



Employee Rewards and Employee Work Motivation: An Indispensable Linkage

Dr. H S. ABZAL BASHA*

Assistant Professor,

Department of Management Studies,

G. Pullaiah College of Engineering & Technology, Pasupala (V), Kurnool -518452, A.P.

afzalphd.skim@gmail.com

Abstract: - *“People work for money, But go an extra mile for recognition, praise and rewards” - Dale Carnegie*

Today Indian banking sector is being considered as one of the most glorious, innovative service industry that has witnessed constant growth over the past three decades. Indian banking industry has a vital role in promoting public lending and public savings, and is widely recognized as a significant factor for the economic development of the country. The Indian banking industry is expected to be among the top 10 global markets in terms of value by 2025, strengthened by increasing domestic demand. Now-a-days managing talent in the banking sector is the most crucial Human Resource challenge all over the world, and it becomes as the main agenda of top management in every aspect in the predictable future. Employees who are pleased with rewards are more motivated to contribute and can do more effectively. This also converts into better customer experience and in turn, leads to stronger financial performance by the firm and overall economic growth. The present paper aims to decisively study and understand the role of Employee Reward System in SBI and ICICI bank and its impact on Employee Motivation and Organizational Performance.

Keywords: Employee Reward, Economic Development, Organizational Performance.

Introduction

In today's organizations, an increasingly vital issue is how to successfully motivate their employees. It is perhaps understandable for organizations make simplistic assumptions about the ability of rewards to influence employee motivation. Rewards are important as a mechanism to help recruit, retain and motivate high-quality people, and as a means of providing tangible recognition of effort or contribution to the staff. Financial rewards, especially those given on a regular basis, such as Variable Pay, Bonuses, Profit Sharing, Stock Options etc., should be tied to an employee's or a group's accomplishments and should be considered "pay at risk" in order to distance them from salary.

The organizations have to balance both the financial and non-financial, extrinsic and intrinsic rewards fairly. Because an effective reward system requires not only that the absolute level of compensation paid by an organization compares favorably, but also requires that it satisfies the principle of internal equity and equity with the job content. By doing so, a manager can avoid a sense of entitlement on the part of the employee and ensure that the reward emphasizes excellence or achievement rather than basic competency.

Types of Rewards

Rewards are Intrinsic and Extrinsic. Intrinsic rewards are the satisfiers that the employees get from the job itself, like pride in one's work. Extrinsic

rewards include salary, fringe benefits, welfare measures, promotions and incentives etc.,

Financial Vs Non-financial Rewards

Financial rewards include salaries, allowances, incentive payments, bonus and profit sharing. Non-financial rewards include facilities like canteen and conveyance, medical care, paid vacations and paid sick leave etc. Other motivators are;

