

Impact of Reward and Recognition on Employees Motivation in Banking Sector

By

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Abstract

The purpose of this study was to investigate and analyze how wills the current reward system of banking sector of Pakistan helps to generate employees motivation. The aimed of this study to find out which aspects of the reward and recognition well, and which aspects could be further developed and improved in order to increase employee's motivation. The theoretical part of this study and introduced different theories of reward and recognition and employee's motivation in which we emphasis on basic needs of employees according to Maslow's theory. The data was gathering through questionnaire. The empirical part of this study was conducted by quantitative approach and we are applying different analyses in this research (descriptive analyses, regression analyses). The results of this study show that positive relationship between reward and recognition and employees motivation.

Key words: Reward and Recognition, Employees Motivation, Banking Sector, Pakistan.

Introduction

In banking sectors of Pakistan rewards and recognition system is not properly developed in Pakistan. In which employees were just motivated through monetary rewards but it is not reality. We are identifying gap I our study is that the HRM practices not properly used in banking sector of Pakistan. These HRM practices are most important for good reward and recognition system.

The research problem is that to determine the impact of reward and recognition on employee's motivation in banking sector of Pakistan.

We study past research related to reward and recognition on employee's motivation and different authors explained it in your own words such as Deci, (1971) described that Reward and recognition programs enter the discussion of the extrinsically motivated behavior

that occurs when an activity is rewarded with incentives that are not attached to the task. Kreitner (1995) discussed that motivation has been defined as the psychological process that gives behavior purpose and direction. Roberts, (2003) describes it is important for the organizations to meet and introduce new motivational needs of employees since the change have been observed on the workplace realities in today's organizations.

Reward and recognition is important factor to retaining employees. Recognition is very important factor to motivate employees in the organization. Employees who perform exceptionally well expect that their contributions will be recognized and that they will be appreciated by the top management. Over the decades, reward and recognition systems have been implemented by many private or public organizations. There are myriad ways by which employees can be appreciated. Also, certain types of rewards may not motivate everyone equally. One person's reward may be perceived by another person as punishment. The present research intends to find out the specific reward and recognition approaches preferred by the employees working in various organizations.

Purpose statement

The purpose of this study was to determine the relationship between reward and recognition on employee's motivation who taught in banking sector of Pakistan, personal characteristics into background information about the employee's motivation. And the information about the participant thoughts of motivation. The examination of background information was important to this study because it was hoped it would be possible to identify characteristics and factors contributing to significant differences in reward and recognition and employees' motivation.

Research hypothesis

H₁ = There is relationship between Reward and recognition on employee's motivation.

H₀ = There is no relationship between Reward and recognition on employee's motivation.

Literature Review

The reward and recognition is very important factors for employee's motivation research on this topic in Pakistan is not wide. I will conduct research on this topic for further improvement. Reward is important factor that motivate to employees in Pakistan. Reward gives satisfaction to the employees and also meets the employee's needs and wants. In Pakistan reward and recognition system is not developing and these factors play a vital role in increase performance of employees. Those banking sectors who working in Pakistan introduced reward and recognition for increase the performance of employees. Current literature on rewards and recognition has not sufficiently dealt with the issues on the motivation and satisfaction levels of different people. Therefore, organizations could benefit from further research on the effects of reward and recognition on motivation and satisfaction among different groups of people. Research should focus on the broad spectrum of diversity categories including, race, gender, disability, etc., but apart from race and gender, factors such as age and tenure should also be investigated. The results of such studies can yield some interesting findings and can also significantly impact the delivery of meaningful rewards and recognition to diverse groups of people. And these previous researches conduct on banking sectors in almost foreign countries and small size in Pakistan. And different authors describe reward and recognition in own words:

Deci, (1971) described that reward and recognition programme come within the discussion on extrinsically motivated behavior that occurs when an activity is rewarded by

incentives not inherent in the task. Kreitner, (1995) discussed that motivation has been defined as: the psychological process that gives behavior purpose and direction. According to Bedeian, (1993) Motivation is operationally defined as the inner force that drives individuals to achieve personal and organizational goals. Gomez-Mejia and Balkin, (1992) suggested that rewards programmes come within the overall concept of compensation strategies which are defined as the “deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units or individuals are directed towards the achievement of an organization’s strategic objectives”.

Cameron and Pierce (1977) argued that all businesses used to pay, promotion, bonuses or other types of rewards to encourage high levels of performance. Lawler and Cohen (1992) explained that planned operation of the pay system is an essential instrument through which the efforts of various sub-units or individuals are directed towards the accomplishment of an organizational strategic objectives. These are specific management tools contributed to a firm's effectiveness by influencing individual or group behavior.

