

Impact of Rewards and Recognition on Employee Motivation and Satisfaction in Private Banks of Hyderabad – A Study

**** Dr. B. Swathi**

Assistant Professor of Commerce, St.Mary's College, Yousufguda, Hyderabad.

Abstract

The way the world is working has changed drastically over the past years. The assessment of the organizations is being against international standards and best practices. The reason can be due to organizational expansions and making global presence, mergers, diversifications in the workforce, benchmarking so on. These factors have tremendously influenced the organizations and banking sector is no exception. Several practices of reward and recognition are being followed to motivate the employees in increasing their performances and sustain in the competitive environment. Hence the present study is conducted to understand the impact of rewards and recognition on employee motivation and satisfaction in selected private banks. A sample of 192 respondents was chosen on random and statistical analysis was performed to derive the results.

Key words: *Rewards, recognition, employee motivation, satisfaction, performance and banks*

Date of Submission: 04-12-2022

Date of Acceptance: 16-12-2022

Manpower is one of the significant resources for every organization. They employ qualified human resources to survive in the competitive and comprehensive environment. Unlike other resources in the production cycle, human resources need motivation to perform and satisfaction towards returns. In order to motivate and satisfy the employees, Human Resources Department is focusing more on factors which enhance employee motivation and satisfaction by using rewards and recognition as major motivational factors. Generally employee's compensation termed as returns, are tangible like pay/ salary, incentives, allowances, perquisites etc. These are referred as rewards. They also receive intangible returns such as recognition like appreciation, incentives, status etc. Rewards and Recognition both have impact on employee's performance. According to the Jack; reward is as "something that increases the frequency of an employee's action"(1998). Whereas recognition is constructive and genuine feedback acknowledging employee's as sincere, hardworking etc. Reward and Recognition both are outcome driven and the differences being rewards are tangible and monetary whereas recognition is intangible and deals with emotions. Rewards and Recognition strategies implemented in the organizations have impact on employee motivation and satisfaction. These are the key factors which help in achieving organizational goals (Ali and Ahmed, 2009)

There is lot of transition in work environment due to factors like liberalization, privatization, globalization, technological advances, and growing economies etc which are challenging the organizations survival and at the same time providing diversified opportunities to the people in the job market (McCausland et al., 2005) Organizations need to implement changes in the grow or perish market place only with able workforce. Committed and satisfied employees are the most important assets of any organization and banks are no exception (Karl et al., 1998) Banking industry is the backbone of any economy which generates growth and performance of nations. Indian Banking sector has observed tremendous growth in providing financial services to the nations building. The Indian banking industry is classified into scheduled and non-scheduled commercial banks and scheduled commercial banks are further classified into public and private banks.

Studies show that the private banks are stronger performers than public sector banks (IBA 2008). Another study reveals that implementation of Total Quality Management was more successfully implemented in private banks than public sector banks (Selvaraj, 2009). Private banks differ in many perspectives such as compensation, working environment, security, promotion, recognition etc and yet growth driven due to advancement in technology, performance-oriented rewards, awards and recognition programs to name a few (D'Souza 2002). A study focussing 100 managers of 13 private banks concluded that employees derive career satisfaction when they have learning opportunities to enhance their skills (Kumudha and Abraham, 2008).

I. Literature

Numerous studies have emphasised on the concept of employee reward and recognition policies and schemes adopted by the organizations and the effect they have on staff motivation, satisfaction and performance. The focus was to understand how these schemes contribute to the overall attainment of organizational goals. Organizations generally use rewards and recognition to either reward an employee to extract desired behavior or recognize an employee for ideal/ admonitory results (Cameron & Pierce, 1994). Eventually rewards and recognition strategies are tangled to achieve the ultimate organisational goal by employee motivation and performance. A motivated employee performs which results in rewards and recognition which ultimately leads to satisfaction. Motivation always leads to a desired behaviour / outcome. Duorojaiye (2002)

Organizations have started emphasising on motivation and satisfaction by rewarding and recognizing employees as these are the tools in achieving employee performance and goals. Motivation is always based on growth needs. It has its effect on the minds of the employees which directs them to desired levels of behaviour or an outcome. Job satisfaction deals with the human perspective and is the reflection of organizational functioning. These are all interrelated in achieving overall targets of the organization. In recent times reward and recognition as gained attention of both organizations and researchers equally (Donata, 2011).

