

EMERGING TRENDS IN GLOBAL MANAGEMENT AND INFORMATION TECHNOLOGY



Edited by
Ketaki Sheth, Rupal N. Patel and Sanjay K. Radadiya

Emerging Trends in Global Management and Information Technology

Complimentary Copy

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A Comparative Study on Impact of Monetary Reward on Employee's Job Satisfaction in Public and Private Sector Banks with Reference to Anand District

Teena Sanghavi¹

INTRODUCTION

Reward Management in an organization helps to motivate and retains employees at work. It is very important in HRM because a well-designed reward system will lead towards employee's satisfaction. Effective reward system in the organization helps to maintain and improve organizational performance. It senses the strategic purposes of attracting, motivating and retaining employees. Reward management basically focuses on how the employees can be motivated at work. Hence, reward management is a crucial aspect of Human Resource Management that revolves around designing and implementation of appropriate pay system. Reward system plays vital role in a business organization. Since, among four M's, i.e. Men, Material, Machine and Money, Men has been most important factor, it is impossible to imagine a business process without Men.

CONCEPT

In managerial term, reward is defined as the total return given by an employer to an employee for rendering his/her services towards the organizational objectives. This is the overall return from the work. Every person asks for return from the organization before involving in any type of activities, which is termed as the reward. It attracts a worker's attention and inspires him/her to perform the task. Moreover, a reward is a pay-off for performance which is directly concerned with the level of motivation and job satisfaction.

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Job satisfaction is a measure of workers' contentedness with their job, whether or not they like the job or individual aspects or facets of jobs, such as nature of work. Job satisfaction can be measured in cognitive (evaluative), affective (or emotional) and behavioural components.

One of the most widely used definitions in organizational research is that of Locke (1976), who defines job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences".

Bank is a financial institution which receives deposits from the public and lends them for investment purpose i.e., deposits of money and advances of the Main function of banks, but in the era of globalization banks indulges themselves in many activities like Insurance, Mutual Fund Business and Investment in Stock Exchanges. In this study, researcher study the overall rewarding practices and its effect on employee's job satisfaction in selected bank units.

TYPES OF REWARDS

Reward system of a company should also be in alignment with its goals, objectives, mission and vision. On the basis of the job profile, both monetary and non-monetary rewards can motivate employees to contribute more to the organization.

Monetary Rewards: A raise in salary, incentives, bonus, pay scale, movie tickets, vacation trips, monetary allowances on special occasions, redeemable coupons, cash bonuses, gift certificates, stock awards, free or discounted health check-ups and school/tuition fees for employees' children fall in this category.

Non-monetary Rewards: Non-monetary rewards may include awards, trophies, certificates, letters of appreciation, and dinner with boss, redecoration of employee cabin, membership of recreation clubs, perks, tie-pins, diaries, promotion, etc.

A combination of monetary and non-monetary rewards can work wonders and drive employees to perform well continuously. This study aims to compare between public banks and private banks on job satisfaction of employees by monetary reward practices.

REVIEW OF LITERATURE

Literature Review on Total Rewards: An International Perspective, Tahira Nazir, Syed Fida Hussain Shah and Khalid Zaman

The objective of this research endeavour is to design an expatriate reward strategy for the employees based in China, as they are the blend of UK/European offshore nationals and Chinese locals. It aims to identify the likelihood of "total rewards" for a diverse workforce. Companies have to draw a compensation strategy in order to attract, retain and motivate expatriates considering the existing concept of total rewards because the firms primarily does not have any sort of "fit" compensation strategy. While reviewing the literature, it is revealed that the idea of total reward is nothing but the amalgamation of conventional 'compensations and benefits' and it leave a qualm on part of its lucidity. Even the concept of total reward does not seem to differentiate it from merely the reward system, as the same benefits in shape of "reward mix" blending all sorts of rewards together in order to disengage the flexibility of the workforce. To support the concept (total reward) different modules, strategies and models are presented which are not only questionable but invite the further research in this area.