Roberts, (2003) describes it is important for the organizations to meet and introduce new motivational needs of employees since the change have been observed on the workplace realities in today’s organizations. Beer et al, (1984) explain that a complete and thorough understanding of employees’ motivation is required for organizations to address and accomplish their expectations. Carnige (1985) discussed the human aspect regarding management, strongly believes people who craft a formulation for an organization’s success or failure are the chief executive-responsible for motivating his company employees in respect of their satisfaction and assurance of organizational success.

Carnige mainly insists on human capital that plays pivotal role in an organizational effectiveness compared to financial capital. People, not finances, are now seen as the main source of a company's competitive advantage. Butkus & Green (1999), describe that motivation is derived from the word “motivate”, means to move, push or persuade to act for satisfying a need. Baron (1983) describes that motivation in his own right. Baron describe that “motivation is a set of process concerned with a kind of force that energizes behavior and directs it towards achieving some specific goals. Many writers have expressed motivation is goal directed behavior. The objectivity of this motivation is also assumed by Kreitner and Kinicki (2001, p. 162) put forward that motivation represents “those psychological processes that cause the stimulation, persistence of voluntary actions that are goal directed”. Mo1 (1992) describe the difference between the terms ‘movement’ and motivation’. Movement carries out the task for compensation, remuneration in humans mind to act, while the term motivation is stapled with total involvement of a person in its tasks to carry out with excitements and happiness. There are many aspects of motivation in an organization, a person motivated by those aspects may not necessarily motivate another person gives reasons, because there are many different factors that affect motivation level of different employees. Lawler (2003) describe those different theories questioning why people prefer certain careers, why they seek particular rewards and why they feel satisfied or dissatisfied with their work and rewards. Robert (2005) describe that the manager job is to ensure the work done through employees is Possible, if the employees are self motivated towards work rather directed. The manager’s involvement is not so much important in the motivation of employees. Employees must be motivated to work hard.

Petcharak describe (2002), one of the functions of human resource manager is related to ensure employees' workplace motivation. The human resource manager's function should be to assist the general manager in keeping the employees satisfied with their jobs.

Oosthuizen (2001) describe that it is among the function of managers to motivate the employees successfully and influence their behavior to achieve greater organizational efficiency. La Motta (1995) suggests that work performance is the result of ability and motivation. La Motta (1995) suggests that work performance is the result of ability and motivation. Ability formulated through education, equipment, training, experience, ease in task and two types of capacities *i.e.* mental and physical. Wilson (1994) describe the process of performance management is one among the key elements of total reward system. Entwistle (1987) argues that successful employee performance leads to organizational rewards and consequently the motivating factor of employees lies in their performance.

Majority of the organizations require their employees to work according to the rules and regulations, as well as, job requirements that comply with full standards. Ciscel, (1974) Investigations that have been conducted to find the relationship between compensation and individuals were focused to increase the performance of employees. According to Andrew (2004), all employee engagement is based on appreciation and recognition. Deeprose (1994) argues that employee motivation and performance can be increased by providing effective recognition, which ultimately leads to increased organizational performance.

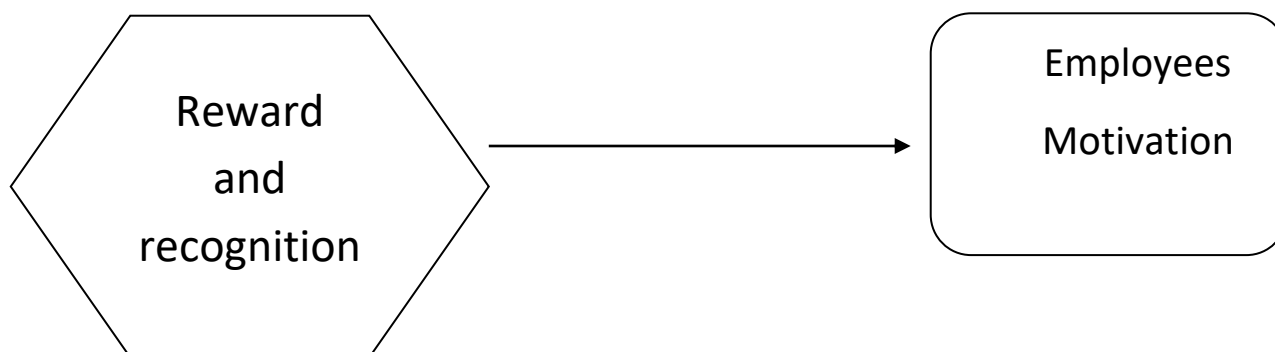
Freedman (1978) describe that when effective rewards and recognition are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance. Employees receive recognition for their sense of worth and appreciation, thereby increasing employee morale, which in turn increases organizational productivity. Csikszentmihalyi (1990) describe that the state of satisfaction and happiness is achieved by the employees only when they maximally put their abilities in performing the activities and functions at work. In this way, motivated employees are retained in the organization and additional recruitment costs are reduced. Flynn (1998) argued that rewards and recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees according to La Motta, (1995) the level of motivation of employee's increases when employees get an unexpected increase in recognition, praise and pay. The ability of managers to provide strong leadership influences employee job satisfaction (Morris, 2004). Lawler (2003) argues that there are two factors that determine how attractive a reward is, the first is the amount of reward given and the second is the age weight of a person against a particular reward.

