



COVERAGE AREA: - HUMAN RESOURCE MANAGEMENT

“Employee Reward strategies in private sector manufacturing organizations of Vidarbha Region with reference to Steel and Cement industry”

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ABSTRACT

Employee reward play a vital role in employee motivation, employee productivity and employee performance. The impact of reward on employee performance is directly link with motivation. Vidarbha region is the eastern part of Maharashtra which consist of 11 districts mainly Nagpur, Chandrapur, Bhandara, Gondia, Gadchiroli, Wardha, Yavatmal, Wasim, Buldhana, Akola, Amravati. It is less economically prosperous compared to the rest of Maharashtra. The Vidarbha region is rich in forest and mineral resources. Although the western region of the Vidarbha is poor in natural resources in comparison with the eastern region. Among all the district Nagpur and Chandrapur is the industrial belt of Vidarbha Region where in Cement and Steel industries is located as the source of raw material like lime stone, iron ores, coal ,coke is available in huge amount. As Vidarbha is an industrial belt, the people across the county are migrant for purpose of employment. All type of community, religion find in Vidarbha. Hence author shown his interest to study the impact of reward on employee, employee motivation, and impact of performance on employee productivity. How the reward system work in Cement and Steel industry in Vidarbha region as the manufacturing unit of steel and cement contribute a lot in the

economy of Vidarbha. For example Sun flag Iron & Steel caters to the demands of various core sector industries like Automobiles, Railways, Defence, Agriculture, Engineering Industry etc. Private sector means the business activities where private ownership and control exists. In India plan for coexistence of private sector and public sector industries have been formulated and implemented for the economic development of the country. Private sector is unlikely to invest large sum in the development of business. A private company can be formed with two members with a maximum limit to fifty members (excluding those who are in the employment of the company) A private company is required to have only two directors. A private company need not issue prospectus .It must make private arrangement to raise capital. Private company may issue any kind of share and even with disproportionate voting rights. A private company need not hold statutory meeting. In private company overall remuneration to the directors, managers is not a subsidiary of a public sector, may pay any remuneration. Quorum required in Board of directors meeting in a private company is two people.

Key words: Employee Rewards, Strategies, Private sector organizations, Vidarbha Region.

Introduction

Employee reward play a vital role in employee motivation, employee productivity and employee performance. The impact of reward on employee performance is directly link with motivation. Vidarbha region is the eastern part of Maharashtra which consist of 11 districts mainly Nagpur, Chandrapur, Bhandara, Gondia, Gadchiroli, Wardha, Yavatmal, Wasim, Buldhana, Akola, Amravati. It is less economically prosperous compared to the rest of Maharashtra. The Vidarbha region is rich in forest and mineral resources. Although the western region of the Vidarbha is poor in natural resources in comparison with the eastern region. Among all the district Nagpur and Chandrapur is the industrial belt of Vidarbha Region(Maharashtra State belongs to India) where in Cement and Steel industries is located as the source of raw material like lime stone, iron ores, coal ,coke is available in huge amount. As Vidarbha is an industrial belt, the people across the county are migrant for purpose of employment. All type of community, religion find in Vidarbha. Hence author shown his interest to study the impact of reward on employee, employee motivation, and impact of performance on employee productivity. How the reward system work in Cement and Steel industry in Vidarbha region as the manufacturing unit of steel and cement

contribute a lot in the economy of Vidarbha. For example Sun flag Iron & Steel caters to the demands of various core sector industries like Automobiles, Railways, Defence, Agriculture, Engineering Industry etc.

Private sector means the business activities where private ownership and control exists. In India plan for coexistence of private sector and public sector industries have been formulated and implemented for the economic development of the country. Private sector is unlikely to invest large sum in the development of business. A private company can be formed with two members with a maximum limit to fifty members (excluding those who are in the employment of the company.)A private company is required to have only two directors. A private company need not issue prospectus .It must make private arrangement to raise capital. Private company may issue any kind of share and even with disproportionate voting rights. A private company need not hold statutory meeting. In private company overall remuneration to the directors, managers is not a subsidiary of a public sector, may pay any remuneration. Quorum required in Board of directors meeting in a private company is two people.

Employee Reward

Organizational Rewards are those that the employee earns as a result of his employment with the organization. Most organizations link their reward system to employee performance and commitment to the organization .Reward can be both extrinsic and intrinsic. Extrinsic Reward are tangible in nature and normally under the control of organization .Example of extrinsic rewards are a promotion or a bonus. Intrinsic rewards are intangible in nature are internal to the individuals. Examples of intrinsic rewards are challenging assignment or informal recognition. The basic purpose of reward system is to improve employee morale and job satisfaction. This would result in improved performance and loyalty to the organization. A good reward system helps in identifying the best performer and rewarding them to increase their job satisfaction.

Rewards can also be classified into financial and non financial reward. Financial rewards are the rewards that employees receive in monetary terms. Financial rewards are tangible and extrinsic.

An employee reward system consists of an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their market worth. It is developed within the framework of the organization's reward philosophy, strategies and policies, and contains arrangements in the form of processes,

practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward.

