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Reward System And Its Impact On Employee Motivation In Commercial Bank Of Sri Lanka Plc, In Jaffna District.

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Abstracts - Increasingly, organizations are realizing that they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee. Establishing this balance is one of the main reasons to reward employees. Organizations that follow a strategic approach to creating this balance focus on the three main components of a reward system, which includes, compensation, benefits and recognition. Studies that have been conducted on the topic indicates that the most common problem in organizations today is that they miss the important component of Reward, which is the low-cost, high-return ingredient to a well-balanced reward system. A key focus of recognition is to make employees feel appreciated and valued. Research has proven that employees who get recognized tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative. The aim of this study is to investigate whether rewards and recognition has an impact on employee motivation. A biographical and Work Motivation Questionnaire was administered to respondents. The results also revealed that staff, and employees from non-white racial backgrounds experienced lower levels of rewards, and motivation. Future research on the latter issues could yield interesting insights into the different factors that motivate employees. Notwithstanding the insights derived from the current research, results need to be interpreted with caution since a convenience sample was used, thereby restricting the generalisability to the wider population.

Keyword: Reward, Motivation, Commercial Bank of Sri Lanka

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I. INTRODUCTION

Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocate of compensation and benefits to employees in exchange for their contribution to the organization.

In order for an organization to meet its obligations to shareholders, employees and society, its top management must develop a relationship between the organization and employees that will fulfill the continually changing needs of both parties. At a minimum the organization expects employees to perform reliably the tasks assigned to them and at the standards set for them, and to follow the rules that have been established to govern the workplace. Management often expects more: that employees take initiative, supervise themselves, continue to learn new skills, and be responsive to business needs. At a minimum, employees expect their organization to provide fair pay, safe working conditions, and fair treatment. Like management, employees often expect more, depending on the strength of their needs for security, status, involvement, challenge, power, and responsibility. Just how ambitious the expectations of each party are, vary from organization to organization. For organizations to address these expectations an understanding of employee motivation is required (Beer, Spector, Lawrence, Mills, & Walton, 1984). Baron (1983) defines motivation as “a set of processes concerned with the force that energizes behavior and directs it towards attaining some goal.” Kreitner and Kinicki (1992) ¹ postulate that motivation represents “those psychological processes that cause the arousal, direction and persistence of voluntary actions that are goal directed.” If it is the role of managers to successfully guide employees toward accomplishing organizational objectives, it is imperative that they understand these psychological processes.

Schermerhorn, Hunt and Osborn (1991) conceptualizes motivation as based on content and process approaches. The content theories of motivation emphasize the reasons for motivated behavior and/or what causes it. These theories specify the correlates of motivated behavior that is states, feelings or attitudes associated with motivated behavior, and help to represent physiological or psychological deficiencies that an individual feels some compulsion to eliminate. Establishing this balance and meeting this need is one of the first reasons, according to Deeprose (1994) to reward and recognize employees. Formal reward programme which denote financial rewards such as salary, fringe benefits, bonuses, promotions or share

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options play a significant role, but employees accept these as intrinsic factors to the job.

II. LITERATURE REVIEW AND PREVIOUS STUDIES

An intrinsically motivated individual, according to Ajila (1997) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. And an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job. He further suggested that for an individual to be motivated in a work situation there must be a need, which the individual would have to perceive a possibility of satisfying through some reward. If the reward is intrinsic to the job, such desire or motivation is intrinsic. But, if the reward is described as external to the job, the motivation is described as extrinsic. Good remuneration has been found over the years to be one of the policies the organization can adopt to increase their workers performance and thereby increase the organizations productivity. Also, with the present global economic trend, most employers of labour have realized the fact that for their organizations to compete favorably, the performance of their employees goes a long way in determining the to influence workers performance to motivate them began in the 1970s. So many people have carried out researches in this area, some of which are Oloko (1977), Kayode (1973), Egwuridi (1981), Nwachukwu (1994), Ajila (1997). The performance of workers has become important due to the increasing concern of human resources and personnel experts about the level of output obtained from workers due to poor remuneration. This attitude is also a social concern and is very important to identify problems that are obtained in industrial settings due to non-challant attitudes of managers to manage their workers by rewarding them well to maximize their productivity. All efforts must be geared towards developing workers interest in their job so as to make them happy in giving their best to their work, this will ensure industrial harmony. In view of this, this study attempts to identify the influence that rewards have on workers performance in order to address problems arising from motivational approaches in organizational settings. For some reasons most organizations use rewards external to the job in influencing their workers.

