



THE IMPACT OF REWARDS ON EMPLOYEE PERFORMANCE IN SELECTED PRIVATE BANK EMPLOYEES IN COIMBATORE CITY

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Abstract: This research aims to assess the impact of rewards and employee performance to identify the relationship between extrinsic and intrinsic rewards. This research is explored the factors determining extrinsic and intrinsic rewards and their impact on employee performance and actions to influence the selected private banks in Coimbatore city with the Descriptive statistics, frequency analysis, chi-square analysis, ANOVA and SEM analysis were used in the study to provide information on demographic variables dependent variable employee performance. The results are investigated in terms of statistics tools followed by inferential statistics also on the variables. A total of 600 questionnaires were distributed to employees of the selected private bank employees a total of 526 employees completed the questionnaire properly. The results shows that there is a statistical significant relationship between all of the independent variables with dependent variables of employee work performance and all the independent variables have a positive influence on employee work performance.

Keywords: Rewards, Intrinsic rewards, extrinsic rewards, Employees' performance.

INTRODUCTION

Rewards is one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business functionality and further improve company performance both financial and non-financially.

According to Dewhurst et al.(2010), there are other means to reward employees that do not just focus on financial compensation. Some of these include the praised that employees are able to acquire from their managers, the opportunity to take on important projects or tasks, and even leadership attention. Much research on leader power have found that supervisor reward power would be positively associated with employee task performance, productivity, satisfaction, turnover, and organizational citizenship behaviors.

Employee will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management. There are many factors that affect employee performance like working conditions, worker and employer relationship, training and development opportunities, job security, and company's overall policies and procedures for rewarding employees, etc. Among all those factors which affect employee performance, motivation that comes with rewards is of utmost importance. Motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal (Baron, 1983). Rewards can be extrinsic or intrinsic, extrinsic rewards are tangible rewards and these rewards are external to the job or task performed by the employee. External rewards can be in terms of salary/ pay, incentives, bonuses, promotions, job security, etc. Intrinsic rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal. According to Luthans (2000), there are two basic types of rewards, financial and non-financial and both can be utilized positively to enhance performance behaviors of employees. Financial rewards means pay-for- performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. Non-financial rewards are non-monetary/non cash and it is a social recognition such as acknowledgement, certificate, and genuine appreciation etc.

The concept of performance management has given a rewards system which contains; needs and goals alignment between organization and employees, rewarding employee both extrinsically and intrinsically. types of rewards can be very meaningful to employees and very motivating for performance improvement. According to him, creative use of personalized non-monetary rewards reinforces positive behaviours and improves employee retention and performance. These types of recognition can be inexpensive to give, but priceless to receive.

REVIEW OF LITERATURE

In the globalization age, the workplace realities of previous organizations no longer exist. It is necessary to revise carefully. It is also important for the organizations to meet and introduce new motivational tools of employees since the change has been observed on the workplace realities in today's organizations

Arnold, H.J. and Feldman, D.C. (1986)¹ strongly asserts in their research of changing work environment the reality that organizations today have totally changed, therefore it is more important for the top management to carry out new methodologies of developing strong and durable relationship between the organization and employees for meeting the organizational goals and fulfilling the continually changing needs of both parties.

Deepro (1994)² argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance of organizations. The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation.

Mason, L.J. (2001).³, the perceptions that employees have with regards to their reward climate influences their attitude towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees.

Nelson, B. (1994)⁴ mentions the norm of reciprocity, which focuses on the ability of organization to accommodate the needs of their employees, and reward them for their effort. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work.

Reeve, J., & Deci, E. (1996) ⁵ although cash rewards are welcomed by employees, managers should never use this as a tool to motivate their employees to improve their performance levels. Should this happen, there is a change that the essence of the reward would be forgotten.