The total rewards encompasses with following

- Flexible benefits
- Access to professional and career development
- A challenging role at work
- Freedom and autonomy at work
- Opportunity for personal growth
- Recognition of achievements
- Preferred office space
- Being able to raise matters of concern
- Being involved in decisions that affect the way work is done
- Preferred office equipment and mobile phone
- Flexible working hours
- Home or teleworking
- Secretarial support.

How motivation related to employee rewards?

One of the most concern of reward management is how high levels of performance can be achieved by motivating people. The development of a performance culture is a typical aim of reward strategy. Motivation is concerned with what 'Moves' people to do something-what influences people to behave in certain ways. It affects the factors that affect the efforts that they put employee put into their work, their level of engagement and contribution and their discretionary behaviour. The process of motivation started from need arises, then that need will be create wants. The wants are desires to achieve or attain goal. And to achieve the particular goal people wants to take action. If the goal is achieved, the need is satisfied and the behaviour is likely to be repeated the next time a similar need emerges.

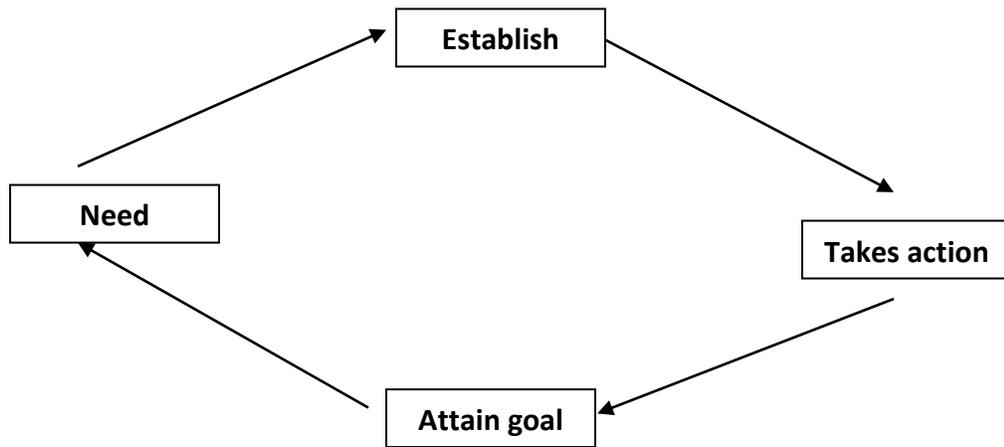


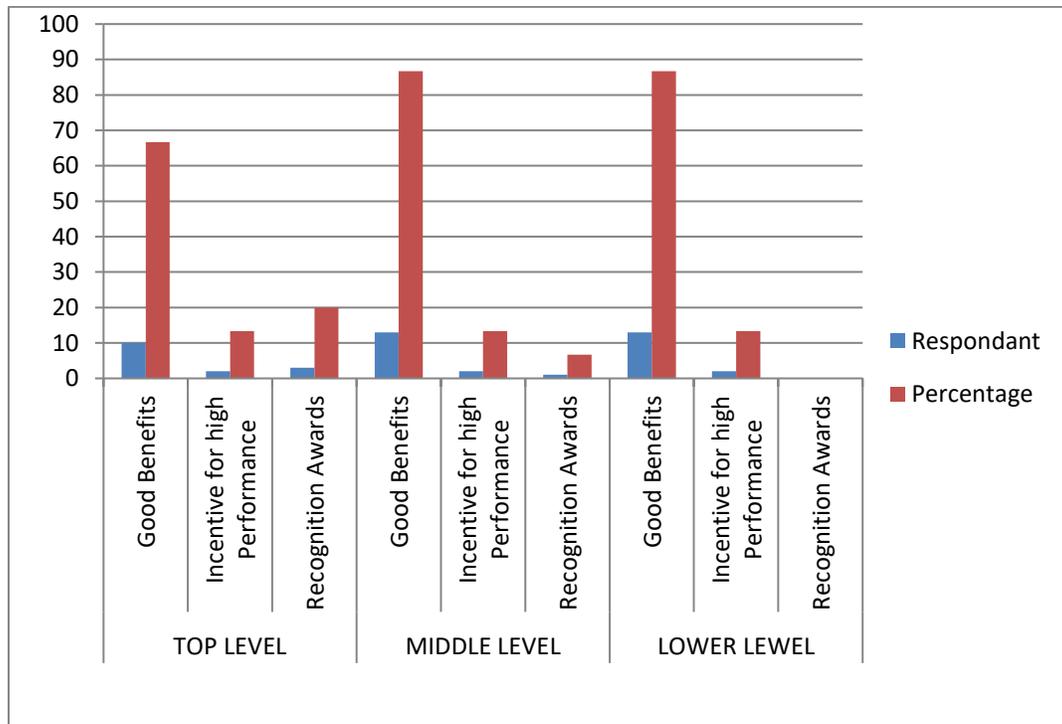
Figure-1-Model of Motivation

(Source:-This model taken from “The hand book of Employee reward management and practices” by Michael Armstrong)

Rewards provide recognition to people for employees achievement and contribution. If rewards are worthy and attainable and people know how they can attain them, they can act as motivators, Rewards can be either financial or non financial.