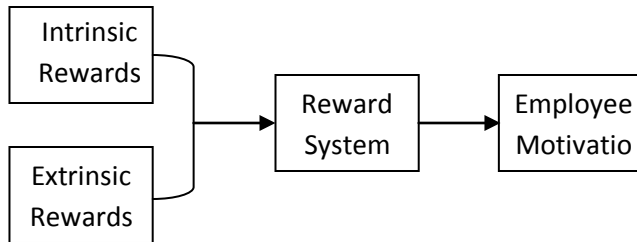
Vroom (1964), supported the assumption that workers tend to perform more effectively if there wages are related to performance which is not based on personal bias or prejudice, but on objective evaluation of an employees merit. Though several techniques of measuring job performance have been developed, in general the specific technique chosen varies with the type of work. All these issues call for research efforts, so as to bring to focus how an appropriate reward package

can cheer up or influence workers to develop positive attitude towards their job and thereby increase their productivity. Possibly the best means of understanding workers motivation is to consider the social meaning of work. In this respect, short-term goals and long-term goals of employees and employers may affect production variously. Accordingly, giving attention to the manner in which rewards given to workers are perceived is preferable to assuming that reward means the same thing to all. Rewards that an individual receives are very much a part of the understanding of motivation. Research has suggested that rewards now cause job motivation and satisfaction, which leads to performance. It showed that though there was no significant difference in motivational level and job satisfaction across various categories of workers in different organizations. Egwuridi (1981) also investigated motivation among Nigerian workers using a sample of workers of high and low occupational levels. The hypothesis that low-income workers will be intrinsically motivated was not confirmed, and the expectation that higher income worker will place a greater value on intrinsic job-factors than low-income workers was also not confirmed. This shows clearly the extent of value placed on extrinsic job factors. Akerele (1991) observed that poor remuneration is related to profits made by 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. Judging from all these empirical studies and findings, one may generally conclude that a good remuneration package, which ties financial rewards to individual performance, can be expected to result in higher productivity. Another study carried out, which is of importance to this research, is that of Wood (1974) ⁷ He 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 an individual to initiate and direct behavior. We use the concept to explain differences in the intensity of behavior (regarding more intense behaviors as a result of higher levels of motivation) and also to indicate the direction of behavior

(e.g., when you're tired or sleepy, you direct your behavior toward getting some sleep). Snell (1999) says motivation is everything. Without motivation even the most talented people will not deliver to their potential. With motivation, others will perform way above the level expected of their intelligence and academic ability. He further asserts that company staff is its business. They are the company. They project the image of the company that customers see. They alone hold the power to deliver a high quality standard of service. It is a company's staff, not its managers, who ultimately have the power to boost or reduce its profits.

III. CONCEPTUAL FRAME WORK

After The Careful Study of Literature Review, The Following Conceptual Model is Formulated to Illustrate the Relationship between Reward System and Employee Motivation.