SCOPE OF THE STUDY

This research is limited employees of the private bank in Coimbatore city This is due to time constraint which the research is unable to be done in other organizations in a larger area. For this study, the researcher only focused on the group respondents from executive level and above. The numbers of respondents that involve within this research are 526 persons. The respondents were identified using Stratified Random Sampling.

OBJECTIVES OF THE STUDY

The objective of this study is to find out the relationship between rewards and employees performance in commercial bank in Bangladesh. More specific objectives are to find out

1. To analysis the socio economic profile of the respondents
2. To assess the effect of intrinsic rewards on employee's performance.
3. To examine effect of extrinsic rewards on employee's performance.
4. To find out the relationship between extrinsic and intrinsic rewards.

HYPOTHESIS OF THE STUDY

The research process is the quantitative study. Quantitative research provides numerical measurement and statistical predictability that can be representative of total population(Barson, 2003).According to Kerlinger (1986), qualitative studies attempt to establish causal association among objectively specified variables through testing hypotheses derived from predictive theories. The following hypotheses are taken for the study:

H₀: There is no direct relationship between intrinsic rewards and employee's performance.

H₁: There is a direct relationship between intrinsic rewards and employee's performance.

H₀: There is no direct relationship between intrinsic rewards and employee's

performance.

H₂: There is a direct relationship between intrinsic rewards and employee's performance.

H₀: There is no significant difference between intrinsic reward and extrinsic rewards on employee performance.

H₃: There is a significant difference between intrinsic reward and extrinsic rewards on employee performance.

THEORETICAL FRAMEWORK

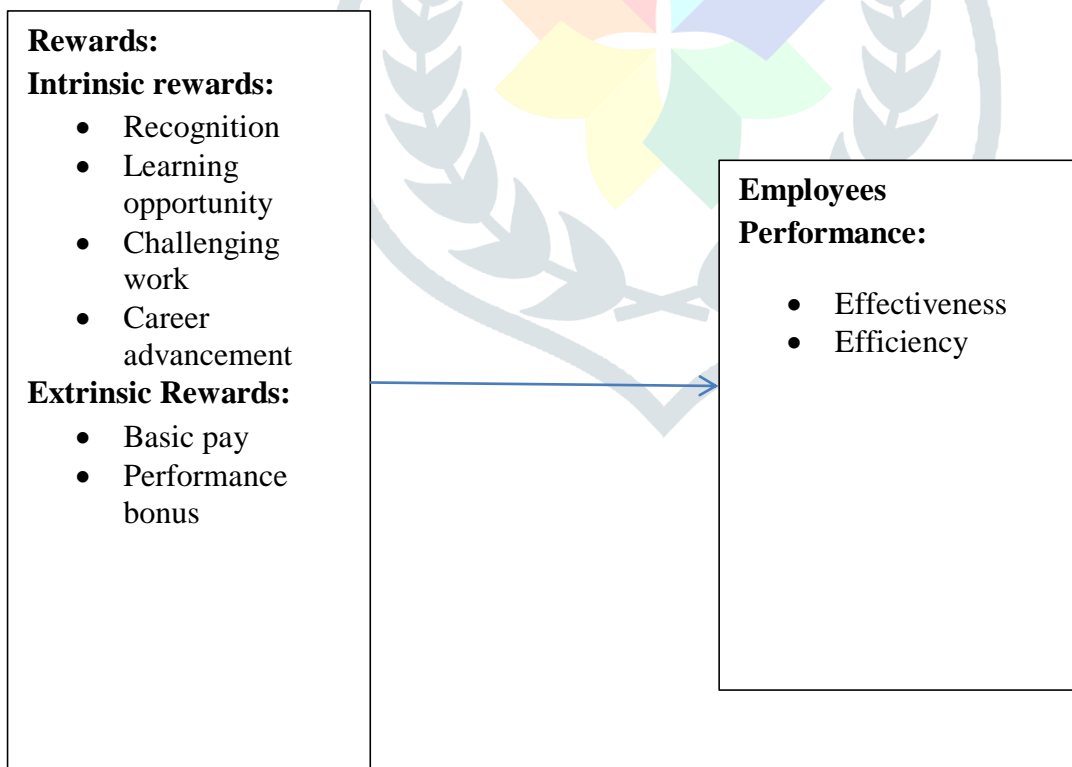
Reward Systems:

This study involves intrinsic and extrinsic rewards as independent variables. In independent variable extrinsic reward includes three dimensions such as basic pay, merit pay and performance bonus. As for the intrinsic reward, it includes four dimensions such as recognition, learning opportunity, challenging work and career advancement.

