respondents select disagree. Providing good insurance schemes to employees can enhance their performance. Insurance schemes can help employees feel secure and motivated to work. They can provide a sense of security, knowing that if they ever face a medical emergency or other unexpected financial hardship, they have some coverage. Other benefits of providing good insurance schemes include reduced stress and improved morale. This can lead to greater job satisfaction and enhanced productivity. Additionally, providing good insurance schemes can help attract and retain talented employees, as they will seek out organizations that offer them competitive benefits.

13. Compensation paid for workers during layoffs or during any accidents occurring within the company are \*

Options	Number of Respondents	Percentage of Respondents
Highly Unsatisfactory	9	8.9%
Unsatisfactory	10	9.9%
Neutral	28	27.7%
Satisfactory	32	31.7%
Highly Satisfactory	22	21.8%

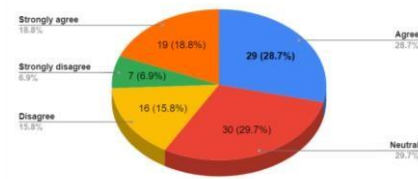


The pie chart depicts that the majority of the respondents believe that the compensation paid for workers during layoff or accidents at work are satisfactory. Since, compensation paid for workers during layoffs or during any accidents occurring within the company help enhance employee performance and morale. By providing financial assistance when employees are struggling due to a layoff or an accident, employers create an environment of trust, showing that the company cares about their employees and is willing to help them out in times of need. This helps motivate employees to work harder and stay with the company, leading to increased productivity and loyalty. Additionally, providing support during layoffs or accidents can help improve the company's public image, as it demonstrates that the company is willing to go the extra mile for their employees.

14. Fringe benefits provided by the company are good. \*

Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	7	6.9%
Disagree	16	15.8%
Neutral	30	29.7%
Agree	29	28.7%
Strongly Agree	19	18.8%

14. Fringe benefits provided by the company are good.

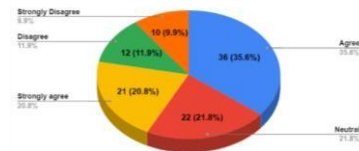


Majority of the respondents from our sample believe that the fringe benefits provided to them are satisfactory. Fringe benefits such as paid vacation, health insurance, a company car, bonus payments, and flexible working hours can all help to boost employee performance. These benefits can help to motivate and incentivize employees to work harder and strive to meet their goals. Good fringe benefits can also help to reduce employee stress, allowing them to work more productively and efficiently. Finally, having access to these benefits can also make employees feel valued and appreciated, which can help to foster a positive work environment.

15. Performance Appraisal System in Practice is good. \*

Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	10	9.9%
Disagree	12	11.9%
Neutral	22	21.8%
Agree	36	35.6%
Strongly Agree	21	20.8%

15. Performance Appraisal System in Practice is good.



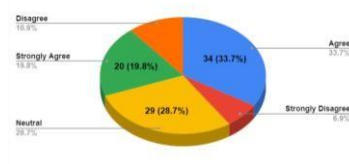
Since majority of the respondents have selected agree and strongly agree, it means that the performance appraisal system in practice in the organization is good. A good performance appraisal system in a company can help to enhance employee performance in several ways. Firstly, it provides feedback on an employee's performance which helps them understand their strengths and weaknesses, and gives them a clear indication of what they need to do to improve. Secondly, it allows managers to reward employees for their success and set targets for future performance.

Finally, it promotes a culture of trust and open communication between the employer and employee, which can help to motivate employees to work harder and strive for excellence.

16. Provided Performance Based Incentives by the organization are \*

Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	7	6.9%
Disagree	11	10.9%
Neutral	29	28.7%
Agree	34	33.7%
Strongly Agree	20	19.8%

16. Provided Performance Based Incentives by the organization are Satisfactory



Performance-based incentives can be a powerful motivator for employees to improve their performance, as they provide a tangible reward for achieving specific goals or targets. These incentives can include bonuses, stock options, or other financial rewards, and are typically tied to measurable performance metrics such as sales targets, customer satisfaction scores, or productivity levels. Since 54 respondents have selected agree and 18 respondents have selected disagree, it means that the performance-based incentives provided by the organization are satisfactory. Performance based incentives motivate employees by rewarding them for their efforts and achievements. These incentives may include bonuses, salary increases, stock options, or other rewards that are based on the employee's performance. Performance based incentives also help to create a competitive atmosphere in the workplace, as employees strive to outperform each other in order to receive the rewards. This type of incentive system can also help to increase employee engagement, as employees are given an incentive to perform well in their job. By aligning incentives with desired outcomes, organizations can drive employee engagement, improve performance, and achieve their business objectives.