Table: 1 Motivation with respect to job in cement industry.

Sr. No.	TOP LEVEL			MIDDLE LEVEL			LOWER LEVEL		
	Good Benefits	Incentive for high Performance	Recognition Awards	Good Benefits	Incentive for high Performance	Recognition Awards	Good Benefits	Incentive for high Performance	Recognition Awards
Respondent	10	2	3	13	2	1	13	2	0
Percentage	66.67	13.33	20.00	86.67	13.33	6.67	86.67	13.33	0.00

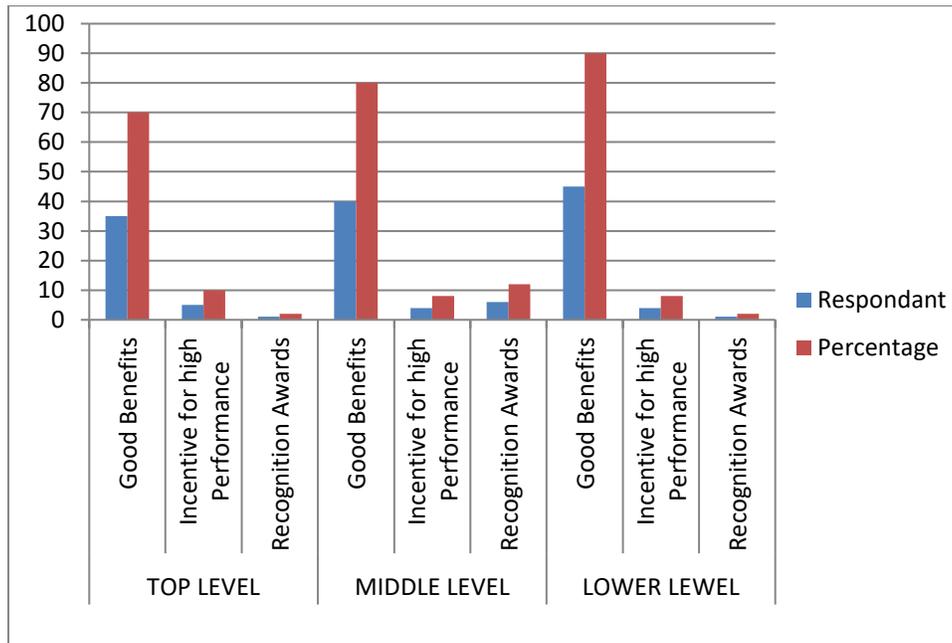


Graph:-1-Motivation with respect to job in Cement industry

To analyze the motivation factor, the data has been collected from two cement companies around 30 respondents has given their reply. The data collected from Top Level Management, Middle Level Management and Lower Level Management. The 15 respondents from each level have given their opinion that reward management is important role in motivation. The 87% employee in the lower level and middle level management are motivated with good benefits and 13 % employees are motivated with incentives for high performance and 6% employee are motivated with recognition awards. The 67% respondents in Top level management satisfied with Good Benefits, 13% respondents were satisfied with incentives for high performer and 20 % respondent satisfied with Recognition awards. Although all the factors like Good benefits, Incentives for high performance and Recognitions is a part of reward system.

Table-2-Motivation with respect to job in Steel industry

Sr. No.	TOP LEVEL			MIDDLE LEVEL			LOWER LEVEL		
	Good Benefits	Incentive for high Performance	Recognition Awards	Good Benefits	Incentive for high Performance	Recognition Awards	Good Benefits	Incentive for high Performance	Recognition Awards
Respondent	35	5	10	40	4	6	45	4	1
Percentage	70.00	10.00	20.00	80.00	8.00	12.00	90.00	8.00	2.00



Graph-2:-Motivation with respect to job in steel industry

To analyze the motivation factor, the data has been collected from two cement companies around 50 respondents has given their reply. The data collected from Top Level Management, Middle Level Management and Lower Level Management. The 15 respondents from each level have given their opinion that reward management is important role in motivation. The 70% respondent in the Top Level Management is motivated with good benefits and 10 % respondents are

motivated with incentives for high performance and 20% respondents are motivated with recognition awards. The 80% respondents in Middle Level Management satisfied with Good Benefits, 8% respondents were satisfied with incentives for high performer and 12 % respondent satisfied with Recognition Awards. The 90% respondents in Lower Level Management satisfied with Good Benefits, 8% respondents were satisfied with incentives for high performer and 2 % respondent satisfied with Recognition Awards. Although all the factors like Good benefits, Incentives for high performance and Recognitions is a part of reward system. Hence reward system played very important role in satisfaction of employees which leads to motivation.

Components of Reward system

A reward system consists of financial rewards (fixed and variable pay) and employee benefits, which together comprises total remuneration. The system also incorporates non-financial rewards (recognition, praise, achievement, responsibility and personal growth) and, in many cases, performance management processes.