2) Mode of Analysis

Concept	Variable	Indicator	Measure
Reward System Extrinsic reward Intrinsic reward	1 Wages & salary	Salary scale Rs.	Questionnaire
	2 Bonus	Rupees.	Questionnaire
	3 Commission	Rupees.	Questionnaire
	4 Status	Increase or decrease.	Questionnaire
	5 Promotion	No. of promotion with in a period	Questionnaire
	6 Opportunities to Completion	High or low	Questionnaire
	7 Responsibility	High or low	Questionnaire
	8 Meaning full work	High or low	Questionnaire
	9 Work Kind Condition	High or low	Questionnaire
Employee motivation.	1 Higher performance consistency achieved.	Increase or decrease	Questionnaire
	2 Co – operation.	High or low	Questionnaire

IV. OBJECTIVES OF THE RESEARCH

This research is intended to achieve the following objectives:-

- ❖ To determine if there is a relationship between reward and employee motivation.
- ❖ To determine the impact of rewards on motivation.
- ❖ To determine which factors contribute to work motivation.
- ❖ To determine the impact of biographical variables on work motivation.

V. HYPOTHESES.

Based on the assumed casual relationship given in the conceptual model the following hypotheses were developed for testing.

- H1:- Higher the employee rewards lead to higher the Employee Motivation
 H2:- Lower the employee rewards lead to lower the Employee Motivation

VI. METHODOLOGY

1) Data Sources

Primary and secondary data are used for the present study. Primary data are collected through the questionnaire. Secondary data are collected from annual reports, journals, internet, books and etc. there are two type of data used for this research study.



	3	Willing-ness of responsibility	High or low	Questionnaire
	4	Challenging work	High or low	Questionnaire
	5	Growth in job.	Increase or decrease.	Questionnaire

3) *Statistical Techniques*

For this research several techniques were used such as samples, percentage analysis, correlation analysis, means analysis and diagrams.

a) *Percentage analysis*

It is used to make the relationship between hypotheses and samples, percentage analysis is used to indicate the relative size of proportion of items rather than absolute size.

Example: Sample size 100

Motivated employee 70- 70%

Dismotivated employee 30- 30%

b) *Regression Analysis*

In order to find out the nature of relationship between two variables factor analysis is carried out. The line regression explained the pattern of variation of

depending variables in relation to values the independent variable. In this research to find what relationship exists between reward system and employee motivation, the regression is applied.

This could be explained through the following equation.

$$Y = a + bx$$

a = Point cutting a cross axis Y, that is value of Y when x = 0

b = Slanting of the regression line

c) *Correlation analysis*

This analysis measure the relationship between two data that are sealed to be independent of the unit of measurement. The value of the co-related ratios calculated through the following formula.

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{n \sum x^2 - (\sum x)^2 - n \sum y^2 - (\sum y)^2}}$$

n Number of data points

$\sum x$ - Sum of the employees perspective innovation and learning perspective and internal business perspective.

$\sum y$ - Sum of the performance.

r- Correlation ratio

d) *Means analysis*

This analysis measures the average level of reward and employee motivation for each branch.

$$\bar{X} = \sqrt{\frac{\sum x}{n}}$$

$\sum x$ = Sum of the employee perspective innovation and learning perspective and internal business perspective.

n = Number of data points.

VII. RESULTS AND DISCUSSIONS

1) Analysis-correlation, regression, F-Test, and T-Test

Extrinsic rewards and employee motivation

Table:1

Indicator	Value
Regression	$Y = 16.45x + 1.34$
Correlation	0.7280
R – square	0.53
F – value	96.24
T – value	8.634

The regression equation shows the positive relationship between the extrinsic rewards and Employee Motivation. That is when the extrinsic reward is made on the basis of Employee point of view; Employee Motivation will increase by 16.45. The correlation between extrinsic rewards and Employee Motivation is 0.7280, which shows the positive relationship between the two variables. According to the R-square, 53% of Employee

Motivation is accepted by Reward. According to the F value it is greater than table value. So it expresses that there is a relationship between the two variables. According to the t-test, the calculated value is 8.634, which is greater than the critical value 1.6663. Show it proved the positive relationship between the two variables and it was significance at 5% of significance level.