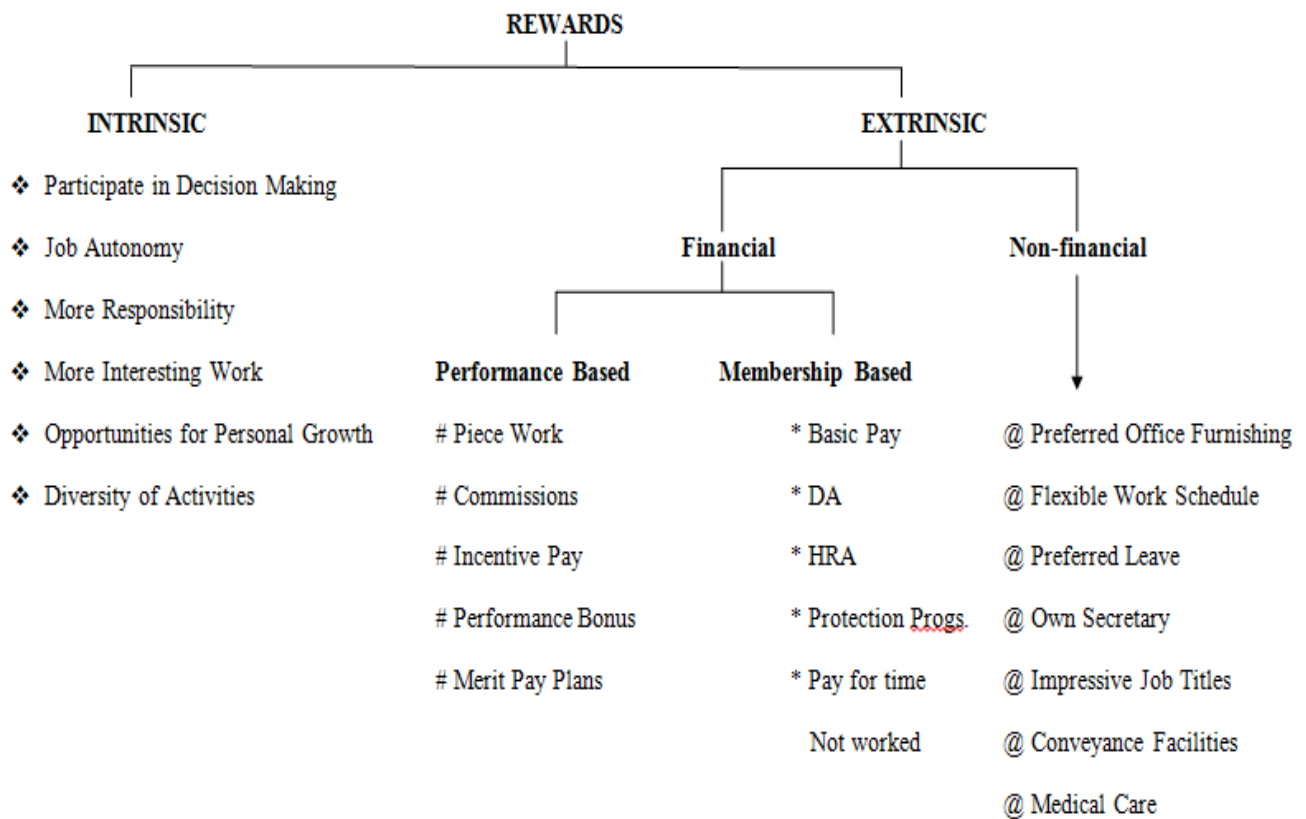
1. Awards include trophies, plaques, citations, certificates, scrolls, and letters of appreciations.
2. Knickknacks cover desk accessories, company watches, tiepins, brooches, diaries, calendars, wallets and T-shirts.
3. Treats cover free lunches, festival bashes, coffee breaks, picnics, dinner with the boss, dinner for the family, birthday treats.

4. Tokens covers movie tickets, vacation trips, early time offs etc.
5. Social Acknowledgement includes informal recognition, recognition at the office get-together, socialization of advice, suggestions etc.
6. Office Environment covers redecoration, flexible working hours etc.
7. On-the-job rewards include increased responsibility, job rotation, training etc.

Performance based Vs Membership based Rewards

Performance based rewards are exemplified by the use of commissions, incentive pay, piece work, pay plans, group bonuses etc. Membership rewards are allocated to all employees as they are the employees of the organization. These include: basic pay, dearness allowance, house rent allowance and city compensatory allowance etc.

STRUCTURE OF REWARDS



Source: Modified version of David A. De Cenzo and Stephen P. Robins, p, 414

Advantages of Non-Monetary Rewards

- Motivate employee to perform better.
- They build employee's self-esteem.
- Create an atmosphere where change is not resented.
- Employees become more loyal to the company.
- Creates a close bond between the company and employee's family.

Benefits of Rewards

1. To encourage employee thrift;
2. To provide a group incentive for larger output;
3. To ensure employee security;
4. To demonstrate some measure of social justice to employees;
5. To promote industrial harmony and stabilization of the work force;
6. to eliminate waste in the use of materials and equipments;
7. To install a sense of partnership among employees and employers and to increase employee interest in the company in which he works; and

8. To attract desirable employees and retain them, thereby reducing the rate of turnover.

Need and Significance of the Study

Effective reward system helps the organization to engage their employees not physically, but also psychologically. It creates massive inner desire in an individual to perform best of their abilities to get recognizes in their group. The need for Employee Reward System gained great importance in service-oriented institutions like banks. Because, satisfied employees in service sector will play a pivotal role in customer satisfaction at contact point and determine whether a customer would enjoy experience or turn to their competitors for better solutions.

Scope of the Study

The present study included to examine the extent of interrelation between the Employee Rewards, Employee Work Motivation and Organizational Effectiveness in banking professionals with respect to SBI and ICICI banks in Rayalaseema region of Andhra Pradesh only. Particularly, I select these two banks because they are giant in public and private sector in terms of operations, employees and turnover.