The main components of the system are:

Basic Pay

Base (or basic) pay is the level of pay (the fixed salary or wages) that constitutes the rate for the job. It may provide the platform for determining additional payments related to performance, competence or skill. It may also govern pension entitlement and life insurance. The basic level of pay for jobs reflects both internal and external relativities. The internal relativities may be measured by some form of job evaluation which places jobs in a hierarchy (although the trend now is to play down the notion of hierarchy in the new process-based organization). External relativities are assessed by tracking market rate. Alternatively, level of pay may be agreed through negotiation: collective bargaining with trade union or reaching individual agreements. The base rate for the job is sometimes regarded as the rate for a component or skilled person in that job. Such a rate may be varied in a skill-based or competence-based system according to the individual's skill or competencies.

Levels of pay may be based on long-standing structures whose origins are shrouded in the mists of time and which have been updated in response to movements in the market rates and inflation, through negotiations. In many organizations pay levels evolve-they are not planned or

maintained systematically. Rates are fixed by managerial judgment of what is required to recruit and retain people. They may be adjusted in response to individuals or collective pressure for increases or upgrading. This evolutionary and ad hoc process can result in a chaotic and illogical pay structure which is inequitable, leads to inconsistent and unfair decisions and is difficult to understand, expensive to maintain and the cause of dissatisfaction and demotivation.

Base pay may be expressed as an annual, weekly or hourly rate and it may be adjusted to reflect increases in the cost of living or market rates by the organization unilaterally or by agreement with a trade union. Performance skill –based or competence-related pay increases may be added to, or ‘consolidated’ into, the basic rate. Similarly, consolidated increase may be based on time in the grade. This is a fixed incremental pay system; often associated with a pay spine. But some companies pay non-consolidated performance-related cash bonuses. Pay spines: Pay spines consist of a series of incremental points extending from the lowest to the highest-paid covered by the structure. A pay spine increment may be standardized, say, 3 percent from top to bottom of the spine, or the increments may be wider at higher levels. Pay scales or ranges for different jobs grades may then be superimposed on the pay scales. If performance-related pay is introduced, individuals can be given accelerated increments.

Contingency Pay

Additional Financial rewards may be provided that are related to performance, competence, contribution, skill or experience. These are referred to as ‘Contingency Pay’. Contingency payments may be added to base pay, i.e. ‘consolidated’. If such payments are not consolidated (i.e. paid as cash bonuses) they are described as ‘variable pay’.

Employee benefits

Employee benefits include pensions, sick pay, insurance cover, company cars and a number of other perks like Free or subsidized lunch, Medical facilities to the employees and his family, Paid Holidays/Vacation to the employee and his family, Retiral Benefits like PF and Gratuity, Employee Insurance, Maternity leave, Child care centers, Educational Allowances for Employees Children, Company Accommodation, Company Transportation Facilities, Cafeteria and Rest Rooms, Study leave, Company sponsored Study, Club Membership, Recreational Facilities, Credit Cards, Business and Professional Membership, Tax Assistance, Other Assistance, Interest Free loans

Allowances

Allowances are paid in addition to basic pay for special circumstances (e.g. living in London) or features of employment (e.g. Working unsocial hours) .They may be determine unilaterally by the organization but they are often the subject of negotiation .The main types of allowances are locations allowances, overtime payments shift payments, working conditions allowances and stand-by or call-out allowances made to those who have to be available to come in to work when required.

Total Earning

Total earning (financial rewards) consist of the values of all cash payments (base pay, contingency pay and allowances, i.e. total earnings)

Total remuneration

Total remuneration consists of the financial rewards represented by total earnings plus the values of the benefits received by employees.

Job Evaluation

Job evaluation is a systematic process for defining the relative worth or size of jobs within an organization in order to establish internal relativities and provide the basis for designing an equitable grade structure, grading jobs in the structure and managing relativities. It does not determine the level of pay directly. Job evaluation can be analytical or non analytical .It is based on the analysis of jobs or roles, which leads to the production of jobs description or role profiles.

Market Rate Analysis

Market rate analysis is the process of identifying the rates of pay in the labour market for comparable jobs to inform decision on levels of pay within the organization and on pay structure. A policy decision may be made on how internal rates of pay should compare with external rates- an organization's market stance. For the market rate analysis data collected from different manufacturing industries of vidarbha region to study the reward system

Performance Management

Performance management processes define individual performance and contribution expectation, assess performance against those expectations, and provide for regular constructive feedback, and result in agreed plans for performance improvement, learning and personal development.

