

Employee Promotion System in Organizations: A Comparative Study of Public and Private Sector of North India

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ABSTRACT

The present study has been based on primary data collected from 100 employees of Public and Private organizations established in North India. A self-structured questionnaire was utilized for the purpose of data collection. The data was analyzed using the statistical technique independent sample 't' test through SPSS version 18. Reliability of the data so collected was checked by using Cronbach's Alpha Reliability Co-efficient. The findings were tested at 0.05 percent level of significance for obtaining significant difference between promotion system in public and private organizations of north India. In the finding of the study, it has been found that there is significant difference in promotion system in public and private organizations of north India.

1. Introduction

In simpler terms, promotion refers to upward movement in present job leading to greater responsibilities, higher status and better salary. Promotion may be temporary or permanent depending upon the organizational requirement. Promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status.

In the corporate sector employee promotions doesn't make much difference as that of in government sector. In the government sector, the word promotion is the ultimate desire for an employee for the service rendered by him in the organization and this is the only way for an employee career development in the government sector. Promotion is the ultimate motivating factor for any employee because employee moves forward in hierarchy of concern organization added with additional responsibility, higher respect, honour, with increase in grade pay and allowances.

Formal promotion system to a higher grade which is obtained through pay progression system in finding cost of living. Normally promotion system is based on individual performance, market rates, competency and organizational performance. Some organizations used experience as basis for promotion. However, organizations are now using performance based promotion to progress their employees for higher grades in public sector and private sectors. Some US organizations used merit based promotion system for top performing employees (CIPD, 2006). An employee will be motivated when he believes that organization had a good promotion system which satisfies personal goals. Employees were motivated by

finding out the ways that how much they are motivated from promotion system and how many employees in similar organizations have been motivated through promotion system (Victor & Vroom, 1969).

2. Literature Review

In a study on promotion and motivation carried out in Nigeria, it was found that employees were motivated through opportunity for promotion and development was seen among employees (Oloko, 1972). In a study on effect of promotion on employees' performance with performance based promotion system, lack of cooperation among employees competing for equal position was observed and performance was affected negatively due to performance based promotion system (Lawler, 1973). The current performance of employees found uplifted with a well developed performance appraisal, reward and bonus system. Reward programs persuaded performance in a positive way as expected by the employer. Performance ratings can be used to identify training needs, management problems, promotions, job rotation and dismissals in organizations (Bretz, Milkovich & Read, 1992). In a study on performance, employees were found under pressure for obtaining a high performance standard due to other aspects than pay, brought attention for organization and inspiration for employees. Supervisor's personal approval for promotions was found as an important source of performance pressure in the employees (Raven, 1992). In a study on promotion and performance, it was found that more than fifty percent of employees believed that some employees do most of the work in the organization while other employees work less than above employees. Most of the employee believed that job

performance was an important factor in promotion and said that best employees reached on top position of organization. Top level managers made decisions regarding pay, rewards and promotions based on employees' performance. However, it was found that these decisions were perceived fair for friends only (Joinson, 1996). In a study on teachers in Newzealand, wherein a system of individual employee performance based pay was followed found that teachers progress on performance was on salary scale base, experience and formal qualification. Most of the teachers performed their jobs on performance based criteria and it was found that teachers' salaries would not be limited, and they will receive automatic promotion if sufficient salary budget was available (Waterreus, 2001). The annual confidential report (ACR) for deciding internal and seniority based promotion for their employees was still practiced in African countries, public sector than private sector and which was based on employees' performance (McCourt & Wong, 2003). Good compensation was found as one of the policies, adopted by organization for increasing their workers performance over years for enhancing organizations productivity. Performance on job found assessed at all levels of employees keeping in view decision made relating to promotion, job rotation and job enrichment etc. (Ajilla & Abiola, 2004). Exclusively financial reward was found as a source of performance pressure among employees for high performance. Promotions was found important source of performance anxiety among employees and fear of job loss increased performance pressure. Future research should look sources of performance pressure in place of work (Eisenberger & Justin, 2008). Money was perceived as a good motivator in United States and Malaysia among employees and it was observed that promotion has higher priority among employees continuously over years (Islam & Ismail, 2008). Promotion should be given by organizations performance and productivity based rather than seniority based. Promotion should not be unfair by any sort of partiality and fairness should be applied for all employees except in exceptional cases for better results within organization (Khalid, 2011). In a study at Kedah for finding relationship between transparency, fairness, controllability and reward, employees' performance found essential one. Most of rewards received by employees for performance were monthly monetary reward, followed by recognition and promotion (Zakaria *et al.* 2011). In a study on reward and productivity, it was found that another way through which organizations used reward systems to increase output was by personalizing reward. Reward system was set up in general and employees did not value these reward system. However, the organizations

used rewards to improve employee performance through promotion of employees with good record of performance on the feedback made by their Managers (Njanja1 *et al.* 2013).