Figure-1: Employee Rewards-Organizational Effectiveness



Source: Designed by Researcher

Objectives of the Study

1. To study the Employee Reward System in SBI and ICICI banks in Rayalaseema Region, and
2. To critically evaluate the impact of Employee Rewards on Work Motivation and Organisational Effectiveness in SBI and ICICI banks.

Hypotheses

- ✓ **H₁**: There is a significant difference between the two banks regarding the Reward System that affect Organisational Effectiveness.

Research Design and Methodology

The present study is an empirical research in nature. The descriptive research procedure is also used

for describing the current scenario in SBI and ICICI bank.

Sources of Data: For the present study, the data has been collected from both primary and secondary sources. The primary data has been collected by administering a structured questionnaire from the non-executive level employees of select SBI and ICICI banks. The secondary data has been gathered from Internet, books, research articles, survey reports, newsletters, various journals and magazines.

Sample Size

For the present study 397 non-executives were purposefully selected by applying convenience sampling and their responses were the form basis for analysis, interpretation and empirical findings of the study. The researcher was also obtained the required information and clarifications from selected non-executives and other authorities of both the Banks to draw meaningful conclusions.

Table-1
Total Sample Size

<i>Name of the Bank</i>	<i>Employees Strength (No. of Non-Executives)</i>	<i>No. of Respondents (Primary Data)</i>
<i>State Bank of India.</i>	<i>1664</i>	<i>247</i>
<i>ICICI Bank</i>	<i>200</i>	<i>150</i>
<i>Total</i>	<i>1864</i>	<i>397</i>

Source: Primary Data

Data Collection Instruments

Structured questionnaire method was adopted to collect primary data from employees. Based on the review of literature on empowerment and detailed discussion in the human resource consultants, Likert scale was constructed following the procedure developed by Rensis Likert.

Statistical tools and techniques

The present study is a qualitative analysis of the responses and results based on observations. The collected data is analyzed and interpreted based on Weighted Averages, Correlation coefficient analysis and Independent t-test with the aid of Microsoft Excel software and Statistical Package for Social Sciences (SPSS-20 Version).

Limitations of the study

The present study has the normal limitations of time, finance and other facilities usually faced by all research scholars. Apart from this limitation some of the other limitations were as under;

1. This research study is limited to select commercial Public & Private Banks in Rayalaseema region only.
2. The results of the research cannot be generalized to other banks like rural, cooperative and foreign.
3. The accuracy of given information may owe to change by time, work place and individual factors.

Table- 2: Demographic Profile of SBI and ICICI Bank Employees

Demographic Aspects		Bank Wise Respondents	
		SBI (%)	ICICI Bank (%)
Age	20-25 years	3.7	22.0
	26-30 years	39.0	68.0
	31-35 years	28.9	10.0
	36 years and above	28.3	22.0
	Total	100	100
Educational Qualifications	Intermediate	2.7	0
	Graduation	40.1	12.0
	Post-Graduation	33.2	78.0
	Professional Degree	24.1	10.0
	Total	100	100
Marital Status	Married	81.3	34.0
	Unmarried	18.7	66.0
	Total	100	100
Job Experience	Less than 5 years	26.7	90.0
	5-10 years	42.8	6.0
	10-15 years	2.1	4.0
	15 years and above	28.3	0
	Total	100	100

Source: Primary data

Table-2 exhibits the response rate for the age, educational qualifications, marital status and experience of the employees in SBI and ICICI Bank.

Demographic Aspects: In the present study, it has been observed that irrespective of the banking sector, in both the banks majority of employees are in the age group of

26-30 years. In terms of the educational qualifications ICICI bank employees are ahead with post-graduation. Though in SBI majority of employees are married, whilst in ICICI bank majority of respondents are bachelors. And, it is also found that as in the terms of experience SBI employees are ahead compared to ICICI bank employees.