Employees' Performance:

This study involves employees' performance as dependent variable. In dependent variable employee performance encompasses three dimensions such as productivity, job quality and job accomplishment. Relationship of the variable for this study is referred to the following figure:

Proposal Model:



RESEARCH METHODOLOGY

This study is an empirical study, based on the primary data. Considering the nature of the present study, a combination of structured questionnaire was used in order to collect relevant information from a sample of 526 Private bank employees. A total of 526 employees were randomly selected. The survey

had been done from executive level and above. The number of questionnaire distributed to the respondents is 600. The number of return is 526 and the number of questionnaire that is useable was 526. Both primary and secondary data are used for the study. Primary data collected through the questionnaire with case study method, which was designed on the basis of objectives and hypotheses. It is the most inexpensive way to gather data from respondents. The questionnaire consists of four sections namely demographics profile, intrinsic reward, extrinsic reward and employee's performance. Likert 5(five) Scale point is used for these purposes. Descriptive and Pearson correlation analysis will be used for data analysis. A well-known statistical package SPSS (Statistical Package for Social Sciences) was used in order to analyze the data.

DATA ANALYSIS AND INTERPRETATION:

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Gender	Particulars	No. of Respondents	Percentage	Cumulative
	Male	355	67.49	67.49
	Female	171	32.51	100
Age	Less than 25years	20	3.80	3.80
	26-35 years	115	21.86	25.66
	36-45 years	264	50.19	75.85
	46-55 years	63	11.98	87.83
	Above 55 years	64	12.17	100
Educational Status	Up to 12 th	20	3.80	3.80
	Under Graduation	240	45.63	49.43
	Post-Graduation	260	49.43	98.86
	Diploma	5	0.95	99.81
	Any others	1	0.19	100
Occupational Status	Govt. Sector Employee	104	19.77	19.77
	Private Sector Employee	211	40.11	59.88
	Business	151	28.71	88.59
	Another	60	11.41	100
Monthly Income	Less than Rs.40000	226	42.97	42.97
	Rs.40001- Rs.60000	255	48.48	91.45
	Rs.60001-Rs.80000	45	8.56	100
	Rs.80001-Rs.100000	0	0.00	-
	Above Rs.100001	0	0.00	-

Source: Primary Data

Interpretation:

Out of 526 respondents surveyed, 67.49 percent of the respondents are male and 32.51 percent of the respondents are female. Age of the respondents inferred that 50.19 per cent of the private sector bank customers are aged between 36-45 years. Followed by, 21.86 per cent of the respondents belong to the age group of 26-35 years. Consequently, 12.17 per cent of the respondents fall under the age group of 55 years and above. Further, 11.98 per cent of respondents are aged between 46-55 years and the remaining 3.80 per cent of the respondents are aged 25 years or less. Education of the respondents Out of 526 respondents surveyed, 49.43 per cent of the respondents have completed their post-graduation. Followed

by, 45.63 per cent of the respondents have completed their graduation. Similarly, 3.80 per cent of the respondents have completed their high school studies. Further, 0.95 per cent of the respondents are diploma degree holders and the remaining 0.19 per cent of the respondents is qualified in other areas.