The focus on employee reward and recognition is gaining importance all the time in the organizations. It is believed that these programs would lead to motivation and satisfaction, which in turn leads to an increase in employee performance and overall organizational efficiency. Rewards and incentives are the most the most important factors which motivate workforce (Usha,2014). Furthermore, many research studies made an attempt to find out the effect of these factors on job satisfaction and motivation. In the same line the present study focuses on impact of reward and recognition on employee motivation and satisfaction. Studies show that various factors motivate employees and also satisfy certain needs and expectations (Luthans, 1989). Motivation specifies motives, and studies show that employees are satisfied with power, status, income, promotion and achievements (Analoui's 2000). These motives can be extrinsic relating to work environment or intrinsic relating to job itself (Mehta et al., 2000).

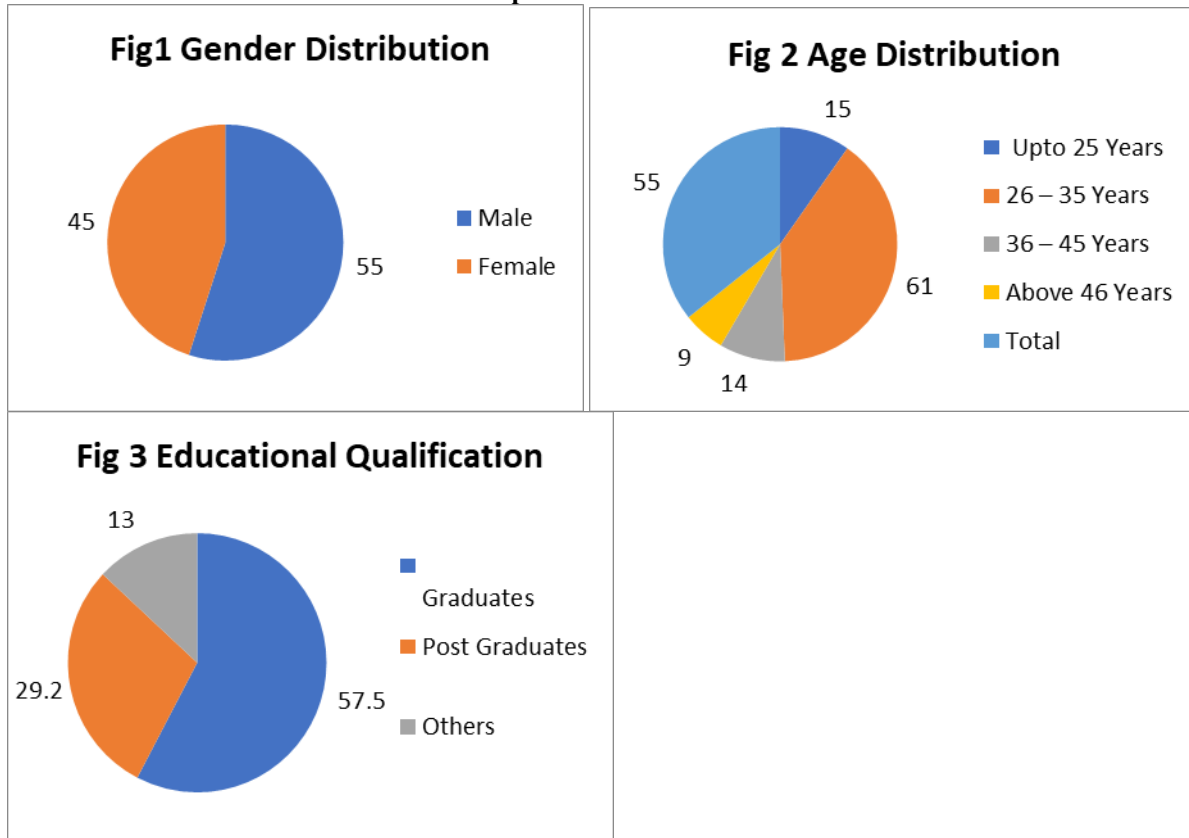
Rewards and recognition schemes continuously influence employee motivation in achieving personal and organizational goals. Employees work, as work is the source that satisfies basic needs, survival, growth and relatedness. Work gives the scope to develop sense of achievement, understand self -worth and social well -being (Eisenberger et al.,1998) These expectations from work are motivators which affect their choice, action and performance (Locke 1991). Organisations cannot attain its objectives and efficiency effects without motivating workforce (Schultz, 1982). Dissatisfied employees are not motivated, show with-drawl behaviour towards work, symptoms like absenteeism, lateness and turnover which are deleterious and effect the productivity and functionality of the organizations. Therefore, organizations are finding it essential to motivate and satisfy employees to sustain competitive advantage.