17. Yearly Bonus Scheme in your organization is \*

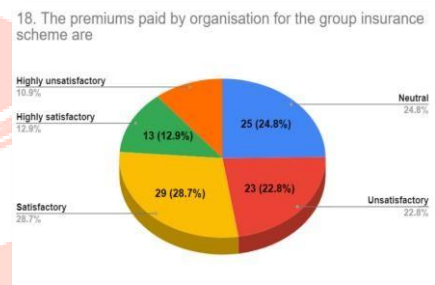
Options	Number of Respondents	Percentage of Respondents
Highly Unsatisfactory	5	5.0%
Unsatisfactory	22	21.8%
Neutral	35	34.7%
Satisfactory	23	22.8%
Highly Satisfactory	16	15.8%



16 respondents say that the yearly bonus is highly satisfactory, 23 selected satisfactory, 35 selected neutral, 22 selected unsatisfactory and 5 selected highly unsatisfactory. Majority of respondents feel that the yearly bonus provided by the organization is satisfactory. Since, providing employees with a yearly bonus scheme can have a positive effect on their performance. By offering employees the chance to receive a bonus based on their performance, it can motivate them to work harder and be more productive. Additionally, if employees know that they are being rewarded for their hard work, it can increase their engagement and loyalty towards the company.

18. The premiums paid by organisation for the group insurance scheme are \*

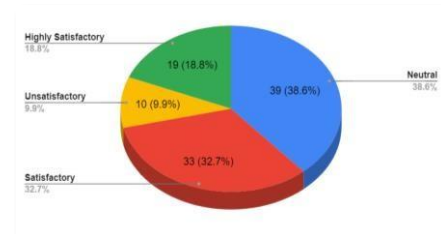
Options	Number of Respondents	Percentage of Respondents
Highly Unsatisfactory	11	10.9%
Unsatisfactory	23	22.8%
Neutral	25	24.8%
Satisfactory	29	28.7%
Highly Satisfactory	13	12.9%



13 respondents selected highly satisfactory, 29 selected satisfactory, 25 selected neutral, 23 selected unsatisfactory and 11 selected highly unsatisfactory. Which means that half respondents feel that the premiums paid are satisfactory and the rest feel that it is unsatisfactory. Since, the premiums paid by organization for the group insurance enhance employee performance as it shows the employee that the organization cares for them and will provide them with financial security in case of any unfortunate event or disability. It also increases employee loyalty and morale as they feel more secure and valued in the organization. Group insurance plans also help to attract and retain talented employees as they are seen as an added benefit. It also encourages employees to stay with the organization for a longer period of time as they know that they will be provided with financial security.

19. Effectiveness from the performance pay \*

Options	Number of Respondents	Percentage of Respondents
Unsatisfactory	10	9.9%
Neutral	39	38.6%
Satisfactory	33	32.7%
Highly Satisfactory	19	18.8%

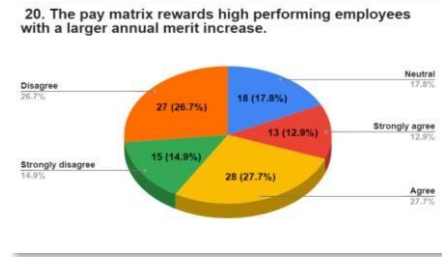


Based on the responses provided, it appears that there is no clear consensus on the effectiveness of performance pay. A majority of the respondents (38.6%) rated it as "neutral," while 32.7% rated it as "satisfactory." Only a small percentage of respondents (18.8%) rated it as "highly satisfactory," and 9.9% rated it as "unsatisfactory."

Overall, it seems that while some individuals find performance pay to be effective, there are also a significant number of respondents who are either neutral or dissatisfied with its effectiveness. It would be helpful to further investigate the reasons behind these varying opinions and determine if there are any patterns or common themes that emerge.

20. The pay matrix rewards high performing employees with a larger annual merit increase. \*

Options	Number of Respondents	Percentage of Respondents
Strongly Disagree	7	14.9%
Disagree	11	26.7%
Neutral	29	17.8%
Agree	34	27.7%
Strongly Agree	20	12.9%



The graph shows that majority of respondents do not feel that the pay matrix rewards high performing employees with a larger annual merit increase. The pay matrix rewards high performing employees with a larger annual merit increase than low performing employees. This is done to encourage employees to work hard and strive for high performance. This also provides an incentive for employees to strive for excellence and achieve their goals. Pay increases based on performance also help to motivate employees and keep them engaged in their work. Additionally, it helps to create a culture of performance-based rewards and recognition within the organization.