Deeprose (1994, p. 3) is of the view that "Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible." Robbins (2001) asserts that promotions create the Opportunities for personal growth, more responsibility and increased social status. Likewise, recognition, which is central to employee motivation, honors employees through rewards and gives them status at the individual level other than as members of the organization. Barton (2002) argued that the factor in Fortune best companies which discriminates companies from the others is recognition that is the most important factor of their reward system. Wilson (1994) states that contingent recognition is the type of recognition that a person must obtain through his own efforts and which comes through a certain sense of accomplishment from an action or result. Gagne (2009) proposed a new model of motivation for knowledge sharing that offers design proposals for five human resource management (HRM) practices, including staffing, job

design, performance and reward systems, leadership styles, and training. Ali and Ahmed (2009) confirmed that there is a statistically significant relationship between rewards and recognition or motivation and satisfaction. This study found that changing the rewards or recognition offered to employees leads to corresponding changes in motivation and job satisfaction. Egwuridi (1981) also examined the motivation of Nigerian workers using a sample of high and low level workers. Akerele (1991) found that low salaries are related to the profits generated by the organization. Wage differential between high and low income earners was related to the low morale, lack of commitment and low productivity. Nwachukwu (1994) blamed the productivity of Nigerian workers on several factors, among them is employer's failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity.

Wood (1974) investigated the correlation between various workers attitudes and job motivation and performance using 290 skilled and semi-skilled male and female paper workers. The study revealed that highly involved employees who were more intrinsically oriented towards their job did not manifest satisfaction commensurate with company evaluations of performance. They depended more on intrinsic rewards as compared to those who were more extrinsic in orientation. Gibson, Ivancevich and Donnelly (2000) say motivation is a concept we use when we describe the forces acting on or within the individual to initiate and direct behavior. Snell (1999) says that motivation is everything. Without motivation, even the most talented person will not reach their potential. With motivation, others will be far above the expected level of intelligence and academic ability. Lawler (2003) argues that the prosperity and survival of an organization is determined by attitudes towards human resources. Freedman (1978) is of the view that when effective rewards and recognition are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance. Employees take recognition as their feelings of value and appreciation and as a result it boosts up morale of employee which ultimately increases productivity of organizations. Csikszentmihalyi (1990) posits a view that the state of satisfaction and happiness is achieved by the employees only when they maximally put their abilities in performing the activities and functions at work. In this way, motivated employees are retained in the organization and additional recruitment costs are reduced. It is important for organizations to meet and introduce the motivational needs of new employees because of the changing workplace realities observed in today's organizations (Roberts, 2003).

Conceptual Model



Methodology

Based on the literature survey and the above identified independent intermediate and dependent variable, close ended questionnaire developed. Questionnaire base on total 19 question nine were related to personal data and the other 10 question were related to the subject study, that measuring the impact of reward and recognition on employee's motivation. For this study 200 responses were achieved

Research design

In this research I used quantitative research approach because on this topic already researches have been conducted by different researcher. In this study I verified the old study. Other reason for selecting quantitative technique is that it is economical and inexpensive.

Data collection method

For collection of data prepared a semi structured questionnaire which contain close ended question. We are conducted self-administrative survey in which we personally filled the Questionnaire from the User Which Belong all categories of people i.e.

Male and female, young and old and well educated.

Sampling

We are selected the sample for my research from these users. In sampling I used simple random sampling technique. In this technique every unit of the population has an equal probability of inclusion in the sample.

Sample size

The sample size of my research will be 200, and we are collected data from 200 people

Data analysis

SPSS used to analyze the data in addition to other suitable statistical technique. This approach is chosen for two reasons.

- It is closure to the way in which quantitative data analysis is carried out in real research now a day.
- It helps to equip the researcher with the useful transferable skill

In SPSS I done the following test for analyzing data

- Descriptive analysis
- Regression

Validity and reliability

Validity refers to the issue of whether or not an indicator really measures the concept that it deives to measure. Regarding validity issue I used face validity, in this I observed how looking wise my question is enough to gather right information. For this purpose, I discussed my question to my teacher, she approved my question then I done my field work-in also performed construct validity for checking my research result with the past researches on that topic or related variable. If the result is the same then my research will be validity used interterm consistency reliability it relates that a measure to test the consistency of respondents, answer to all the items in measure to degree that items are independent measure of the same concept matched one questionnaire outcome to other questionnaire outcome.