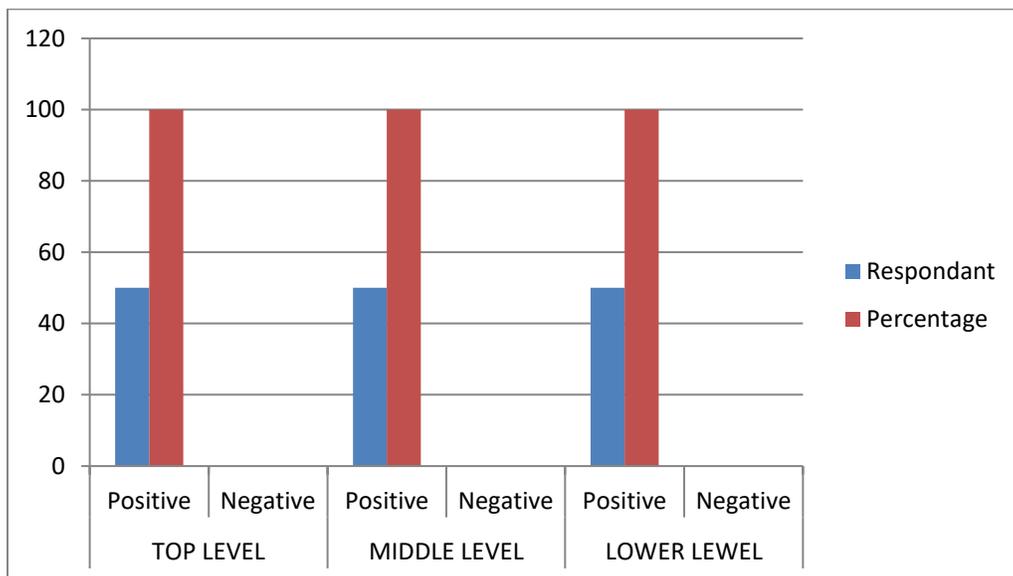
They are a means of providing non-financial motivation and may also inform contingent pay decisions.

Impact of employee reward on performance in steel industry.

The performance of employee is also depends upon what reward people achieved in job. Hence good reward systems have a positive impact on employee performance.

Table-3:-The impact of reward in reference to performance in steel industry

Sr. No.	TOP LEVEL		MIDDLE LEVEL		LOWER LEVEL	
	Positive	Negative	Positive	Negative	Positive	Negative
Respondent	50	0	50	0	50	0
Percentage	100	0	100	0	100	0



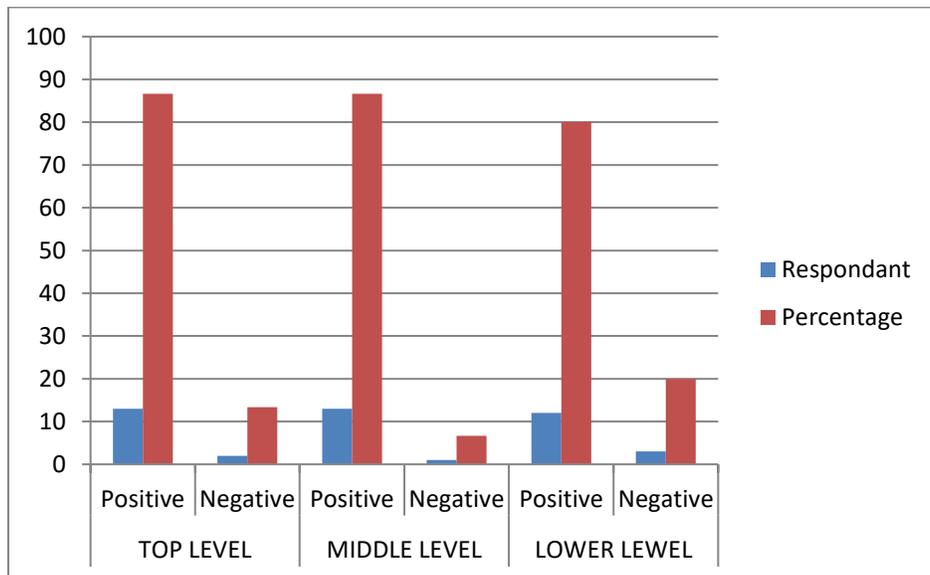
Graph-3: - Impact of employee reward on performance in steel industry

In all the levels of management from above table and graph, it is found those 100% respondents are in favor of positive impact of employee reward on performance. That means if the organization paid good rewards for the efforts what employee put for the organization should equitable.

Impact of employee reward on performance in Cement industry.

Table-4-The impact of reward in reference to performance in cement industry

Sr. No.	TOP LEVEL		MIDDLE LEVEL		LOWER LEVEL	
	Positive	Negative	Positive	Negative	Positive	Negative
Respondent	13	2	14	1	12	3
Percentage	86.67	13.33	93.33	6.67	80.00	20.00