3. Research Methodology

The study has been conducted at individual level rather at corporate level as the promotion is always concerned with individual employee. Promotion system have been measured by the feedback from the employees through the self structured questionnaire. The employees were asked to give their opinion for each statement on five point Likert scale i.e strongly agree =5, agree =4, can't say =3, disagree =2 and strongly disagree=1. The data was analyzed using the statistical technique independent sample 't' test through SPSS version 18. The results were interpreted by finding the mean scores of two independent samples viz , public and private organizations.

Objectives of the study:

The following are the objectives of this study:

- (a) To compare promotion system in public and private organizations of North India.
- (b) To suggest some useful strategies for improvement of promotion system in public and private Organizations of North India.

Hypothesis: Based on the above objectives, the present study seeks to test the following hypothesis:

H01: There is no significant difference in promotion system in public and private organizations North India

Data Collection: Primary data has been collected for the study and for collection of data, a well self structured Questionnaire was developed and used. For collection of secondary data, published papers, journals, periodicals and internet were used.

Sample Size: Sample size for the study was taken as 100 employees from two organizations each from public and private sector of North India namely Jindal Industries Limited, Hisar and Steel Authority of India, Limited, New Delhi and 50 employees were selected from each organization. Questionnaires were distributed to all 100 employees personally by the researcher. Out of 100 questionnaires, 78 (private organization—40 and public organization-38) questionnaires were received back duly completed. Thus, the response rate of the employees was 78%.

Reliability: The reliability and validity of the data has been checked by using Cronbach's Alpha Reliability Coefficients, for the sample as given in table 1 below:

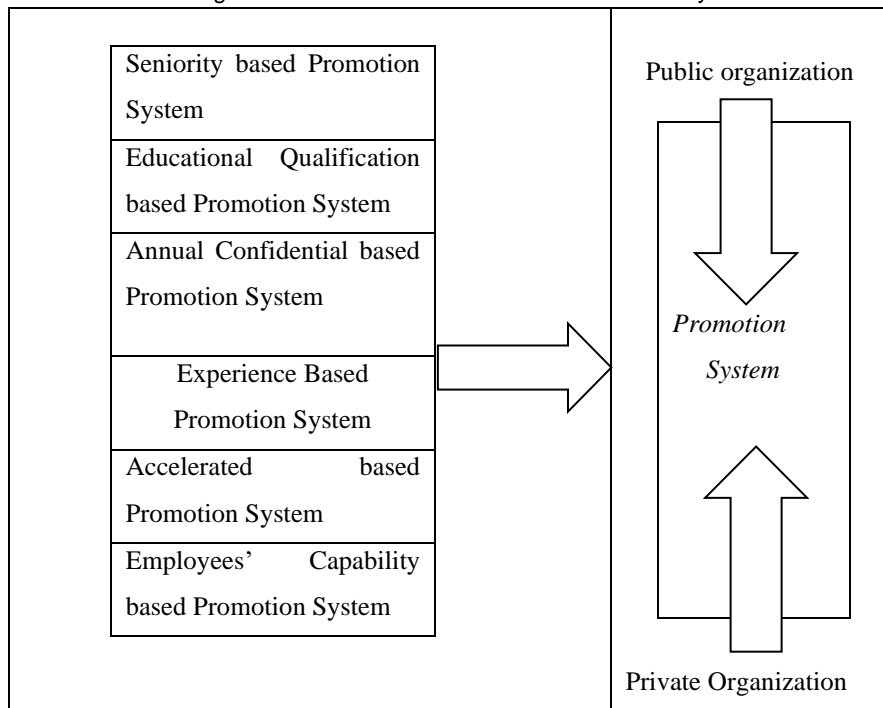
Table 1: Cronbach's Alpha Reliability Coefficients

Items	Cronbach's Alfa (r)
Promotion System	0.73

Data Analysis: For comparing promotion system in public and private organizations of North India, Independent t- test has been used through SPSS in 18 version to test the hypothesis.

Framework: The framework of the study is given in Figure 1.

Figure 1: Research Framework for Promotion System



Source: Developed by Researcher

4. Results and Discussion

This section describes the difference in promotion system in public and private organizations of North India on the basis of interpretation of results. The independent sample t-test has been applied to identify the significance difference in promotion

system in public and private organizations of North India. The opinion of employees are divided into two independent samples, such as employees' opinion in public organizations and employees' opinion in private organizations of North India. The results of independent t-test are shown in table 2.

Table 2: Comparative Analysis of Promotion System in Public and Private Organizations

Compo-nent	Basis of Promotion System	Type of Org.	N	Mean	Std. Deviation	't' Value	Sig. (2-tailed)	Stat. Sign. (Yes/No)	Accepted/ Not accepted
PROMOTION SYSTEM	Educational qualification (PNR1)	Public	40	3.99	0.822	1.329	0.017**	Yes	Not Accepted
		Private	38	4.02	0.948				
	Seniority (PNR2)	Public	40	3.97	0.712	2.202	0.027**	Yes	Not Accepted
		Private	38	4.04	0.649				
	Annual Confidential Reports (PNR3)	Public	40	3.99	0.643	1.245	0.007**	Yes	Not Accepted
		Private	38	3.82	0.846				
	Past performance (PNR4)	Public	40	3.95	0.799	1.128	0.789	No	Accepted
		Private	38	3.97	0.802				
	Accelerated Based (PNR5)	Public	40	3.98	0.815	1.661	0.409	No	Accepted
		Private	38	3.94	0.797				
	Employees capability (PNR6)	Public	40	4.05	0.802	1.609	0.187	No	Accepted
		Private	38	4.07	0.814				

