2.1 MOTIVATION

The term motivation is derived from the Latin word “Movere” which means “To move”. According to Luthans (2012) Motivation is a process which starts with physiological or psychological deficiency or need that activates a behavior or drive which is aimed at a goal or incentives. The process of motivation can be understood by establishing a relationship between needs, drives and incentives. Motivation process consists of these three interacting and independent elements. Motivation has been defined as an amount, quality and direction of employees' effort that energizes their behavior within the work environment (Perry and Porter, 1982). Schultz and Schultz (1998) orate that motivation is aimed to achieve increases in the work productivity and job satisfaction as highly motivated persons tend to work harder and perform more effectively in their jobs than the less motivated workers. Motivation is defined as "the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need" (Robbins, Coulter and Coulter, 1998).

Motivation is an internal state or condition (sometimes described as a need, desire or want) that serves to activate or energize behavior and give it direction to internal state or condition that activates behavior desire or want that energizes and directs goal-oriented behavior influence of needs and desires on the intensity and direction of behavior (Kleinginna and Kleinginna, 1981). Motivation refers to a state that directs the behavior of the individual towards certain goals. Motivation has been defined as: the psychological process that gives behavior purpose and direction (Kreitner, 1995). Motivation is defined as the biological, emotional, cognitive or social forces that activate and direct behavior. Motivation is the art of getting people to do things or to do things more efficiently or quickly. The vast majority of studies on motivation have focused on employees working in educational institutions, businesses, industries or military organizations where there are formal supervisor/worker relationships and where performance can be stimulated to a
large extent by rewards such as promotions or wages and benefits. The main objective of this study was to investigate the relationship between the motivational practices used by the leading Indian private of Pune city and their impact on the job satisfaction and work commitment of sales and operational executives.

2.2 Concept of Motivation

Motivation, in the most general sense of the term, is an attempt to explain why behavior occurs (e.g., why people do what they do). The force or push, which activates the organism to action, has been variously called need, motive, goal drive or desire and incentives. It is necessary to distinguish between the meanings of these terms.

a. Needs:
Any psychological and physiological imbalance is the origination of Needs. A need is a condition of lack or deficit of something required, which the organism finds necessary to satisfy in order to maintain its existing balance. Needs are of different types. The need for food or water is a physiological need. The need for contact with other persons around is a social need. The other social needs may be need for prestige, money, status, affection, self-esteem and so on. A person becomes more aware of his needs when there is a deficit in their fulfillment. The needs may be broadly categorized as primary basic or physiological needs and secondary or social needs.

b. Motives:
The term 'motive' refers to goal directed behaviour and stimulating conditions within the organism that drives behaviour. It is generally used to refer to certain conditions within the individual which besides arousing, actually predisposes him to respond or behave in a way appropriate to the satisfaction offends. Motives direct the activity of the individual towards his goals. A motive represents the individual's reason for choosing one certain behaviour from among several choices.
c. Goal:
A goal is something that will contribute to the satisfaction of a need or motive. Most of the behavior is goal directed. Goal is related to the need. However, in a few cases, behavior is guided by intrinsic motive. It means the behavior does not need external goal. It is satisfying and enjoyable by itself.

d. Drives:
A drive connotes purely psychological feelings, which may or may not have physiological sources. It is often used to denote what one wants to have. A word "desire" is used in a basic sense of strong inner urges (Johns, 1996). A physiological drive can be simply defined as a deficiency with direction. Physiological and psychological drives are action oriented and provide an energizing thrust towards reaching an incentive. For examples the need for food and water are translated into hunger and thirst drives, and the need for friends encourages the affiliation drives.

e. Incentives:
Motivational cycle ends with reward means incentives. It is defined as anything that will alleviate a need and reduce a drive. Thus, attaining an incentive will tend to restore psychological or physiological balance and will reduce the drive. Eating food, drinking water and finding friends will restore the balance and hence reduce the corresponding drives. Food, water and friends are the incentives. Similarly in corporate every employees want to get some reward or incentive in lieu of their commitment for the organization.

