

Rewards, Motivation and Job Satisfaction of Employees in Commercial Banks- An Investigative Analysis

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DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v4-i4/754>

Published Date: 07 April 2014

Abstract

In the current competitive business environment, the banking companies are facing a lot of challenges and among these issues, getting the right employees and retaining them is one of the most important ones. In addition, today, the benefit of human resource is measured to be one of the most important advantages of any organization; and in order to acquire the results with the highest efficiency and effectiveness from human resource, motivation of employee is very essential. In fact, employees will do their highest when they feel or hope that their hard work are to be rewarded by their managers. In this regard, many factors are available that change employees performance such as worker and employer relationship, working conditions, job security, training and opportunity of development, and overall rewarding policies of the company. In addition, among the factors which impact employee job satisfaction, motivation, as a result of rewards, is the most important aspect. This study aims to examine the impacts of rewards and motivation on job satisfaction of employees in both public and private sector commercial banks in Chennai. To conduct the study regression analysis was developed to test the relationship between rewards, motivation and job satisfaction.

Keywords: Intrinsic Reward, Extrinsic Reward, job Satisfaction, Motivation, Commercial Banks, Globalisation, Fringe benefits

1.0 Introduction

Globalisation necessitates the banking companies to re-evaluate their behaviours to communicate with both their employees and customers. A need also exists for them to organize the design of the processes and systems, tasks, and enhance present management procedures. In this case, there are other ways of rewarding that focus on the financial appreciation, some of which include the praise that employees acquire from the management, the opportunity to run important tasks or projects, and even the leadership consideration (Dewhurst et al., 2010). This is often because of the fact that the well-rewarded employees feel that they are being valued by the firm they do. They are also motivated to work better if they know that their interest and self-development are also being taken care of and honed by their companies. Therefore, it is a continuous and constant challenge for banking companies to really work on comprehending what parameters add to their employees improved satisfaction levels. Furthermore, it is important that banks also work on the identification of the motivators that nurture the employee performance, and make appropriate and enough self-development suggestions for their employees.

The reward systems inspire the staff to provide their highest attempts towards assigned tasks. These systems also distribute other objectives like authorized submission, assumed fairness towards employees, controlling cost and improvement. Among many exclusive background that influence employees' innovative performance are treatment and attitudes (Williams, 2004), perceptive design (Scott & Bruce, 1994), and personality and demographic factors like education, age, background, and issues of R&D experience (Rothwell, 1992; Roberts, 1991).

1.1 Purpose of the Study

The main aim of the study is to examine the impact of rewards and motivation on job satisfaction in public sector and private sector commercial banks in Chennai.

2.0 Literature Review

The objective of this literature review is to establish the basis for this research. Rewards are one of the most widely used methods for increasing employee job satisfaction. The success of Reward System depends on how effectively it is implemented.

2.1 Job Satisfaction

The job satisfaction was known and evaluated as an international construct and also a term with different dimensions or faces (Price 1997). This research uses an international method instead of an approach which is faceted and then defines job satisfaction as a level of positive feelings related to the role of a work (Locke 1976; Kallerberg 1977). By proving job satisfaction for the employees it was understood that it is relevant to many results in organization for instance improving the customer satisfaction (Ryan, et al. 1996), decrease of rates in turnover (Mobley 1977), response rate increase (Ryan, et al. 1996) and better performance in firm (Lauderweerd & Boumans 1988), it is clear that the job satisfaction term has got so many attention. The experts have tried to recognize different job satisfaction constituents and evaluate the related importance of them and analyze what impacts these aspects and also the productivity of workers (Hong Lu, et al. 2005).

Some of the outcomes gathered from qualitative and quantitative researches have been mentioned in the past studies of job satisfaction source between staff. Most of them have

been developed inside the healthcare area and nursing with minimum attention on finance and service sector (Timonthy, et al. 2001).

According to Balzar et al. (1997) job satisfaction is a sensation that employees have about their work environment and their expectations towards work. Thus, job satisfaction can be recognized as what one wants or values from a job (Brief and Weiss 2002). Different kinds of satisfaction lead to diverse objectives and behaviours that ascend from different types of motivation in getting different types of rewards (Luthanset al. 2005).