The researcher recommended from various range of base salary scales available, an option consistent with the headquarters' scale base salary can be decided and is therefore strongly recommended. In case the expatriates are being asked to perform some extra or additional tasks in China this element can be used to provide in return of their extra services being acquired, however in case of absence of such additional responsibility this head is not required. Incentive pay schemes are essential in the UK/European context and hence should be there because expatriates are used to it. Removing these will produce de-motivation. As per local criteria bonuses can be provided based upon performance, they will play important role in attaining expected and desirable performance standard. In order to enhance the coherence of expatriates and local employee's performance based incentives targeting the group performance, can be used.

The Effect of Monetary Reward on Creativity: The Role of Motivational Orientation, Kai Wang and Patricia J. Holahan.

Research has shown monetary rewards to have both positive and negative effects on creative performance. We contend that a person's motivational orientation moderates the effect of monetary rewards on creative

performance. An experiment was conducted showing that creative performance can be influenced through two distinct causal pathways. The pathways appear different for people driven predominately by extrinsic motivation and those driven predominately by intrinsic motivation. The exact role of how motivational orientation affects the relationships between monetary reward and creative performance needs further investigation. However, this study generates some insights and suggests directions for future research. A survey of R&D employees found that non-monetary rewards, such as recognition, led to longer work time relative to monetary rewards. They further verified that monetary rewards promoted innovation through enhanced intrinsic motivation. These effects were attributed to enhanced sense of control and self-actualization and heightened interest due to appreciation and self-importance.

OBJECTIVE OF THE STUDY

- To study the overall rewarding practices and its effect on employee's job satisfaction in selected bank units.
- To make a comparative study of rewarding practices in selected bank units.
- To suggest the ways to improve rewarding of all the units.

FORMULATION OF HYPOTHESIS

- H_0 (*Null Hypothesis*): There is no significant difference in rewarding practices and satisfaction level of employees between Public & Private banks.
- H_1 (*Alternative Hypothesis*): There is significant difference in rewarding practices and job satisfaction between Public & Private Banks.

RESEARCH METHODOLOGY

This research is conducted to know primarily how monetary motivation has the impact in work place particularly in the banking industry. The research is carried out in combination of two public sector banks namely Bank of Baroda and Corporation Bank and two private sector banks namely Axis Bank and Kotak Mahindra Bank which are located in Vallabh Vidyanagar, Anand. All this research is carried on empirical basis, for this research all primary data is collected from Bank managers from different branches with the help of structured questionnaire and secondary data is collected from respective banks websites, books, published newspapers etc., the data was duly collected and properly analysed and well interpreted for the study.

PROBLEM IDENTIFICATION

One of the most important factors to be taken in Human Resource Management is the amount of compensation to be paid to an employee for a fair day's work. This paper is concerned with a Comparative Study on Impact of Monetary Reward on Employee's Job Satisfaction in Public and Private Sector Banks with Reference to Anand District.

The present study is undertaken for the employee's job satisfaction by monetary rewards in selected bank units. This study was undertaken in the year 2016-2017 and the field work also undertaken during the same period.

SAMPLE SELECTION

The researcher has identified four banks, i.e. Corporation Bank, Bank of Baroda, Kotak Mahindra Bank, and Axis Bank. For the purpose of data collection, the researcher has taken 15 samples from each bank. The total sample collected is 60. The sample has been selected on random sampling base. From the 60 samples, 57 respondents have responding satisfactorily. The collected data are analysed by using statistical (SPSS) analysis as well as manually. The hypothesis is tested by using Chi-square test and ANOVA test under the guidance of the statistician

DATA ANALYSIS

Distribution of respondents according to views regarding rewarding practices and expresses your opinion in terms of...

Table 1: Employee's Job Satisfaction Regarding Compensation Paid by the Bank

<i>Agreement</i>	<i>Frequency</i>	<i>Percentage</i>
Disagree	1	1.8
Moderately	16	28.1
Agree	22	38.6
Fully agree	18	31.6
Total	57	100.0

Source: Questionnaire.