Graph-4: - Impact of employee reward on performance in cement industry

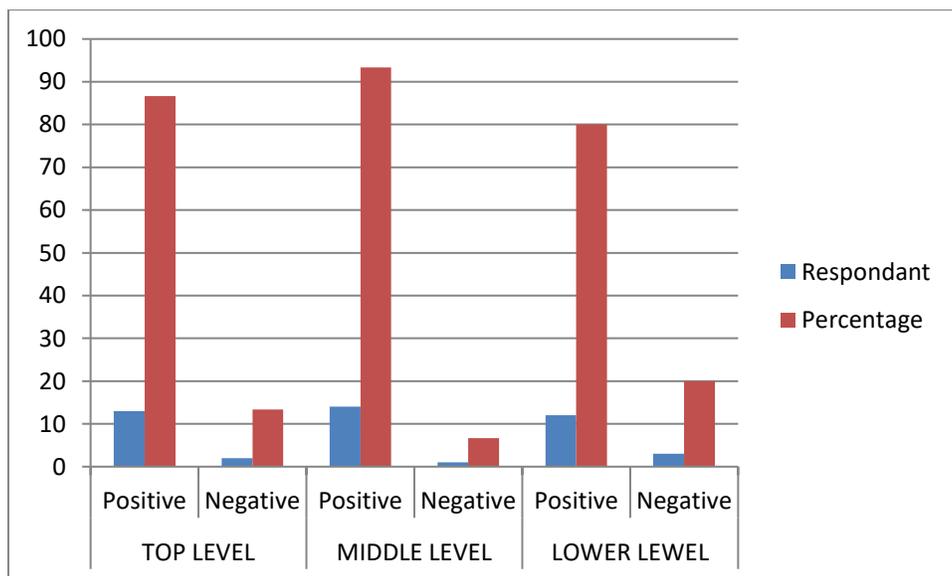
From the above graph and table ,In the Top Level Management 86% respondent are in favor of positive impact of employee reward on performance, 13 percent are against because there are also other factors that is not related to employee rewards but that contribute on employee performance.

Impact of employee rewards on productivity in cement industry

Employee reward is directly link with productivity of employee. When employee put their efforts for better performance which leads to productive output against assigned task, employee expect some motivational factor in the form of rewards may be financial or non financial.

Table-5-The impact of reward with respect to the productivity in cement industry.

Sr. No.	TOP LEVEL		MIDDLE LEVEL		LOWER LEWEL	
	Positive	Negative	Positive	Negative	Positive	Negative
Respondent	13	2	14	1	12	3
Percentage	86.67	13.33	93.33	6.67	80.00	20.00



Graph-5: - Impact of employee reward on productivity in cement industry

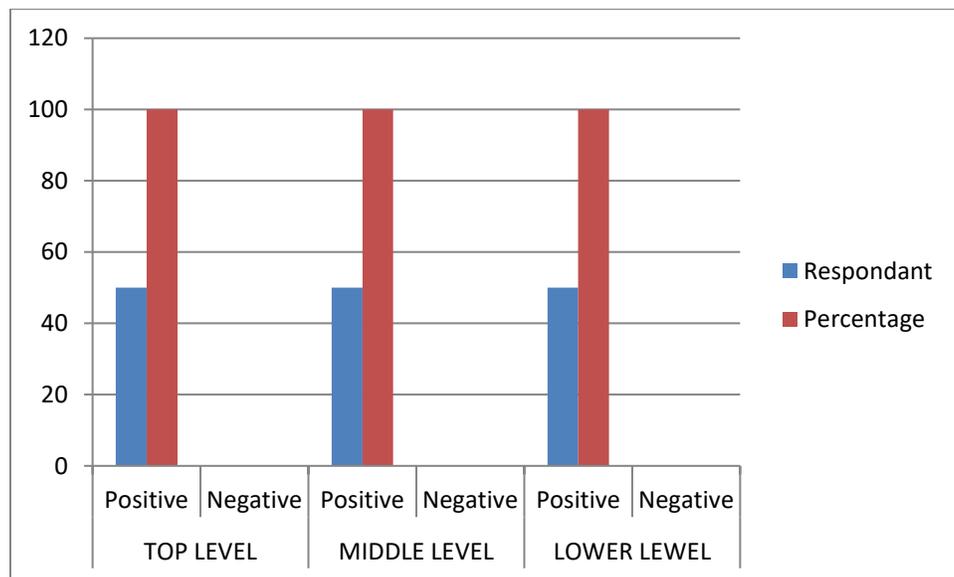
From the above table and graphs, it concludes that in all the levels of management, 100% respondent is in favor of positive impact of employee reward on productivity in cement industry.

Hence it can be considered that employee expect some motivation from management for extra efforts that they show to perform better in the form of rewards irrespective of extrinsic or intrinsic reward. Therefore organization should take care of employee rewards to stay in competitive market, to show unique performance and productivity.

Impact of employee rewards on productivity in steel industry

Table-6-The impact of reward with respect to the productivity in steel industry.

Sr. No.	TOP LEVEL		MIDDLE LEVEL		LOWER LEWEL	
	Positive	Negative	Positive	Negative	Positive	Negative
Respondent	50	0	50	0	50	0
Percentage	100	0	100	0	100	0



Graph-6: - Impact of employee reward on productivity in steel industry.

From the above graph and table, it is found that in all the levels of management ,100% respondent are agreed that there is positive impact of employee reward on productivity in steel industry.