2.2.1 Characteristics of Motivation

There are five basic characteristics commonly associated with motivation. The first aspect of motivation refers to the amount of effort being applied to the job. This effort must be defined in relation to its appropriateness to the objectives being pursued. The second characteristic, persistence, is demonstrated by continued efforts of the determination to achieve a particular goal, often in the face of obstacles, such as sales executives without any lead, possibly having to work hard to achieve his target. The third characteristic,
activation, is demonstrated by the initiation or production of behavior, such as executive’s decision to go for cross selling of the financial product. The fourth characteristic, intensity, is the great vigor of responding that usually accompanies motivated behavior, such as efforts taken by the frontline executives to earn more monetary incentives. The last characteristic, direction, is therefore measured in terms of how persistent effort is applied in relation to the goals being pursued (Pinder, 1998).

2.2.2 Importance of Motivation

Motivation is an important factor in the learning process. Motivation implies the stimulation and maintenance of interest in learning. Interest is a basic factor in learning. No learning can take place without the interest of the learner. This means that motivation plays a vital role in learning. In fact no real learning can take place without motivation. Motivation brings the learner to the proper frame of mind for learning. It concentrates the attention and energy of a person on the activity or knowledge to be learnt (Bhatia, 1997).

One of the head's primary tasks is to motivate people in the organization to perform at high levels. This mean getting them to work hard, come to work regularly and make positive contributions to the organization's mission. But job performance depends on ability and environment as well as on motivation. It is an important tool that is often under-utilized by heads of institutions in educational institutions. Heads use motivation techniques in the workplace to inspire teachers to work, both individually and in groups, to produce the best results for education in the most efficient and effective manner. It was assumed that motivation had to be generated from the outside, but it is now understood that each individual has his own set of motivating forces. It is the duty of the heads of institutions to carefully identify and address these motivating forces (Moorhead and Griffin, 1995).

Managers need to provide the right organizational climate to ensure that their employees can see that by working towards the organizational goals they are also achieving some of their own goals. These goals could be such things as
financial rewards or personal rewards such as the respect of their colleagues or job satisfaction or a combination of any number of things that the employee considers to be important (Pepitone and Bruce, 1999).

2.3 **Principles of Motivation**

Basic principles of motivation exist that are applicable to learning in any situation. Principles directly related to motivation are numerous, but only those that provide the greatest help to the managers are listed below:

i. All behavior is motivated. Everyone is motivated (just not in the same direction.)

ii. Motivation is derived from needs or desires that are internal to the individual. Therefore, others cannot motivate an individual. They must manipulate the environment that will attract or repel individual behavior.

iii. Motivation will not always overcome a poor performance, poor instruction, or a poor working environment.

iv. Intrinsic motivation is longer lasting and more self-directive than is extrinsic motivation.

v. Different cultures use different motivators. Every organization uses a somewhat different set of motivators. Motivators also changes with the change of generation.

vi. It is difficult to have a feeling of responsibility unless one has taken the risk of completion of the task. Imposed tasks are ones for which we usually do not feel responsibility.

vii. Incentives or rewards increase job satisfaction and work commitment.

viii. Much of motivation comes from doing with others. We form communities, which we support to get security, identity, shared values and people who are like who we like and us. We are motivated to maintain these communities (Robbins, 1994).
2.4 Human Motives

A motive represents the individual's reason for choosing one certain behavior from among several choices. Most people probably can experience the many different types of human needs. There are, however, large inter and intra-individual differences in the strength of needs or motives. Some people can be characterized by a strong need for achievement and a low fear of failure, while others have a strong fear of failure but no need for success.

2.4.1 Primary Motives

According to Luthans (2008), Psychologists do not totally agree on how to classify the various human motives, but they would acknowledge that some motives are unlearned and physiologically based. Such motives are variously called physiological, biological, unlearned, or primary. The last term "primary" does not imply that this group of motives always takes precedence over the general and secondary motives. These include hunger, thirst, sex, sleep, elimination of body wastes, maintenance of constant body temperature, sensory stimulation etc. Emotions too are comparable with physiological motives. The physiological correlates of emotions energize behavior in the sense that physiological drives energize it. Like physiological motives they impel us to activity (Luthans, 1995).

