



A study on understanding the adverse consequences on an employee's performance due to withdrawal in transportation facility

KEYWORDS

Car pool, Cost reduction, Employee satisfaction, Employee benefits, Employee performance, Monetary compensation, Non Monetary compensation, Stress, Quality of work life, Transport facility, Work life balance

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ABSTRACT

Increasing competition from various nations like Indonesia and Philippines has forced many Indian MNCs to reduce the benefits to their employees as a part of their cost cutting strategy. One such move is withdrawal of a basic or hygiene factor like transport facility. This has led to various adverse consequences on the performance of their employees like reduced motivation level, disturbed work life balance and their quality of work life. Many employees encountered increase in distress, a negative stress and even faced a situation of facing disciplinary actions due to frequently getting delayed in reporting to their work. Due to this they have encountered a negative impact on their career advancement, incentives, and salary hike and job security. Many employees found it impossible to relocate their residence to close proximity of their work place in spite of facing huge trouble due to unreliable and unsafe public transport. Many employees preferred to have a car pool facility over individual or personal vehicle or even public transport.

This study was carried out on few employees of certain select corporate houses in Hyderabad, India, whose transport facility (pick up and drop facility) was removed and the negative impact which it had on the productivity of employees and its adverse effect on the motivation and morale of these employees as a consequence due to reduction of shuttle and home drop facilities especially during day shifts, as a part of their cost cutting strategies.

Introduction:

This study was carried out on few employees of certain select corporate houses such as GE, Google, Bank of America, Cognizant technologies etc, whose transport facility (pick up and drop facility) was removed and the negative impact which it had on the productivity of employees and its adverse effect on the motivation and morale of these employees as a consequence due to reduction of shuttle and home drop facilities especially during day shifts, as a part of their cost cutting strategies.

Due excessive competition from other low cost regions like Indonesia, Philippines, etc, many Indian MNC's especially BPO's, IT/ITES, organizations are facing excessive heat to cut short non monetary employee benefits. One such non monetary benefit is free pickup and drop transport facility. It has to be noted that since few months many corporate houses in India have started reducing many fringe benefits, non monetary compensation to their employees as a part of their cost cutting strategy so as to become more competitive and productive. However, it had certain unanticipated negative impact on employee's health and acted unfavorably towards their personal and professional life. Added to that, the TA (transport allowance) of employees has not been increased. The undeniable fact that the traffic in many metropolitan areas in India is very heavy during peak rush hours; it is also bundled with poor public transport if the employee prefers to travel by state transport vehicles or metro or local trains.

Literature review:

It has revealed that employees valued certain specific welfare programs over the others (Kumara and Gamage, 2014). There is a staff rostering (transportation) problem in call centers with the goal of balancing operational cost, agent satisfaction and customer service objectives. In metropolitan cities such as Istanbul and Mumbai, call centers provide the transportation of their staff so that shuttle costs constitute a significant part of the operational costs. Considering transportation costs as well as agent preferences in agent-shift assignments provides significant benefits in terms of both cost savings and employee satisfaction (Örmeci, E. LerzanSalman, & F. Sibel, Yücel, Eda, 2014).

A company's competitive advantages rely largely on the way human resources are managed and it further denotes about success or failure of the organization in future (Lawler, 2003). In the world now, skilled and motivated workforce is the most wanted element for the

employer and at the same time such type of motivated people also want to have a platform for their performances (Munsamy & Venter, 2009).

According to Roth (1989) financial benefits only does not fulfill the purpose of productive outcomes while serving as a tool by the organization. On the other side, Sweeney & McFarlin (2005) inferred that pay provided to employees is one of most effective and considerable reward. Armstrong (2007) takes monetary reward important as a source of primary needs provider. Financial incentives are incorporated mainly as a technique to attract and retain employees (Milkovich & Newman, 1993). Ross & Zander (1957) also defended monetary rewards as an attractive source of needs achievement. In this context Agarwal (2010) discusses the importance of "money" as a strong element in the organization which is only employ for desired employee performance. Money or monetary incentives are of great value while non-monetary rewards lose their desirability after a certain period of time (Agarwal, 2010).

Motivation according to Herzberg's hygiene-motivation theory, performance can actually be boosted up through non-financial factors like achievement, recognition, personal growth, participation and interesting work. Non-Monetary Benefits the greatest advantage for employees are their psychological needs or non-financial incentives provided at their workplace (chiu, Luk & Tang, 2002). According to the words of Lawler (1969) monetary benefits influence employees' behavior shortly which non-monetary benefits are long-run inducement. Motivation, according to Manolopoulos (2008) is of extrinsic and intrinsic types and extrinsic type is provided through financial and intrinsic motivation is ensured through non-financial rewards. The organization neglecting the arrangement and implementation of non-monetary incentives may grapple with worst reactions from the employees. A list of non-monetary rewards given by Woodruffe (2006) includes praise, feeling of being trusted. Autonomy, advancement, work conditions, employer commitment, feeling of serving to a reliable organization and civilized treatment. Rynes, Gerhart & Minette (2004) found that majority of workers do not take money as motivator for themselves.