Rewards with their aftermath relationship were expected to establish on satisfaction of the employee with their organization (Milne 2007). Amabile et al. (1994) concluded that employee who reveals high job satisfaction is motivated by rewards, and rewards supported work engagement (Vandenbergh and Trembley 2008). Zaini's (2009) found that satisfaction of rewards in public and private sector employee are certainly associated with job satisfaction. Furthermore, Zaini et al. (2009) and Chew (2005) found that job satisfaction is associated with the monetary compensation like pay, promotion, and bonus and non-monetary compensation is one of the most important explanatory variables in both sectors (A. Furham et al. 2009).

Banking Companies have determined a balance between the performance of the employees and their commitment to the work which in result of job satisfaction. Reward and motivation are the two main factors that have an effect on the job satisfaction and motivation of employees. In reference to statistics, there is a significant relationship between reward and recognition, and between motivation and job satisfaction (Ali and Ahmed, 2009).

Providing the financial benefit to employees without any prominent expression also loses its importance. Rewards have a direct link with the motivation and job satisfaction of the employees. Variations in rewards and recognition can bring a positive change in work motivation and job satisfaction of the employee (Ali and Ahmed, 2009).

Smith et al. (1969) defined the job satisfaction as the level to which an individual has a positive attitude towards his job, either in general or towards a specific dimension. The attitudinal type of job satisfaction suggests that an individual would attempt to stay with a satisfying job and quit a dissatisfying job (Spector 1985). Different studies treated job satisfaction as a predictor of significant behavioural outcomes, such as determined to leave, turnover, and absenteeism. The considering role of job satisfaction has also been inspected by several researchers.

2.2 Rewards

In any organization, rewards play an important role in building and sustaining the commitment among employees that ensures a high standard of performance (Wang 2004). Mostly organizations have increased the substantial improvement by entirely complying with the organizational strategy by a well-balanced reward and recognition programs for employee. Reward refers to all categories of financial benefits, tangible services and benefits that an employee receives as part of employment relationship with the organization (Bratton and Gold 1994). Lawler (2003) described that there are two aspects that decide how much a reward is attractive, the quantity of reward which is provided and the weight age an employee gives to a specific reward. Employees are certainly closer to their organizations and perform better job, while they receive healthier reward and recognition in their organizations. Rewards increase the level of efficiency and performance of the employees on their jobs and in the result thereof increase the success of the organization.

Also experts noted that the suggested rewards from the firms might strongly affect the employees behaviour related to the job and the organization that they work in (Lincoln & Kallerberg 1990). According to Herzberg & Mausner's two factor theory, the rewards can be both intrinsic and extrinsic so affecting the satisfaction level of the employees experience related to their jobs will happen. (Hong Lu, et al. 2005) Therefore related to this, it is crucial to define the rewards which are either extrinsic or intrinsic. The intrinsic ones are natured from job and are available in job for example challenge variety and the autonomy as well. The extrinsic ones on the other side are fringe and pay advantages, advancement and promotion opportunity inside the firm, workplace environment and the social aspect. Also the studies revealed that when intrinsic reward is considered as more salient related to job involvement (Driscoll & Randall 1999), the extrinsic rewards satisfaction will result in ongoing commitment for the firm and lead to more customer satisfaction and also their loyalty (O'Reilly, et al. 1991). Generally employees' job description and job specification determines rewards to maintain fairness among employees within an organization and competitive in the marketplace (Zaini et al. 2009). Organizational rewards mean all the benefits, both, financial and non-financial that an employee receives through their employment relationship with an organization (Bratton and Gold 1994, Malhotra et al. 2007). Rewards are of three main types that individuals seek from their organization i.e. extrinsic, intrinsic and social rewards (Williamson et al. 2009). Extrinsic rewards are the physical benefits provided by the organization such as pay, bonus, fringe benefits and career development opportunities. Intrinsic rewards refer to the rewards that come from the content of the job itself, and encompass motivational characteristics of the job such as autonomy, role clarity and training (Hackman and Oldham 1976). Social rewards arise from the interaction with other people on the job and may include having supportive relationships with supervisor and co-workers.