2.4.2 General Motives

There are certain motives that lie in the gray region between primary and secondary classification. The general classification, a motive must be unlearned but not physiological based. While the primary needs seek to reduce the tension or stimulation, these general needs induce the person to increase the amount of stimulation. Thus these needs are sometimes called “stimulus motives”. An understanding of these general motives is important to study the human behavior in corporate. General motives are more indirectly to the organization behavior than the primary motives.
a. Curiosity manipulation activity motives
Psychologists feel that human curiosity, manipulation and activity drives are quite intense. These are carried forward from childhood to adulthood and if these motives are inhibited then the total society will come to a standstill. People are naturally curious. They seek new experiences. They enjoy learning new things. They find satisfaction in solving puzzles, perfecting skills and developing competence (Luthans, 2008).

b. Affective motives
Love or affection is a very complex form of general drive. Part of the complexity stems from the fact that in many ways love resembles the primary drives and in other ways it is similar to the secondary drives. In particular, the affection motive is closely associated with the primary sex motive. For this reason, affection is sometimes placed in all three categories of motives and some psychologists do not even recognize it as a separate motive (Luthans, 2008). Affection merits specific attention because of its growing importance in the modern world. In a world where persons are suffering from interpersonal and intrapersonal conflict and where quality of life and family values are becoming more important, the affection motive added importance to the study of human behavior.

2.4.3 Secondary Motives
Secondary motives are closely tied to the learning concepts. A motive must be learned in order to be included in the secondary classification. Numerous important human motives meet this criterion. Some of the more important ones are power, achievement and affiliation. Security and status are the most important secondary needs.
a. **Power motives**

Power is inevitable in modern organizations, according to Luthans (1995), one advocate of the positive and constructive use of power. It must be used because managers must influence those they depend on. Power also is crucial in the development of manager's self-confidence and willingness to support subordinates. One who is in a responsible position in business, government, unions, education, or the military may also exhibit a considerable need for power. The power motive has significant implications for organizational leadership and for the informal political aspects of organization (Luthans, 1995). Practitioner-oriented literature stresses organizations value of employee empowerment and the use of power rewards to motivate their employees. There is a recognized distinction between social power and personal power. Social power is the characteristics of the effective leaders. It is concerned in developing trust and respect from the follower and is in conjunction with the leader's vision. Personal power on the other hand is more oriented towards the ability to dominate others for the personal gain.

b. **Affiliation motives**

Affiliation plays a very complex but vital role in human behavior. Affiliation may be defined as the degree to which people seeks approval from others, conform to their wishes, and avoid conflicts with others. Sometimes, affiliation is equated with social motives and group dynamics. The study of affiliation is further complicated by the fact that some behavioral scientists believe that it is an unlearned motive (Luthans, 2008). Recent studies continue to show that impact that affiliation has on work motivation and outcomes such as turnover.

c. **Achievement Motivation**

It is also referred to as the need for achievement, is an important determinant of aspiration, effort, and persistence when an individual
expects his performance will be evaluated in relation to some standard of excellence. Such behavior is called achievement-oriented.

d. Security motives
Security is a very intense motive in a fast-paced, highly technological society. In the era of outsourcing, temporary and contractual workers at all levels are feeling very insecure about their jobs. Job insecurity, in particular, has a great effect on organizational commitment. On the surface, security appears much simpler than other secondary motives, for it is based largely on fear and is avoidance-oriented. In reality, security is much more complex than it appears on the surface (Luthans, 1995).

e. Status motives
Status can be simply defined as the relative ranking that a person holds in a group, organization, or society. Under this definition, any time two or more persons are together, a status hierarchy will evolve, even if both have equal status. The symbols of status attempt to represent only the relative ranking of the person in the status hierarchy. The definition also corrects the common misconception that "status" means "high status". Everyone has status, but it may be high or low, depending on how the relative positions are ranked (Luthans, 1995). In this dynamic modern society affluent people is often pictured as status seekers. Such persons are more concerned with the material symbol of status—bungalow, right clothes, latest car, and latest mobile phones with new application etc—than with the more basic, human-oriented values of life.