Intrinsic rewards Vs employee motivation

Table:2

Indicator	Value
Regression	$Y = 18.57x + 1.32$
Correlation	0.5831
R – square	0.34
F – value	92.36
T – value	7.632

The regression equation shows the positive relationship between the Intrinsic rewards and Employee Motivation. That is when the Intrinsic reward is made on the basis of Employee point of view; Employee Motivation will increase by 18.57. The correlation between intrinsic rewards and Employee Motivation is 0.5831, which shows the positive relationship between the two variables. According to the

R-square, 34% of Employee Motivation is accepted by Reward. According to the F-value it is greater than table value. So it expresses that there is a relationship between the two variables. According to the t-test, the calculated value is 7.632, which is greater than the critical value 1.6663. Show it proved the positive relationship between the two variables and it was significance at 5% of significance level.

Rewards Vs employee motivation

Table:3

Indicator	Value
Regression	$Y = 6.52x + 0.88$
Correlation	0.7550
R – square	0.57
F – value	90.36
T – value	8.063

The regression equation shows the positive relationship between the rewards and Employee Motivation That is when the reward is made on the basic of Employee point of view; Employee Motivation will increased by 6.52. The correlation between rewards and Employee Motivation is 0.7550, which shows the positive relationship between the two variables. According to the R-square, 57% of Employee Motivation is accepted by Reward. According to the F-value it is greater than table value. So it expresses that there is a relationship between the two variables. According to the t-test, the calculated value is 8.063, which is greater than the critical value 1.6663. Show it proved the positive relationship between the two variables and it was significance at 5% of significance level

VIII. CONCLUDING REMARKS

Commercial bank of Ceylon PLC employees reward system is analyzed, when the information obtained is looked in to out of the particular 28 employee have high motivation, at the same time 50 employees moderate Motivation in reward system. But 22 employees are very lower motivation regarding reward system. That is 78% employees are high and moderate Motivation. The rest 22% have replied unfavorably. There fore on the reward system of this Commercial bank of Ceylon PLC particularly reward system of this Jaffna is very attractive when compared with other institutions. Analysis relating to the higher performance consistency achieved is observed in to, 90% of the staff has replied favorably. The rest 10% employees answered unfavorably. The main reason for the above appearance is that the reward system for the staff of this Bank. When the employees needs are fulfilled satisfactory through reward system, the employees Consistency achieved increases. According to the result about the Co-operation of the staff. 17% of the staff only disagrees with the reward system leads to favorable result in their Co-operation of the staff. But 83% (25staff) answered that the Co-operation of the staff will be reduced by the reward system by a considerable value. And Co-operation of the staff. is a factor, which affects both bank and the staffs. From the findings of the relationship between the reward system and the

Challenging work, 23% of the Bank staffs have provided unfavorable replied. The rest 77% have given favorable replied against the Challenging work of the staffs by the reward system. This research finding also describe relationship between willingness of responsibility, 89% employees answered fourably. the rest 11% denote adverse opinion Reward system has Strong impact on Growth in job that is 87% employee said favorable the rest 13% unfavorable replied.

1) Further based on the correlation co-efficient measurement between those variables

There is positive relationship between the rewards and Employee Motivation of the staffs of this bank that is (+0.7550) and that is between the intrinsic reward system and the Motivation also positive that is (+0.5831). Extrinsic reward system and Motivation (0.7280) There fore, as a whole, there is a considerable positive relationship between the total reward system and the Employee motivation of the Employee of the Bank.

2) Discussions of findings

In this Study, every element relates with the rewards of the employees of Commercial Bank of Ceylon PLC. was analyzed. Further, Higher performance consistency achieved, Cooperation, Willingness of responsibility, Challenging work, Growth in job, are found to be the determining factors that influence employee's performance. Rewards:-Regarding the rewards, comparatively 80% of employees only are favorable to reward system. The following aspects can be viewed for the favorable reward system,

- ❖ Provide favorable leave to the staff of this Bank
- ❖ Provide medical facilities
- ❖ Provide attractive loan system
- ❖ Provide favorable or attractive facilities than competitive Bank

3) Based on the correlation analysis

According to the above analysis

1. There is a positive relationship between the total reward system and job satisfaction of the staff of this Bank That co-efficient is (+0.7550).