## CORRELATION

### Correlations

	The pay matrix rewards high performing employees with a larger annual merit increase.	Effectiveness from the performance pay
20. The pay matrix rewards high performing employees with a larger annual merit increase.	1	.217**
Effectiveness from the performance pay	.217**	1
	N	N
	244	244

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### Interpretation of table:

The aim of this study was to investigate the association between the efficacy of performance pay and the pay matrix that rewards high performing employees with a bigger yearly merit raise. The study's findings show a positive correlation ( $r = 0.217$ ) between these two variables, which is statistically significant at the 0.01 level (two-tailed). Our results imply that an approach for improving the efficacy of performance pay may be a pay matrix that rewards high performers with a bigger annual merit increase. This is in line with the motivation hypothesis, which contends that rewards can encourage workers to put forth their best effort. It's crucial to remember that a connection does not necessarily indicate a cause and effect. Although the research points to a link between the pay matrix and performance pay effectiveness, other factors may also influence performance pay effectiveness. For instance, putting in place a precise and objective performance evaluation system is also probably going to help performance pay work.

In conclusion, the findings of this study point to the possibility that businesses can use a pay matrix that rewards good performers with a bigger yearly merit raise as a tactic to improve the efficacy of performance pay. To ascertain the causal link between the pay matrix and performance pay effectiveness and to investigate additional variables that can affect performance pay effectiveness, more research is nonetheless required.

The goal of this study was to examine the relationship between performance pay's efficacy and the pay matrix that rewards high performers with bigger annual merit increases. The results of this study indicate that the effectiveness of performance pay and the pay matrix are positively and significantly correlated. The study's limitations and any potential ramifications of these findings must be taken into account, too.

The dependence on self-report measures to evaluate the efficacy of performance pay is another potential weakness of this study. The richness and complexities of employees' experiences with performance pay may not be fully captured by self-report measures since they are vulnerable to biases. Future studies could evaluate the efficacy of performance pay using different techniques like supervisor ratings or objective performance data.

It's also crucial to take into account how the results could affect both workers and organisations. While the pay matrix may be successful at encouraging great performance, it may also breed rivalry and conflict among staff members and cause those who do not earn the larger merit rise to feel unfair and resentful. Organizations must take into account how the pay matrix may affect staff morale and job satisfaction.

The results of this study's findings conclude that a solution for improving the efficacy of performance pay may be the pay matrix that rewards high performers with a bigger annual merit increase. To completely comprehend the connection between the pay matrix and the efficacy of performance pay, as well as the potential drawbacks and ramifications of this tactic, more research is necessary. Before using this method, organisations should carefully analyse the potential effects of the pay matrix on employee motivation, morale, and work satisfaction.

### Findings

There is a positive correlation between pay and performance. This study shows that higher pay leads to better performance, motivation, and job satisfaction. Furthermore, employees who are paid more tend to be more productive and have higher levels of commitment. Therefore, it is beneficial to offer competitive pay, as this is likely to lead to a more productive workforce. Also, Management support

is essential for providing a positive work environment and encouraging employees to reach their full potential. Management should demonstrate their commitment to the success of the organization by providing resources, developing strategies for success, and providing positive feedback. Rewards and recognition are also important for motivating employees and recognizing their contributions to the organization. These can include awards, bonuses, and other forms of recognition. Rewards

and recognition should be tailored to the individual, as well as the overall objectives of the organization. This can help to create a culture of success and recognition that encourages employees to strive for excellence.

### Conclusion

Pay for performance is a type of compensation system that rewards employees for their performance. It provides incentives for employees to strive to achieve their goals and exceed expectations. Pay for performance can be based on individual goals and achievements, as well as team results. It can also be used to reward employees for their loyalty and commitment to the organization. The key to successful pay for performance is to clearly define expectations and goals, and to ensure there is a system in place to reward and recognize employees for meeting or exceeding these goals. In accordance with the statistics, pay and incentives have a positive impact on employee efficiency. According to the data analysis shown above, all independent variables have a weak to moderately positive connection with one another. The effect of three conditional factors- intrinsic motivation, leader-member exchange (LMX), and perceived organizational support (POS) have been studied and analyzed. Intrinsic motivation works to enhance the effect of leader-member exchange on the main-effect relationships. Specifically, when employees are intrinsically motivated, they are more likely to be engaged in their work and willing to work with their leader to achieve goals. This increases the likelihood that the leader-member exchange will be strong, which in turn strengthens the main-effect relationships. On the other hand, when intrinsic motivation is low, the leader-member exchange may be weaker, leading to weaker main-effect relationships. Leader-member exchange, in turn, works to strengthen the effect of intrinsic motivation on the main-effect relationships. Namely, when there is a strong leader-member exchange, it indicates a positive relationship between the leader and the employee, which can help to foster intrinsic motivation. This, in turn, leads to stronger main-effect relationships. Conversely, when the leader-member exchange is weak, intrinsic motivation may be weaker, leading to weaker main-effect relationships. Overall, intrinsic motivation and leader-member exchange have a dynamic relationship, where each one works to enhance the effects of the other on the main-effect relationships. There are areas such as insurance schemes and pay matrix rewards system where the organization can make changes so as to enhance the performance of the employees by keeping them motivated by providing positive reinforcements.

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