II. Research Methodology

The main objective of the present study is to analyse the impact of rewards and recognition on employee motivation and job satisfaction in private banks. A sample of 192 respondents was chosen by applying non-probability sampling design, namely, convenience sampling. This method of sampling is convenient, quick and cost effective (Kerlinger, 1986) (Neuman,

1997; Terre Blanche & Durrheim, 1999). The questionnaire used for the study is of two parts, first part is a self-developed questionnaire to extract personal information of the respondents like gender, age, education, experience, salary and designation. The second part consists of the Work Satisfaction and Motivation Questionnaire developed by De Beer (1987). The Cronbach coefficient alpha is used to measure the internal consistency of the variables which is 0.73. The data is analysed using statistical package for social sciences (SPSS)Version 16. For the analysis descriptive statistics, mean and standard deviation is used and to draw inferences of motivation and satisfaction of employee's correlation is applied.

Profile of the Respondents



The Nine Dimensions of the (De Beer,1987) questionnaire that impact employee satisfaction and motivation of are as follows.

1. **Work content/ Work Itself** probed the respondents feeling about the type of work they do.
2. **Payment** refers to the employee’s monthly salary, overtime, and increases.
3. **Promotion** probed for the opportunity that the organization offers for promotion.
4. **Recognition** probed whether the respondent was receiving the recognition and feedback for the job they perform.
5. **Working conditions** were probed as the fifth factor and looked at opportunity to mix with colleagues and inter personal relationships
6. **Benefits** looked at whether the benefits such as pensions, medical scheme and leave were satisfactory.
7. **Personal** probed the respondents feeling towards their job.
8. **Leadership** or supervision probed the level of satisfaction with the manager.
9. **General** probed if the respondents have considered alternative employment, and hence their level of satisfaction with the organization

Table No 1 Descriptive Statistics for dimensions of work motivation and satisfaction

Variables	Mean	Standard Deviation
Work Content	1.52	0.68
Payment	2.58	0.69
Promotion	2.19	0.62
Recognition	2.99	0.63
Working Conditions	1.39	0.72
Benefits	1.91	0.69
Personal	1.29	0.69
Leadership	1.53	0.67

General	1.58	0.52
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As per the work motivation and satisfaction questionnaire, the above table reveals that the mean values for the nine dimensions are ranged high from 2.99 to low 1.29. It is evident from the table that employees are highly motivated, on contrary employees are dissatisfied and demotivated with payment, recognition and promotion. They are highly satisfied with working conditions and leadership.

Table No 2 Dimensions correlation Rewards and Recognition motivation and satisfaction

Variables	Pearson correlation	Significance (2-tailed)
Work Content	.64**	0.000
Payment	.84**	0.000
Promotion	.76**	0.000
Recognition	.95**	0.000
Working Conditions	.63**	0.000
Benefits	.68**	0.000
Personal	.43*	0.000
Leadership	.34*	0.000
General	.41*	0.000

* Correlation significant at 0.05 level (2 tailed)

** Correlation significant at 0.01 level (2 tailed)

As per the above analysis there is significant difference between work content, payment, promotion, recognition, working conditions, benefits and motivation and satisfaction as $p < 0.01$. Similarly, there is significant difference between personal, leadership, general and motivation and satisfaction as $p < 0.05$.

Table No 3 Relationship between Rewards, Recognition and motivation and satisfaction

	Work Motivation and Satisfaction
Rewards	.84**
Recognition	.95**

** Correlation significant at 0.01 level (2 tailed)

As per the above table there is positive and direct relationship between rewards and work motivation and satisfaction at 0.01 level. If there is any change in rewards offered to the employees that would have impact on motivation and satisfaction of employees. Similarly, there is significant direct and positive relationship between recognition and motivation and satisfaction at 0.01 level. Any variation in the offering will alter employee motivation and satisfaction.

III. Conclusion

Human resources are one of the important resources to survive in this competitive world and motivated workforce plays a very important role in achieving success and sustain in the environment. Based on the findings of the study it can be concluded that reward and recognition have a positive impact on employee motivation and satisfaction. These have direct influence on employee performance and overall achievement of organisational goals. If there is any disproportion that would affect the performance. Hence organisations should focus on effective reward and recognition strategies and support employees in attaining organisational and individual goals.

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Dr. B. Swathi. "Impact of Rewards and Recognition on Employee Motivation and Satisfaction in Private Banks of Hyderabad – A Study". *IOSR Journal of Business and Management (IOSR-JBM)*, 24(12), 2022, pp. 22-26.