2.3 Motivation

Motivation is the force that constantly induces to move and perform things. The most practical definition proposed by social scientist that, motivation is a psychological processes that origin the stimulation, direction, and persistence of behaviour (Luthans2005). Many authors add a voluntary component or goal directed emphasis to that definition (Hellriegel and Slocum 1976). Thus motivation becomes those psychological procedures that cause the arousal, direction, and persistence of voluntary actions that are goal directed. The features such as incentives and rewards are the most favoured factors for employee motivation programs. However, the performance of employee job satisfaction is an imperative motivator and an arrangement of psychological and environment circumstances (Spector 1985, Milne 2007). Motivation programs are the key component of incentives, rewards and recognition as different organizations correlate success factor with employee performance. Employees are completely motivated when they achieved their needs.

Kiviniemi et al. (2002) described that job satisfaction of the employees' increase by the rewards they receive from the organizations. Pay and promotion depends on performance and provide strong motivation for employees to work harder in order to be promoted (Lepak and Snell 1999). In any organization, the exceptional performance is possible with great committed employees that can merely achieved by employee motivation. Chiu et al. (2002) highlighted that organization implements merit pay system to reward employees for meeting specific goals, which can affect employee motivation levels. However most of the organizations gained the immense progress by fully complying with their business strategy through a well-balanced reward and motivation programs for the employee. In the existing vibrant environment the extremely motivated employees provide their services as a synergy

for achievement of organizational goals, business strategies, high proficiency, growth and performance.

3.0 RESEARCH DESIGN

3.1 Nature of the Study

This is an empirical study based on the survey method.

3.2 Sources of Data

Primary and secondary data are used for the present study. Secondary data are collected from annual reports, journals, search engines and books. Questionnaires were distributed to three hundred employees in four commercial banks (Indian Overseas Bank, Indian Bank, State Bank of India and Canara Bank). 266 questionnaires were received back for usable statistical analysis. The primary data on the varied aspects of rewards, motivation and job satisfaction of employees of commercial banks were obtained through a structured and a comprehensive questionnaire.

3.3 Area of Study

Chennai, known as Madras till 1996, is the capital City of the state of Tamil Nadu. Chennai is an important centre for banking and finance. Several large financial companies, insurance and banking companies are headquartered in Chennai. Many Indian banks, Multi National banks and the World Bank have located their back office operations in the city. The city serves as a major backup centre for operations of many banks and financial companies in India. Moreover, Chennai is witnessing a changed scenario with the emergence of more educated people changing identity and changing job status. Hence, this city was chosen for the study and there was no recent exclusive study on this topic. Thus, the population for the study is employees of public sector and private sector commercial banks in Chennai.

3.4 Method of Data Collection

“Convenience sampling” technique, a form of non-probability sampling, is used for data selection. A list of scheduled public sector commercial banks was taken from the official website of the Reserve Bank of India and other necessary information like addresses and phone numbers of different banks were taken from the websites of respective banks, after which questionnaires were distributed to them.

This questionnaire was designed on a five point-Likert scale with options; 5 for strongly agree, 4 for agree, 3 for indifferent, 2 for disagree and 1 for strongly disagree.

After data collection from only seven banks, the data was coded in Excel and SPSS 15.0 statistical tool. Regression analysis, correlation and descriptive statistics were used to arrive at the results.

4.0 Description of the Instruments

The questionnaire included demographic information of the employees and reward practices, motivational strategies and job satisfaction.

4.1 Variables Used

Intrinsic rewards are rewards that are inbuilt from the job itself. Therefore, the employee enjoys them as the result of finishing the task in a successful manner or approaching his exclusive goals. Empowerment, Identification and Appreciation and Delegation are the dimensions used in the study.