Results

Descriptive Statistics Reward and Recognition

	Valid		
	Valid	Missing	
N			200
			5
Mean			3.66
Median			3.71
Mode			4 ^a
Std. Deviation			.452
Variance			.204
Skewness			-.238
Std. Error of Skewness			.172
Range			2
Minimum			3
Maximum			5
Percentiles	25		3.29
	50		3.71
	75		4.00

Interpretation

The case processing shows Five Figure Summary (FFS) which shows the results maintained mean, median, mode, low quartile, upper quartile and medium quartile. It's also show the standard deviation, variance, skewness, range, minimum, maximum and percentiles.

Regression analysis

<i>Variables Entered/Removed</i>			
Model	Variables Entered	Variables Removed	Method
1	Motivation	.	Enter

a. All requested variables entered.
b. Dependent Variable: reward and recognition

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879 ^a	.772	.754	.453

a. Predictors: (Constant), motivation

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.653	.167		21.838	.000
	motivation	.003	.046	.004	.063	.000

a. Dependent Variable: reward and recognition

Interpretation

We have entered the two variables first is reward and recognition and second is Employees motivation. We have taken employees motivation as dependent variable. The main purpose is to determine the relationship between reward and recognition and

employee's motivation and to check the effect of reward and recognition on employee's motivation. For this purpose, we check the significance value of reward and recognition which is .000 less than 0.05. So we reject the null hypothesis (H0) and accept the alternative hypothesis (H1) which means there is a relationship between reward and recognition and employee's motivation. Now to check the effect of reward and recognition on employee's motivation. We see the value of R Square, from the model summary table which is .772 which means the effect of reward and recognition on employee's motivation is 77%. After that we see the significance value of ANOVA table to check that our model is fit or not. As the significance value is .000 that is less than the 0.05 that is rejected to H0 and accepted to H1. So, it is clear that the model we have selected is a fit model.

Reliability

Case Processing Summary

		N	%
Cases	Valid	200	97.6
	Excluded	5	2.4
	Total	205	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.790	2

Interpretation

Reliability check through Cronbach alpha and our data is reliable because the value of Cronbach's alpha is .790 which means our data is reliable.

Discussion

The main purpose of this study was to summarize the most important motivating factor of employees in banking sector and study their attitude according to organization reward system. Criticize Lawler and Cohen (1992) explained that planned operation of the pay system is an essential instrument through which the efforts of various sub-units or individuals are directed towards the accomplishment of an organizational strategic objectives. These are specific are management tools contributed to a firm's effectiveness by influencing individual or group behavior. We are not agreeing because a good pay system cannot motivate to employees because wants recognition against their good performance and organizational goals cannot be meet with the good pay system and it cannot influence the individual or group behavior.

The results of this study found to be accordance with theory of total reward system. Non monetary rewards were considered almost equally motivating as monetary rewards. The recognition from the manager and co-employees as well as possibility to give and receive feedback was perceived highly motivated. Extra bonuses and a raise in salaries possibility to influence on work task were found to motivate employees more. According to the respondents the rewards that they are receive is more motivate for work. However, there is significant difference between rewards that the employee's motivation and what they in fact do receive. When basic needs of employees fulfill they will more motivated. And if the organization arranging training for employees for improve their performance then they will

more motivated. The questionnaire was design to give feedback on which of the reward systems that are currently in use of all organization employees considered most motivated. Suggestions if the bonuses on Eid and provide facilities in on and off job then employees were more motivated and if this system apply with HRM practices then it will be more effective for employees motivation in the organization.

Conclusion

The aim of the study was to investigate the impact of reward and recognition on motivation and job satisfaction. Analysis has shown a close relationship between several dimensions of work motivation and satisfaction but recognition along with work itself and operating procedures have shown low mean values and irrelevant relationship. In Pakistani context the employees think that there is a minor chance of appreciation from the boss on doing a good job. These deficiencies can be worked out if the superiors motivate their juniors with proper recognition and appreciation even through minor things like asking their family problems. Employee's participation in the decision making process will made them more spirited and enthusiastic towards working in the organization. On the other side from time to time salary increments, allowances, bonuses, edging benefits and other compensations on regular and specific periods keeps their morale high and makes them more motivated. There are certain limitations or limitations for research generalizations, for example taking into account the inflation rate and unemployment rate. In fact, research is very important to build relations between workers and employers.

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