f. Personal motives
Individual's interest, attitudes, self-concept and life-goals are the examples of personal motives. Since interest shows disposition to act positively or negatively in regard to something, the both function as motivators. Without an interest one may not like to act in a situation. But active interest functions as a strong motive. Similarly a person's attitudes
will attract him toward certain situations and repel him from others (Kundu, 1985).

### 2.5 Types of Motivation

Reeve (2001) states: "Motivation can come from two sources, the extrinsic and intrinsic. People may be motivated by factors from the external environment such as pay, supervision, benefits and job perks. This is referred to as extrinsic motivation. They may also be motivated by the relationship between worker and the task. This type of motivation is called intrinsic motivation. These factors often simultaneously, but we will distinguish between them as they relate to specific levels of motivation."

According to Deci (1993), motivation is extrinsic as well as intrinsic and some psychologists stress the importance of extrinsic motivation. Working for externally determined rewards is extrinsically motivated behavior while people's desire to learn for satisfying their curiosity and feel competent is intrinsic motivation.

Motivation can be considered as internal or external. Internal motivators are from inside the individual. These are things that make him to accomplish a job for his own reasons such as pride of accomplishment, a desire to live up to the expectations of a respected supervisor etc. External motivators are things which are injected from outside to the individual that stimulates him to work such as pay, recognition, the desire to avoid discipline from the boss and so on.

Both intrinsic and extrinsic motivations are important for employee’s satisfaction and their commitment for the work. Employees must balance intrinsic and extrinsic motivation, especially when there is little immediate
satisfaction in the learning situation. Intrinsic motivation can't sustain all activities. Extrinsic motivation is often necessary for perseverance of motivated behavior (Arif, 2003).

2.5.1 Extrinsic Motivation

According to Aronson, Wilson and Akert (2002) "Extrinsic motivation refers to external factors which can be measured in monetary terms such as salary, incentives and bonuses etc." It is related to 'tangible' rewards such as salary and fringe benefits, security, promotion and condition of work. It is what is done to or for people to motivate them. Extrinsic rewards result from the actions of others such as supervisors and are more easily controlled by managers. It will be important in attracting and retaining employees and increasing effort and minimizing dissatisfaction (Crowl et al, 1997). Biswas and Verma (2007) explore that "Extrinsic factors as level of pay and job security are fundamentally critical for an employee to perform well on the job. However, organizations must create an environment whereby employees derive intrinsic and social satisfaction to extract optimal performance from their employees." Thorpe and Honen (2000) have emphasized pay, compensation, remuneration and rewards as key players to motivate an employee in the organization.

2.5.2 Intrinsic Motivation

Intrinsic motivation refers to internal factors such as interest, enjoyment, choice, perceived competence, etc. Intrinsic motivation, then, is motivation which comes from the inside of a person. It is an emotional preference for a task that gives us pleasure and enjoyment. Intrinsic motives are those which are satisfied by internal reinforces. Intrinsic motivations are the self-generated factors which influence people to behave in a particular way or to move in a particular direction. They are related to 'psychological' rewards such as the opportunity to use one's ability, a sense of challenge and achievement,
positive recognition and being treated in a caring and thoughtful manner. Gagne and Deci (2005) reported "Intrinsic needs derive satisfaction from performing the activity itself from the implementation of an activity without receiving any apparent reward." Intrinsic motivation arises from having "a strong emotional interest in an activity and a sense of freedom and autonomy related to it" (Deci, 1975).