Occupational status has been observed that 40.11 per cent of the respondents are employed in private organisation. Followed by, 28.71 per cent of the respondents are engaged in business. Similarly, 19.77 per cent of the respondents are employed in government organisation and 11.41 per cent of the respondents are engaged in other occupations like working in unorganised sector

Income level of the respondents indicates that out of 526 respondents' surveyed, 48.48 per cent of the respondents' monthly income ranges between Rs.40001-Rs.60000. Followed by, 42.97 per cent of the respondents 'earn below Rs.40000 per month. And the rests 8.56 per cent of the respondents' earn between Rs.60001-Rs.80000 per month. Marital data analysis it has been inferred that majority i.e. 60.27 per cent of respondents are married and the remaining 39.73 per cent of the respondents are unmarried.

AREA OF THE RESPONDENTS

Sl. No.	Type of Area	No. of Respondents	Percentage
1.	Rural	178	33.84
2.	Semi-Urban	178	33.84
3.	Urban	170	32.32
	Total	526	100

Source: Primary Data

Interpretation:

The above table clearly indicates that, 67.68 per cent of bank customers' reside in the rural areas (33.84 per cent) and semi-urban areas (33.84 per cent) of Coimbatore District and remaining 32.32 per cent of respondents' live in urban region of Coimbatore District.

Thus it has been concluded that, 67.68 per cent of bank customers' reside in the rural areas (33.84 per cent) and semi-urban areas (33.84 per cent) of Coimbatore District.

RANK ANALYSIS

Sl. No.	Variables	Sum	Mean	Rank
1.	Training and Development Programmes	4938	9.39	2
2.	Absence of Team Work	3018	5.74	8
3.	Individual Domination	2946	5.60	9
4.	Poor – Cooperation from the peer	3218	6.12	7
5.	Computer enabled Technology	3681	7.00	6
6.	Work load	1938	3.68	10
7.	Salary Structure	4550	8.65	3
8.	Lack of ergonomics	4258	8.10	5
9.	Career Planning	4637	8.82	4
10.	Grievance Handling	5180	9.85	1

Source: Primary Data

Interpretation:

The above elaborate data clearly depicts that the Rank analysis stated by the employees perception about the above variables such as On an average 9.85, a batch of respondents has stated that they Grievance

Handling, this variable has been ranked in first place. Followed by sample respondents have said that they Training and Development, Second place is the mean scores of 9.39 and third place salary structure mean score is 8.65. Similarly, respondents have said that they Career planning is fourth place, Lack of ergonomics fifth place, Computer enabled technology Sixth place, Poor cooperation from the peer Seventh Place, Absence of Team work eighth Place, individual domination ninth place Work load having tenth place these variables has been ranked such as, 8.82, 8.10, 7.00, 6.12, 5.74, 5.60 and 3.68

Inference: Thus it has been inferred that on an average 9.85, of respondents has stated that they Grievance handling this variable have ranked in first place.

ANOVA ANALYSIS

Model	Sum of Squares	Mean Square	F	Sig.
Regression	32390.955	16095.400	.990	.278 ^a
Residual	33379.800	16589.990		
Total	65378.890			
Regression	1524976.709	1224976.700	236.106	.000 ^a
Residual	15564.090	5188.00		
Total	1240540.800			

From ANOVA test it shows that the table Sig. value 0.005 is greater than the calculated Sig. Value 0.000. So, it rejected the null hypothesis at 5% level of significance and also 1% level of significance. It means, there was a significant correlation between dependent variable and independent variables. Therefore, employees' performance depends on rewards as well as intrinsic rewards strongly depend on extrinsic rewards in different Private Banks in Coimbatore city.

DIMENSION CORRELATIONS REWARDS AND EMPLOYEES' PERFORMANCE

Variables	Employees' performance	Extrinsic rewards	Intrinsic rewards
Employees' performance	1	.679(.169)	.696(.197)
Extrinsic rewards	.679(.169)	1	.990 ^{***} (.000)
Intrinsic rewards	.696(.197)	.994 ^{***} (.000)	1

*** Correlation is significant at the 0.01 level (2-tailed).*

Table shows all the correlations between the variables examined in the study. The correlation coefficient was shown a strong relationship, $r = 0.679$ between extrinsic rewards and employees' performance. The correlation coefficient was shown a strong relationship, $r = 0.696$ between intrinsic rewards and employees' performance. Meanwhile intrinsic rewards also showed a strong relationship $r = 0.994$ toward extrinsic rewards with the significant level less than 0.01.