Table- 3: Employee Rewards and its Impact on Employee Performance

S.No.	STATEMENTS	SBI (MEANS)	ICICI Bank (MEANS)
1	I believe Our bank is Practicing a Fair and Equitable Reward System	3.56	3.98
2	I Feel Satisfy, when My work is Recognized in the form of Rewards	4.70	4.44
3	Reward has creates My Unique Identity in Organization- "big picture"	4.14	4.62
4	I got more Opportunities for Personal Growth due to Rewards	3.58	4.00
5	Monetary and Non-monetary Rewards help me to improve Morale	3.86	3.96
6	Rewards increase My Responsibility towards Organizational Goals	3.53	4.20
7	I am satisfied with the Transparency, Quality and Quantity of My bank's Reward system	3.24	3.74

Source: Primary Data

Table-3 represents the weighted average responses of the statements for the employee rewards and its impact on employee performance. Fair and equitable employee reward and recognition system and satisfied the employee's social need helps to generate work motivation. For this the rating given by the respondents of SBI and ICICI Bank are 3.56 and 3.98. Through the weighted averages the respondents of SBI and ICICI bank clearly conveyed that they become satisfied when their work recognize in the form of rewards. For this ratings given by the respondents of in both banks are 4.70 and 4.44. The respondents of both banks opine that a reward creates their unique identity

in the organization. For this ratings given by the respondents of SBI and ICICI Bank are 4.14 and 4.62.

The above table confirms that respondents in SBI and ICICI bank agreed that reward help to create opportunities for personal growth, and as well as monetary and non-monetary rewards improve morale. For this ratings given by the respondents of SBI and ICICI bank are 3.58 and 3.86 & 4.00 and 3.96. And the respondents of both banks told that reward will increase their responsibility. For this ratings given by the respondents are 3.53 and 4.20 respectively. From the overall analysis, it's clear that ICICI bank is maintaining a better reward system compared to SBI.

Table- 4: Correlation Coefficient B/W Employee Rewards -Work Motivation

	Variables	Work Motivation	Rewards
Work Motivation	Pearson Correlation	1	0.031**
	Sig. (2-Tailed)		0.000
	N	397	397

Employee Reward	Pearson Correlation	0.031**	1
	Sig. (2-Tailed)	0.000	
	N	397	397

** Correlation is significant at the 0.05 Level (2-Tailed).

Source: Primary Data

Table-4 shows significant value of p (0.001) < 0.05. Therefore, it means that there is a significant positive relationship between employee reward and work motivation in the banking industry. It means, if the management practice fair and equitable reward system in their organization automatically it works as drive for employee performance. Employee work motivation critically depends on the quality and quantity of reward and recognition and fulfillment of social need.

According to Broad1, "tangible incentives are effective in increasing performance for tasks not done before, to encourage *"thinking smarter"*, and to support both quality and quantity of goals to be achieved. Incentives, rewards and recognition are the prime factors that impact employee motivation". Lawler2 states that the prosperity and survival of organizations is determined by how their human

resources are treated. Deepro3 opines that the motivation of employees and their productivity can be enhanced through providing them effective recognition, which ultimately results in improved performance of organizations.

Aniruddha et al., 4 in their study has observed significant and positive relation among the rewards and employee motivation and performance.

Hypothesis Testing-1

H₀: There is no significant difference between the two banks regarding the Reward System that affect Organisational Effectiveness.

H₁: There is a significant difference between the two banks regarding the Reward System that affect Organisational Effectiveness.

Table- 5: Employee Reward Differences B/W SBI and ICICI Bank

Group Statistics					
	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Employee Reward Differences Between SBI and ICICI Bank	SBI	247	3.2353	1.0717	.07837
	ICICI Bank	150	3.7400	.65977	.05387

Source: Primary data

Table- 6: Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	df	Sig. (2-tailed)	Mean Differ	Std. Error Differ	95% Confidence Interval of the Difference		
								Lower	Upper	
Role of Emp. Reward and its impact on Organisational Effectiveness	35.0810	.000	5.050	395	.000	.50471	.09994	.30811	.70130	
			5.307	375.389	.000	.50471	.9510	.31759	.69182	

Source: Primary data

Tables-5 and 6 show that there is a statistically significant difference between SBI and ICICI bank at 0.01 of the level of significance with regard to employee rewards, including employee recognition and incentives as the significant level ($p=0.00$) is less than 0.01. Hence, it is observed that there is no unanimity and there is a significant difference between SBI and ICICI bank with regard to reward system. Thus, from this it is proved that the formulated hypothesis H_4 is accepted and H_0 is rejected. It is evident from the overall analysis very clear that the ICICI bank practicing better reward system compared to SBI.

Conclusion

The present study provides evidence that there is significant relationship among Employee Rewards, Work Motivation and Organizational Effectiveness. Because, employee recognition facilitates positive change in employee's behavior and it works as a motivation. In this regards, both the banks are nearly

practicing similar reward practices for their employees. But, ICICI Bank is ahead in providing fair and equitable rewards to their employees with respect to individual performance.

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