From the above table the researcher depicts that out of 57 respondents who had given response, 40 (70.2%) respondents satisfied with compensation system the rest moderately agreed or disagreed with the statement.

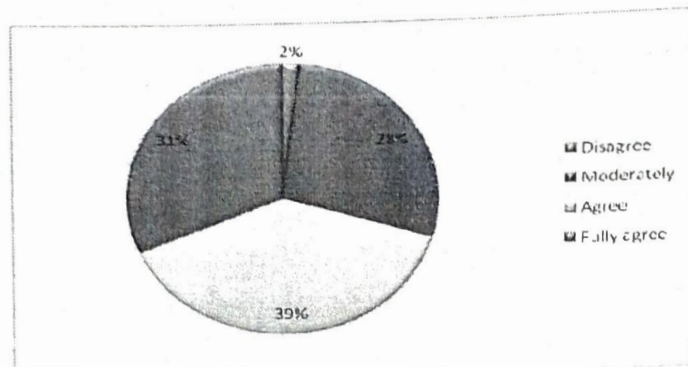


Fig. 1: Employee's Job Satisfaction Regarding Compensation Paid by the Bank
Source: Questionnaire.

Table 2: Responses of Employees According to Various Rewarding Practices

Monetary Rewarding Practices	Type of Bank		Total
	Pub.	Private	
Special reward for outstanding performance	19	25	44
	65.5%	89.3%	77.2%
Pay according to Govt. Regulations	24	21	45
	88.9%	80.8%	84.9%
Have special allowances for special post	24	21	45
	82.8%	77.8%	80.4%

Source: Questionnaire.

In above table the distribution of employees according to different rewarding practices in public and private bank is given. Special reward for

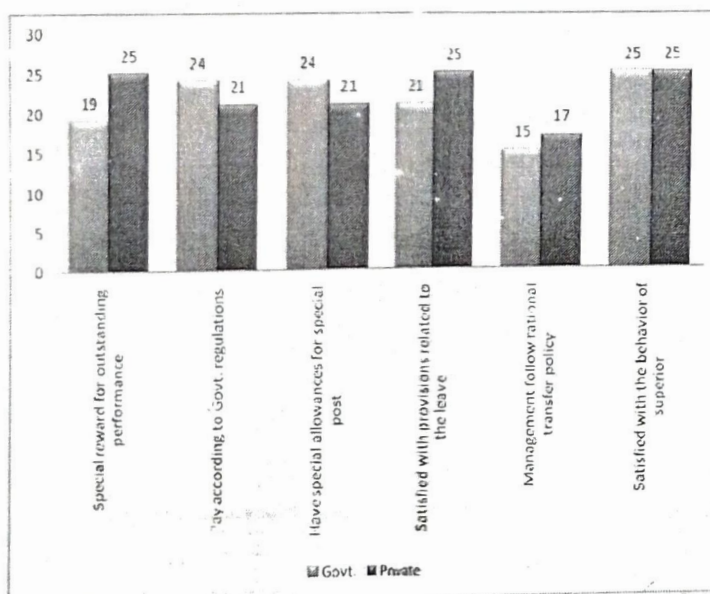


Fig. 2: Responses of Employees According to Various Rewarding Practices
Source: Questionnaire.

outstanding performance is more given in private banks as compared to public banks whereas for pay structure it is reverse. In private banks they do not pay as per Govt. regulations. In public banks as well private banks, special allowances are given. Employees of both the bank types are satisfied with the monetary rewarding practices.

Table 3: Distribution of Employees According to Views Regarding Rewarding Practices at Govt. and Private Work Places

Rewarding Practice	Type of Bank		Total
	Govt.	Private	
Moderately Agree	6	6	12
	20.7%	21.4%	21.1%
Agree	17	11	28
	58.6%	39.3%	49.1%
Fully agree	6	11	17
	20.7%	39.3%	29.8%
Total	29	28	57
	100.0%	100.0%	100.0%

Source: Questionnaire.