Of late, many empirical studies on intrinsic motivation have been carried out to investigate the motivational patterns of employees (Frank and Lewis, 2004, Wright, 2007). Chu, Kara and Benzing (2008) have stated in their study on the Nigerian entrepreneurs that the motivators for them are independence, satisfaction and growth, increase in income, recognition from public and past training and experience. It shows that the motivators are not limited to money alone. Autonomy, opportunities for growth, satisfaction from work and recognition from others are also equally important. Mathew (2007) has studied the relationship of organizational culture with productivity and quality in the Indian software organizations and opines that concern for employees and trust enhances the affective disposition of the employees. According to him, empowerment of employees often led to extra role behaviors thus contributing to increased productivity. Team building is another significant factor in the employee productivity in banks as mentioned by Mittal and Khera (2008). Yaping and Song (2008) have reported "Employee security is not significantly related to firm performance and positively related to employee organizational commitment. Provision of career advancement opportunities was positively related to firm performance, employee organizational commitment and citizenship behavior."

Sharma and Khandekar (2006) report that "Empowerment is about sharing power or moving power to people who are doing the work, redistributing authority and control, employees and managers sharing equal responsibility for results, maximizing employee contribution to organization’s success, participation in the decision making, and pursuit of a shared vision and purpose." Gagne and Deci (2005) have found autonomous motivation to be
related to organizational commitment. Hence autonomous motivation is important if employees are to accept the organization’s goals and to be committed to working towards them. It has been found that autonomous motivation is preferable in organizations because even with dull and boring jobs it leads to better attendance and lower turnover as reported by Breauagh (1985). Studies have also found that managers' autonomy support led to greater satisfaction of the needs for competence, relatedness and autonomy. This in turn led to more job satisfaction.

Borbidge (2007) says feeling in by personnel and appreciation for them are two important stimulants for motivation. Rewards won't motivate most people to excel or go beyond the average performance level. Rewards are effective in the short term. They need not always be monetary. Dysvik and Kuvaas (2008) mention perceived training opportunities and employee outcome are positively co-related in a study of Norwegian service organization. Satisfaction of these needs will enhance intrinsic motivation. Upsetting of these needs on the other hand will undermine intrinsic motivation. Intrinsic motivation is long lasting and does not need any outside stimulus.

2.6 Theories of Motivation

Motivation is essentially an area of psychology, organizational behavior and management, which attempts to explain why people behave in a certain manner. Although humans can be motivated to act in a similar fashion but their level of commitment will differ substantially. Motivation is a useful device to think about why people do what they do. Motivation has been presented as basic psychological process consisting of primary, general and secondary motives. Research on work motivation over the last 50 years can be thought of as adopting either a static or dynamic approach to explaining work motivation behavior. The static or content models of work motivation provides a somewhat perspective approach to work motivation. On the other hand the more dynamic theories, often termed process theories are more complex.
2.6.1 Content Theories of Motivation

Content theories are primarily concerned with what it is within an individual or his or her environment that energies and sustains the person's behavior. These internal states are typically referred to as drives, needs or motives in these theories. These theories are functional because they lend insight into people's need and help the managers understand what people will and will not value as work rewards or need satisfiers. Content theories offer ways analyze individuals to identify the needs that motivate their behaviors. According to Petri (1996) the vast array of motivation theories are based, in essence, on differing approaches to the origins or sources of motivation. Employees have many needs and various content motivation theories help the manager to identify these needs in different ways. The content theories of motivation approaches that have led to our understanding of motivation are Maslow's need-hierarchy theory, Herzberg's two-factor theory, Alderfer ERG theory and McClelland's achievement theory (Moorhead and Griffin, 1995).

2.6.1.1 Maslow's need hierarchy theory

Maslow's need hierarchy theory was based on human behavior. He conducted his investigation between 1939 and 1943. Maslow's idea was "people will not be healthy and happy unless they have their needs met" (Greenberg, 1999). The basic tenet of the theory is that people are motivated by their quest to satisfy their needs, or deficiencies, which may be grouped in five categories. According to Maslow (1943) an employee has five levels of needs physiological, safety, social, ego and self-actualizing and that these needs occur in a specific hierarchy, where lower order needs have to be satisfied before those of a higher order nature. The three sets of needs at the bottom of the hierarchy are called deficiency needs because they must be satisfied for the individual to be fundamentally comfortable. The top two sets of needs are termed growth needs because they focus on personal growth and development. (Moorhead and Griffin, 1995).
a. Physiological needs
These include the need for food, water, shelter, clothing and money. Until and unless an individual has access to these necessities there can be no further progress. These are very basic needs. In the organizational scenery, these are reflected in the needs for adequate heat, air and a base salary to guarantee survival.