Conclusion

The present research paper is “Employee Reward strategies in private sector manufacturing organizations of Vidarbha Region with reference to Steel and Cement Industry”. To study all the factors of reward system the data has been collected with designed questionnaire and opinion was taken from Top, Middle and Lower level Management employee of Cement and Steel industry in Vidarbha Region mainly from Chandrapur, Nagpur and Bhandara. On the basis of study conducted the following conclusions are drawn:

- The employee’s motivation depends upon the benefits what they are getting from the job. From the analysis it is being observed that they are motivated with good benefits. Some of the respondents are motivated by incentive for high performer and remaining respondents answered that they are motivated by recognition award. Above all the factors are related to reward system .Hence rewarding people for their job, services to organization is the motivation for the employee to do better in the job.
- It is being observed that 100% respondents are in the favor of rewarding the people in response to their performance on the job. The impact of reward is positive on performance with respect to the job. When the employee rewarded for his performance automatically they motivated to show his quality work. And it is the human tendency that if you are getting some thing more for services you are provided to the organization and it is rewarded, definitely the person show his keen interest to perform his task with responsibility and effectively with maximum output.
- It is being hypothetically proved that there is positive impact of reward with respect to productivity of employee. If the employees are rewarded for the productivity, obviously they are motivated to do perform their duty effectively with minimum error and maximum output .They feel good to work for the organization and if every thing goes well and employee satisfaction is on top, productivity goes up that results in profitability of organization.
- It is observed that reward system implemented effectively in large scale organization only. In the small scale industries there is no importance given for rewarding people for their efforts, performance.

- The retiral benefits like PF and gratuity is commonly provided in every organization. But other benefits, perks, allowances, reimbursement are not commonly paid in small scale industries.
- Luxurious facilities like car, car allowances, mobile phones, credit card facility, and club membership are provided to the Top level and Middle level management personnel.
- During personal interaction with various employees of the industries from top level, middle level and lower level, it was observed that the performance related payment is very uncommon in Vidarbha region manufacturing industries. They were not rewarded to employees on the basis of performance.
- For rewarding the employee, employer is more focused on Top and Middle Level Management rather than Lower Level Management.
- It was observed that no organization in the Vidarbha region provide study leave to their employee.

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Review of Related Literature

This chapter deals with the reference of earlier research work, related to the reward management system. The material is collected from articles written by various author, from company HR manual and relevant books related to the researcher’s topic.

1. Reward Management (www.egyankosh.co.in)

One of the important attributes of work organization is its ability to give rewards to their members. Pay, promotions, fringe benefits, and status symbols are perhaps the most important rewards. Because these rewards are important, the ways they are distributed have a profound effect on the quality of work life as well as on the effectiveness of organizations.

Organizations typically rely on reward systems to do four things:

- 1) Motivate employees to perform effectively,
- 2) motivate employees to join the organization,
- 3) Motivate employees to come to work, and
- 4) Motivate individuals by indicating their position in the organization structure.

Most organizations use different types of rewards. Examples of recognition and rewards include money, plaques, trophies, certificates or citations, public recognition, official perquisites, special assignments, parties or celebrations or other meaningful considerations. The most common are wages or salary, incentive systems, benefits and perquisites, and awards. For majority of people, the most important reward for work is the pay they receive. For one thing, an effectively planned and administered pay system can improve motivation and performance. Money may not actually motivate people. Surprisingly, there is no clear evidence that increased earnings will necessarily lead to higher performance. A great deal of research has been done on what determines whether an individual will be satisfied with the rewards he or she receives from a situation. The following five conclusions can be reached about what determines satisfaction with rewards:

- 1) Satisfaction with reward is a function of both how much is received and how much the individual feels should be received. When individuals receive less than they feel they should receive, they are dissatisfied. When they receive more than they feel they should, they tend to feel guilty and uncomfortable.
- 2) People's feelings of satisfaction are influenced by comparisons with what happens to others. These comparisons are made both inside and outside the organizations they work in, and are usually made with similar people. Individuals tend to rate their inputs higher than others.
- 3) In addition to obvious extrinsic rewards individuals receive (e.g., pay, promotion, status symbols), they also may experience internal feelings that are rewarding to them. These include feelings of competence, achievement, personal growth, and self-esteem. The overall job satisfaction of most people is determined both by how they feel about their intrinsic rewards and how they feel about their extrinsic rewards.

4) People differ widely in the rewards they desire and how much important the different rewards are to them. One group feels money is the most important, while another group feels interesting work and job content is. Both groups, of course, are able to find examples to support their point of view.

5) Many extrinsic rewards are important and satisfying only because they lead to other rewards, or because of their symbolic value.

An effective reward system should link reward to performance. Workers who work hard and produce more or give better quality results should receive greater rewards than poor performers. Also, criteria for receiving rewards should be clear and employees should know whether they are going to receive rewards for quality performance, innovation, effort or attendance. Management must ensure that workers perceive distribution of rewards as equitable. Furthermore, for organizations to attract, motivate and retain qualified and competent employees, they must offer rewards comparable to their competitors.

2. “Compensation Management “

Author:-**K P Kanchana**, Faculty-OB/HR, **ICFAI National College**, Bhopal

Compensation Management is an integral part of the management of the organization. Compensation Management contributes to the overall success of the organization in several ways. To be effective, the managers must appreciate the value of competitive pay, their human resources, and have an investment view of payroll costs. They should maintain pay levels that attract and retain quality employees while recognizing the need to manage payroll costs. Pay is a difficult topic of conversation in most organizations.