REGRESSION ANALYSIS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					F Change	Sig. F Change
1	.702 ^a	.490	-.015	128.80188	.970	.25
2	.994 ^b	.998	.983	72.02799	236.116	.000

a Predictors:(Constant), Intrinsic rewards, Extrinsic rewards

b Predictors: (constant),Intrinsic Rewards.

From above calculation it shows that there was a significant correlation between dependent variable and independent variables which mean employees' performance 70.2% depend on intrinsic and extrinsic reward. Here Extrinsic the above table also shows that there was a strongly significant correlation between extrinsic and intrinsic rewards. R Square were .490 and .998 which told us that about 49% and 98.7% relation between dependent variable and independent variables is explained by independent variables include in this model.

FINDINGS, SUGGESTIONS AND SUMMARY OF CONCLUSION

FINDINGS:

Majority of the respondents are 67.49 percent of the respondents are male and 32.51 percent of the respondents are female.

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SUUGESTIONS

- i. Private sector banks must develop customer loyalty programme that will be helpful to banks for positive customer relationship. Banks providing products and services to customers, its high value for the good relationship with loyal customers. The banks employee work together to keep existing customers satisfied with the banks.
- ii. Banks should more effort to attracting more customers especially dimensions related to customer service, technology, communication, brand image, trust, conflict handling and knowledge management, in order to create and maintain loyal customers of the banks. Its strong relationship with customers it is possible to keep the customers from switching to the bank competitors.
- iii. The bank should pay special attention to convenience by providing the customers with electronic banking service at points which can easily be accessible. For instance some ATMs are the most used services by the customers, and so the bank must encourage their customers to operate online transaction i.e., cash less transaction in all aspects of banking services.
- iv. The bank management must understand the fact the Reserve Bank has recently come out with the recommendations of a working group information security, electronic banking, technology risk management and cyber frauds. Implementation of the recommendations calls for an assessment of the nature and scope of activities supports by technological based by banks.
- v. customer satisfaction, the two construct are indeed different which means that it becomes imperative for the service providers to view the two construct separately and manage them appropriately.

CONCLUSION:

With the increase in competition banks are formulating a number of marketing strategies including customer relationship management. Private Banks are very successful in giving their clients what they need, when they need, where they need and how they need. Customer loyalty only achieved

when customer is fully satisfied with product and services of the banks, satisfaction of the customer is achieved by higher standards of efficiency and performance. however it is also evident that customer have complete faith in public sector banks, they are consider in mind public banks are safer than private sector banks, so there's problem for private sector banks. The banks are now under tremendous pressure to retain the older customer because of the heavy competition in the banking sector

SCOPE FOR THE FUTURE RESEARCH

The relationship between service quality, customer satisfaction and loyalty can be investigate in other service sector industry to establish if the same relationship is applicable in different service sector. A comparative study on the customer loyalty towards e- banking adopted by public and private sector banks. Impact of relationship management on e-banking towards public, private and foreign banks.

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Dr.M.Suresh has completed a master's in Business Administration, a Master of Philosophy, and a Doctorate in Human Resource Management. In addition to that, he has completed a Master of Tourism Management & Master of Science in Applied Psychology. He has published many Papers in UGC-listed Journals and International Journals. He has done interesting research articles in Organizational Culture, Employee Engagement, Employee loyalty, etc., further; he has attended many Conferences, Seminars, and Faculty Development Program in the reputed Institutions to enrich his knowledge. His Passion for Teaching, Research & Dissemination of Knowledge to the Student Community.