Research Methodology:

This study was carried out on day shift employees of select corporate houses such as GE, Google, Bank of America, Cognizant technologies etc, who have recently lost their transport facility which was being provided by their employer. The fact of the matter is transport facility

is a hygiene factor and may not be considered as a motivator, if we relate it to the two factor theory. It may discourage the employees, if it is not provided but it may not generally be considered as a motivator if it is provided as this is part of their basic compensation structure and comes to them by default.

Primary data was collected through a questionnaire and has a sample size of 100 respondents of different designations and levels in certain select organization in Hyderabad, India.

Effects on Employee productivity, morale and motivation level after withdrawal of transport facility:

1. Distance of the employees' residence and work place:

Distance in kilometers (Kms)	Less than 5 Kms	6 Kms to 10 Kms	11 to 20 Kms	Above 20 Kms
Number of Respondents	8	28	46	18

2. Do you now use public transport (including Uber or Ola cabs) or a personal vehicle?

Mode of Transport	Public Transport	Personal Vehicle	Other modes
Number of Respondents	64	26	10

3. Increase in Negative Stress levels due to removal of transport facility by your company:

Increase in Negative Stress Levels	Yes	No
Number of Respondents	80	20

4. Adverse effects on time (travel time wastage by Public transport and traffic):

Adverse effects on time	Yes	No
Number of Respondents	72	28

5. Adverse effects on work life balance:

Adverse effects on work life balance	Yes	No
Number of Respondents	76	24

6. Effects on quality of work life:

Effects on quality of work life	Yes	No
Number of Respondents	64	36

7. Adverse impact on job performance:

Adverse impact on performance	Yes	No
Number of Respondents	70	30

8. Negative Effect on health:

Negative Effect on health	Yes	No
Number of Respondents	60	40

9. Frequently reporting late to office after removing transport facility:

Reporting late to office	Yes	No
Number of Respondents	56	44

10. To what extent do you agree or disagree with each of these following statements?

Statements/Parameters	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Don't know
Increase in Customer / Supervisor complaints due to frequent late coming	37	33	5	22	2	1
Faced disciplinary action due to frequently getting delayed to report on time to work	36	35	4	18	7	0
Unfavorable impact on career advancement and progress due to frequent late coming	25	46	5	19	5	2

Impacted the your compensation and incentive	22	49	4	20	4	3
Increase in expenditure towards personal transport	40	25	5	20	8	2
Encountered difficulty in using mode of public transport	32	35	10	12	10	1
Willingness to shift / relocate their residence very near to work place	10	10	30	20	20	10
Willingness to have car/ cab pool with colleagues	30	31	9	22	8	0
Interested in having the organization reducing their TA but arranging for a free car/cab pool	5	10	15	25	38	7

11. Do you prefer car pool or personal vehicle or public transport?

Respondent's preference	Car pool	Personal vehicle	Public transport
Number of respondents	61	22	17

12. Which is more safe and reliable?

Safety and reliable mode of transport	Car pool	Personal vehicle	Public transport
Number of respondents	60	25	15

Inferences:

A majority of respondents felt very difficult to use public transport as most of the respondents have their residence more than 10 Kms away from their work place. This has caused an increase in distress, a negative stress levels in their personal and professional life. It had adversely impacted their work - life balance and also their quality of work life. They have encountered many drawbacks and experience wastage of time due to traffic jams during travelling. It had a depressing consequence on their performance and also ill effects on their health.

Many of the respondents started reporting late their office after removing transport facility by their organization. They have frequently faced increase in customer, peers and supervisor complaints, they, some time even ended up facing disciplinary actions due to frequently coming late to their workplace, this has impacted their career advancement opportunities, promotions, salary hike, compensation benefits, incentives and job security. However, many employees were reluctant to relocate or shift their residence from their existing place to very near to their office due to multiple factors.

They showed positive attitude in having a car pool with their colleagues and were expecting their company to facilitate an informal car pool facility. However they were reluctant in having the organization reduce their TA, transport allowance, but arranging for a free car/cab pool. Most of the respondents found car pool to be the safest and cheapest mode of transport as compared to their personal vehicle or public transport.

Suggestions and conclusion:

1. It can be recommended that corporate houses must provide transport facility as a part of incentive to their employees.
2. Transport facility must be based on employee productivity.
3. Corporate houses must provide an option of at least one way (either pick up or drop facility) option to employees.
4. In order to maintain employee productivity, it is very important to note the fact that lack of discipline, morale and motivation may have adverse effect on the profitability of a company. Therefore make sure that the human capital of the organization must not feel the heat of corporate cost cutting strategy especially their transport facility (a Hygiene factor, not a motivator as per two factor theory), if employees are not provided this basic hygiene factor, it is for sure

their motivation and productivity will fall.

5. Many employees feel safe to travel by car pool or cab facility by company it is generally recommended to avoid public transport especially like Uber or Ola cabs during evening or night time for female employees.

6. Organizations must encourage Car pool is more economical and beneficial to employees and also organizations.

7. Organizations may also play a proactive role by acting as mediators to arrange for a car pool for their employees, they can even reduce a minimal amount of their TA and still continue to provide cab facility.

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