In fact, the topic is altogether taboo in many workplaces. It simply isn't discussed unless absolutely necessary. And, when it is necessary, such as when a pay raise (or lack of one) must be explained to an employee, many managers find themselves at a loss for words. As the dreaded date of such a discussion approaches, managers may begin checking their sick time banks to see if they can disappear for a day or two. While it may be a touchy subject, pay is a critical factor in the work lives of employees. Jobs are accepted or rejected based in part on starting salary and the opportunity for future increases in pay. Employees compare their pay to that of others in the same line of work. They constantly compare their pay level to their level of contribution, trying to determine whether the ratio of give and receive is a fair one. While it may not be a frequent topic of open discussion, employees think about pay often. We can say that compensation is a hot potato for the Human Resource Department. The motivation level of the employees to great

extent lies in monetary rewards. If paid well can generate results for the organization, failed can create problems. The major challenges what managers' face today is retention of the man power and the major cause of it is that they are paid better in the other organizations.

A satisfied employee is a productive employee and care should be taken that they are fairly paid for their worth in the organization.

3. “Top Management Compensation and Firm Performance in the Emerging Markets: Evidence from India”

Author: - Manju Jaiswall Visiting Assistant Professor, IIM Calcutta, Diamond Harbour Road, Joka P.O.Kolkata 700104 India **And Michael Firth** Chair Professor of Finance, Lignan University, Hong Kong

The Indian corporate sector has witnessed changes with far reaching implications in the area of executive remuneration, following the reforms process in various areas initiated by the Indian government in 1991. The Indian companies Act, 1956 had detail regulations on managerial remuneration ceilings prior to 1991 reforms. Remuneration guidelines were relaxed in 1993 and again in 1994, and today there are few restrictions on top management remuneration, in India.

Top management pay has been the subject of debate for quite sometime with the central issue remaining its determination. Literature ranging from the neoclassical, managerial and agency theories have been covered to identify the important determinants for top management pay in India and to empirically validate, whether they indeed explain top management pay variance significantly. Besides firm performance, ownership structure and firm risk (measured as beta), it is the presence of remuneration committee in the firm, which is a significant determinant for the firm's top management pay. Though corporate governance compliance is relatively a recent phenomenon in India, the questionnaire-based survey done on the influence of remuneration committee on top management pay determination process, suggests that remuneration committee has a positive role to play. Though the survey was not representative enough (due to low response rate), the results of the same strengthen the significant positive association suggested between the remuneration committee dummy variable and firm's top management pay as per the OLS regression model. However, the positive relationship might be a simple 'ratcheting' effect for the firm's top management pay to be comparable as per industry standards. Independence of the board subcommittee in top management pay determination, for the sample at large is also debatable. Firm risk is another important determinant for top management pay particularly for

family firms, with a risk return trade off desired to manage agency costs while setting top management pay. The results do not provide significant support for all large and old firms in the sample paying their top management higher, which may be context driven with majority family businesses in the sample.

However, the factors chosen are not conclusive but only illustrative of the complexities involved in determining top management pay in an organization. Corporate pay consultants themselves admit that in reality, the process is more intuitive than methodical. Majority of the pay packages are determined not only by considering the variables outlined above. A host of factors like corporate strategies and competitors policies play an important role in tune with the overall vision of the firm for the future.

Literature broadly argues that family firms have lower agency problems of separation of ownership from control and have lesser reliance on formal control systems, as compared to nonfamily organizations primarily due to concentrated shareholding interests. However, family firms in India have relatively lower dominant shareholding interests²⁷. In the 25-50% shareholding category for the pooled sample ²⁸, 82% of the sample firms belong to the family firm category, which indicates that owner managers on an average have lesser ownership stake (with the attendant agency cost problems of diversified shareholding²⁹). This situation necessitates transparency in pay setting policies by relating top management pay to firm performance (by way of incentive pay), which would reduce the agency conflicts (due to convergence of principal-agent interests) to a certain extent. Remuneration committees may play an important role by providing the required incentives to clearly relate pay and performance while determining top management pay packages. This provides the necessary groundwork for examining the relationship between top management pay and firm performance as to the direction of causality.

Data Interpretation and Analysis

The data collected from primary as well as secondary sources. For collection of primary data a predesigned questionnaire was canvassed to the selected sample respondents consisting of 150 employees of steel industries and 45 employees of Cement Industries situated in Vidarbha Region. The questionnaire is focus on the Reward Management system in private sector organization in Vidarbha Region. The data is collected from three level of management Top

Level, Middle Level and Bottom Level and 5 sample from each level has been collected likewise 15 sample from each company is collected. The opinion of the employees on the basis of data collected has been taken and percentage is drawn. How many employees are in favors of employee rewards (positive opinion) and against of reward (negative opinion).Likewise percentage is drawn for every factor. And also opinion was taken by direct interview with the employees regarding what facility they are getting for the job whether satisfied or not. On the basis of this data conclusion is drawn.