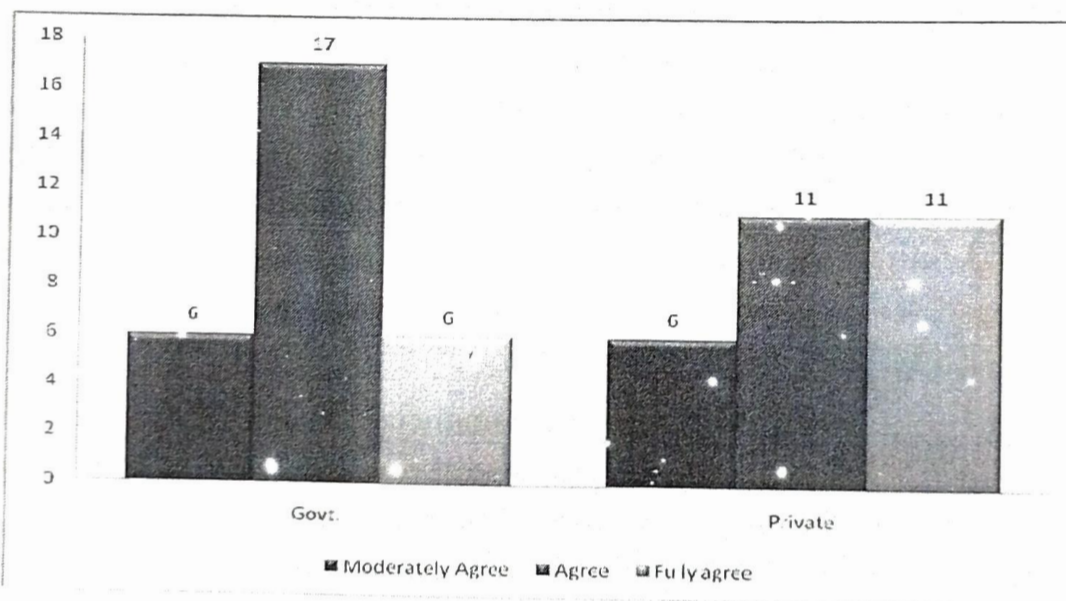


Fig. 3: Distribution of Employees According to Views Regarding Rewarding Practices at Govt. and Private Work Places

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.740	2	.254

Out of 29 public employees, 6 (20.7%) employees moderately agree with rewarding practice, 17 (58.6%) agree whereas only 6 (20.7%) were fully agree. Similarly out of 28 private bank employees, 6 (21.4%) were moderately agree with rewarding practice, 11 (39.3%) were agree whereas as 11 (39.3%) were fully agree. To check the difference in agreement regarding rewarding practice between public and private bank's employees, the researcher applied Chi-square test and obtained corresponding p-value. Here, chi-square value is 2.74 with p-value 0.254. As p-value is more than 0.05, the researcher accept H_0 and conclude that there is no significant difference in agreement regarding rewarding practice between Govt. and private bank's employees.

FINDINGS

As per the study, it has been found that banks pay adequate and fair compensation in both sectors. The study indicates that the provisions for wages, incentives, bonus etc. are satisfied by all the banks. It depicts that out of 57 respondents, 38 respondents agree with the statement that the policy of the bank motivates them. As per the study, special reward for outstanding performance is more prevalent in private banks as compared to public banks whereas for pay structure it is reverse. Employees of both types are satisfied with the behaviour of superior. As per the study, there is no significant difference in agreement regarding rewarding practices between public and private banks. The study indicates that the monetary reward definitely improve job satisfaction of employees.

SUGGESTIONS

All the banks should give adequate remunerations which can increase productivity and efficiency of employees. In case of overtime work performance by the employees, they should be paid accordingly. Public Banks should follow rational policy to reduce their family problems.

CONCLUSION

The study indicates that the monetary reward definitely improve job satisfaction of employees. If banks are implementing appropriate monetary reward system, it affects the job satisfaction as well as employee motivation. During the research, researcher also came to know that non-monetary reward is also affects the employees job satisfaction in the banking sector.

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