Extrinsic rewards are the ones that are exterior to the job task and could be out of the control of the managers. Pay, fringe benefits, work condition, job security, promotion, and the work environment are the dimensions used in the study.

Motivation means, processes which express and control employees behaviour to achieve some specific goals. Motivation is a factor that exercises a powerful force on our activities and exertion. Motivation relay on a certain intrinsic and extrinsic features that are collaborated with positive results in abundantly devoted employees. Simulation, Direction and Persistence of behaviour are used in the study.

Behavioural outcomes like less absenteeism, retention and commitment to job are the dimensions of job satisfaction used in the study.

4.2 Hypothesis

H1: There is an association between employees’ rewards and job satisfaction.

H2: There is an association between employees’ rewards and motivation.

H3: There is an association between employees’ motivation and job satisfaction.

5.0 Research Findings

Pearson correlation was used for finding the degree of relationship between several variables; generally, two variables are correlated when they tend to simultaneously vary in same direction. If both variables tend to increase or decrease together, the correlation is said to be direct or positive. When one variable tends to increase and the other variable decreases, the correlation is said to be negative.

Table 1 Correlation Analysis

	M e a n	S . D	R e w a r d	M o t i v a t i o n	J o b s a t i s f a c t i o n
R e w a r d	4. 08	0 . 7 8	(0.8 9)		
M o t i v a t i o n	3. 98	0 . 7 0	0.3 2*	(0.91)	
J o b S a t i s f a c t i o n	4. 32	0 . 8 2	0.6 7*	0.34*	(0.90)

*Correlation is significant at P < 0.

Table 1 proposed that rewards, motivation and job satisfaction of employees in commercial banks are significantly correlated (P<0.01).

5.1 Regression Analysis

Multiple regression analysis was used to determine the impact of rewards and motivation on the job satisfaction of employees in public sector and private sector commercial banks in Chennai.

Table 2 Regression Analysis

Dependent Variable	Independent Variable	beta	SE	T value	Sig
Reward	Job Satisfaction	0.59	0.08	7.99	0.000
Reward	Motivation	0.37	0.09	3.01	0.001
Motivation	Job Satisfaction	0.25	0.07	3.04	0.002

R square is 0.74, $f = 44.26$ (Reward & Job Satisfaction)

R square is 0.32, $f = 39.361$ (Reward & Motivation)

R square is 0.25, $f = 26.870$ (Motivation & Job satisfaction)

Table 2 revealed that there is significant relationship between rewards and job satisfaction of employees in commercial banks (0.59, $P < 0.01$, $R^2 = 0.74$), therefore hypothesis 1 is accepted. Hypothesis 2 proposed a significant relationship between rewards and motivation of employees and it is supported by the results (0.37, $P < 0.01$, $R^2 = 0.32$). This establishes a positive significant relationship of rewards and motivation of employees. Consistent with the Hypothesis 3, a significant positive relationship between employees' motivation and job satisfaction has been found in this study. Regression analysis further confirmed that motivation is significantly related to job satisfaction (0.25, $P < 0.01$, $R^2 = 0.25$). From the analysis, it is found that there is a significant relationship among the three variables.

6.0 Conclusion

It is concluded that the degree of rewards, motivation and job satisfaction of employees has a strong relationship in the public sector and private sector commercial banks in Chennai. The result is consistent with the previous result where, it has been found that employees in banking sector give more importance to economic or financial rewards (Karl and Sutton 1998, Houston 2000). Hence, rewards must be strategically readjusted to attain the organizational goals, boost employee's motivation to perform their job better and enhance satisfaction with their jobs in commercial banks in Chennai. In order to formulate their policies, this study can be of benefit to human resource managers with more emphasis on HR strategies. This issue is of great magnitude because public and private sector commercial banks will have to operate with emphasis on very high productivity in order to combat the challenges of globalisation. The maximum level of employee's performance happens when they feel their endeavour is rewarded and compensated completely. Extant research emphasized on relationships between job satisfaction with reward and motivation. Future study can be concentrated on

testing the proposed framework of this study in other commercial banks and also in other service sectors.

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