Source: Primary Data

**Significant at 0 .05 Level

Table 2 shows the comparative analysis of opinion of employees towards promotion system in public and private organizations. There is significant difference in mean score of public and private organizations regarding grant of promotion on educational qualification basis (M=3.99, SD=0.822 and M=4.02 SD=0.948; t (76) = 1.329), p=0.017). The probability value p, 0.017, is less than 0.05 percent level of significance, hence, we may conclude that there is significant difference between the two groups' means. The magnitude of difference in the means was large (eta squared =0.017).

There is significant difference in mean score of public and private organizations regarding grant of promotion on seniority basis (M=3.97, SD=0.712 and M=4.04, SD=0.649; t (76) = 2.202, p=0.027). The probability value p, 0.027, is less than 0.05 percent level of significance, hence, we may conclude that there is significant difference between the two groups' mean. The magnitude of difference in the means was large (eta squared =0.019).

There is significant difference in mean score of public and private organizations regarding grant of promotion on annual confidential reports basis (M=3.99, SD=0.643 and M=3.82, SD=0.846; t (76) = 1.245), p=0.007). The probability value p, 0.007, is less than 0.05 percent level of significance, hence, we may conclude that there is significant difference between the two groups' mean. The magnitude of difference in the means was large (eta squared =0.018).

There is no significant difference in mean score of public and private organizations regarding grant of promotion on past performance basis (M=3.95, SD=0.799 and M=3.97, SD=0.802; t= (75.307) = 1.128, p=0.789). The probability value p, 0.789, is not less than 0.05 percent level of significance, hence, we may conclude that there is no significant difference

between the two groups' mean. The magnitude of difference in the means was small (eta squared =0.00007).

There is no significant difference in mean score of public and private organizations regarding grant of promotion on accelerated basis (M=3.98, SD=0.815 and M=3.94, SD=0.797; t (75.207) = 1.661), p=0.409). The probability value p, 0.409, is not less than 0.05 percent level of significance, hence, we may conclude that there is no significant difference between the two groups' mean. The magnitude of difference in the means was small (eta squared =0.00009).

There is no significant difference in mean score of public and private organizations regarding grant of promotion on employee capability basis (M=4.05, SD=0.802 and M=4.07, SD=0.814; t (75.309) = 1.609, p=0.187). The probability value p, 0.187, is not less than 0.05 percent level of significance, hence, we may conclude that there is no significant difference between the two groups' mean. The magnitude of difference in the means was small (eta squared =0.0009).

On the basis of above table, it is concluded that there is significant difference among Educational qualification based promotion system, Seniority based promotion system and Annual confidential reports based promotion system in public and private organizations. On the other hand there is no significant difference in Past performance based promotion system, Accelerated based promotion system and Employees' capability based promotion system in public and private organizations. Hence, it may be concluded that there is difference in promotion system in public and private organizations.

Hence, **Null Hypotheses (H01): "There is no significant difference in promotion system in public and private organizations"** is accepted partially .

Table 3: Summary of results after Hypothesis Testing

Hypothesis		Results
Ho1	<i>There is no significant difference in promotion system in public and private organizations of North India.</i>	Accepted Partially

5. Conclusion

It is evident from the analysis that there is no significant difference between the mean value regarding past performance based promotion, Accelerated based promotion system and employees' capability based promotion system in public and private organizations.

The significant difference has been noted in Educational qualification based promotion system, seniority based promotion system and past performance based promotion system in public and private organizations. Hence, it can be concluded that, there is variation in promotion system for

employees working in Public and private organizations of North India.

The reason for above mentioned variation may be on the grounds that promotion policies prevailing in public organizations are set as per Govt. instructions such as sanction of post, however in the private organizations promotion policies are set up as per their norms as well as according to marketing conditions and as per labor market rates. In private organizations, promotion policies are based on availability of budget, employees' performance and market growth etc.

6. Limitations

The present study has its own limitations with regard to study area, data availability, time constraints, availability of respondents, organizational policies and other resources faced by the researcher. So the study is limited to public and private organizations of selected sectors in North India.

7. Suggestions

Promotion policies are important part of the organizations and need to be redefined from time for obtaining goals. The

promotion system must also fit in with the culture and values that the organization wishes to develop as well as to meet the need of the employees. Well defined promotion system may be set up in the organizations leading to organization goals. It is more important to develop such a promotion system which has more emphasis on extrinsic reward as well as intrinsic rewards for meeting needs of employees from promotion point of view. The subordinate staff including ground floor workforce may be given chance to participate in decision making process relating to promotion policies for obtaining the better results. Promotion policies may be decided by Public and Private Organizations after consultation with employee unions to reduce differences in structures of promotion among employees.

8. Scope of further research:

- (i) The study can be extended in whole India as this study is limited to North India only.
- (ii) Industry wise study can be carried out in whole India for further research.

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