2. Correlation co-efficient between the reward system and the performance consistency achieved is also positive that is (+0.673).
3. Correlation co-efficient between the reward system and the Cooperation of this staff is Positive that is (+ 0.6235).
4. Correlation co-efficient between the reward system and the Willingness of responsibility this Bank is also Positive that is $-(0.7151)$.
5. Correlation co-efficient between the reward system and the Challenging work is also positive that is (+0.5235).
6. Correlation co-efficient between the reward system and the , Growth in job is Positive that is (+ 0.6211).

4) Hypotheses testing

H1:- Higher the employee rewards lead to higher the Employee Motivation

On the basis of 80% Employees of this Bank have High Motivation; these hypotheses confirmed by effectively Hence it illustrate that when both intrinsic and extrinsic rewards provide, the Motivation of the employees of this Bank also slightly improved and vice versa.

H2:- Lower the employee rewards lead to lower the Employee Motivation

Here this hypothesis is accepted, because there is a positive relationship found between the reward system and the employee's motivation. That is when the employee reward system Decrease, Motivation also decrease through the performance consistency achieved, Cooperation, Willingness of responsibility, Challenging work, Growth in job.

IX. RECOMMENDATIONS

Bank must be careful in the following factors to increase the Employee motivation of the Employees by redesigning the reward system.

- 1) Work environment Society of this Bank must try to create supportive, pleasant full working environment internally, in order to satisfy the staff and work with efficiency.
- 2) Employees should be trained according to the present content of the environment.
- 3) The facilities to be provided to the employees in order to enhance their Employee motivation, job abilities.
- 4) This bank can buildup the commitment among employees by rewards and achieve both individual and Organizational objectives.
- 5) Employees with one another vary individually, according to physically and mentally. So, bank's society must identify their different types of needs and fulfill them.
- 6) Regarding the salary and other allowances.

Management intensifies the salary scheme of employees. It should be supported to up great their standard of living. Further, the following non monetary awards also be increased.

- 1) Holiday pay
- 2) Bonus
- 3) Pension benefits
- 4) Overtime pay
- 5) Proper training and promotion also to be given to the staff of this Bank in order to they will be satisfied their job.
- 6) Responsibility with challenges when an employee is involved in a challenging task, the result of which should be taken in to the account the responsibilities assigned to the staff should have relevant authority. As regards the staff moderately satisfied. Because the responsibility and financial rewards are not assigned to them in a disciplinary way.
- 7) The facilities provided to the employees should be compared with that of other private Organization and facilities similar to it or more to be provided quickly.

X. SUGGESTIONS FOR FURTHER RESEARCH

The effectiveness of any Organization is influenced greatly by human behaviors. Staffs who are a resources common to all Organization. Effective's administrative exactitudes helped to create a work environment. That encourages, support and sustained improvement in work motivation. The following suggestion recommended for future researches.

- 1) In this study only commercial bank of Ceylon PLC Jaffna is considered to develop the analysis and findings. There are millions of employees and Organization in Sri Lanka. In future studies could consider almost all employees and Bank in the others of district.
- 2) Finding of this study analyzed only the employees of Bank of Jaffna. But there are various type of hospital and different types of employees works their. So, this analysis will helpful to conduct the further researcher including all the employees in the bank.
- 3) Even through various factors determine the Motivation, if is considered as to how the monetary and non-monetary matters influence on the Motivation of the staff of this Bank in this analysis. Therefore, the analysis in relation to other factors that determine the Motivation must be considered.
- 4) The analysis in relation to the effect and the problems and the inconvenience of the staff of this Bank / other Bank may be conducted based on the result of this analysis.

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