b. Safety needs
These needs include security and stability. In this an individual expects and pursues job security, a comfortable work environment, pension and insurance plans and freedom to organize in order to ensure continuation of these benefits. Personal motivation may include the peace of mind that can be provided as a result of these needs being secured. The organization helps to satisfy employees’ safety needs by benefits.

d. Social needs
Relationship needs include socialization, affection, love, camaraderie and friendship. Social needs are the needs for interaction with other people, belongingness, love etc. these needs reflect the desire to be accepted by one’s peers, have friendships, be part of a group and be loved. In the work environment, these needs affect the desire for good relationship with co-workers, participation in a work group and a positive relationship with supervisors. Since no person can survive for extended periods without interacting with other people. The organization can assist by ensuring proper communication system, good working environment and the manager can help to fulfill social needs by showing direct care and concern for employees.

e. Esteem needs
Esteem is the desire for respect, which is affected by the person’s standing reputation, his needs for attention, recognition, achievement and appreciation. These include feelings of adequacy, competency, independence, confidence,
appreciation and recognition by others. The organization helps to satisfy employee’s esteem needs by matching his skills and abilities to the job. Manager can help to fulfill esteem needs by showing workers that their work is appreciated.

f. **Self-actualization need**

This area is the most difficult to define and therefore, may be the most difficult to explain. Organizational requirements may include the opportunity for creativity and growth. Frequently, individuals aspiring to this level often operate outside existing organizations and instead build their own structures to suit their own individuals' needs. Self-actualization needs are the desires for self fulfillment and the realization of the individual's full potential. The supervisor can help fulfill self-actualization needs by assigning tasks that challenge employees' minds while drawing on their aptitude and training (Johns, 1996).
Fig 2.6.1.1 Maslow’s Need of Hierarchy

- **Physiological**
  - Breathing, food, water, sleep, homeostasis

- **Safety**
  - Security of body, of employment, of resources, of morality, of the family, of health, of property

- **Love/Belonging**
  - Friendship, Family

- **Esteem**
  - Self-Esteem, Confident, Achievement, Respect of others, Respect by others

- **Self-Actualization**
  - Morality, Creativity, Spontaneity, Problem Solving, Lack of Prejudice, Acceptance of facts
Maslow argued that as each lower level need must be substantially satisfied then only individuals are motivated by the next higher level need. This means that the needs are satisfied in sequentially. There are some criticisms to Maslow’s hierarchy of needs theory. One main criticism is that there is little empirical evidence to support Maslow’s assumptions (Drenth, Thierry & Willems, 1984). Second, his methodology was problematic (Boeree, 1998). Third, Maslow assumes that human beings will move up the hierarchy, satisfying one need before moving on. But, there are many examples that refute this thought. Many of the best artists and authors, which can be thought of as self-actualized, suffered from poverty, bad upbringing, neuroses, and depression (Boeree, 1998). To conclude, in spite of the criticisms, Maslow’s work is important in terms of recognizing the needs being pursued by employees and shedding some light on the social and psychological needs of individuals in addition to material needs. Apart from monetary incentives, Job-related non-monetary incentives work on the self-actualization needs of employees. Providing employees with opportunities to grow like training programs, letting them to be creative in their jobs, giving them more responsibility and autonomy helps employees’ self-fulfillment. Within the limitation of the scope of the study, the present study will also help to understand whether the frontline employees of leading private bank in Pune
city have moved beyond the basic physiological and security needs as primary motivators

2.6.1.2 ERG Theory

According to Alderfer, the prepotency or rank of these categories is neither universal nor predictable; it differs from person to person as a function of culture, education, family background, age, etc. Neither the sequence nor the salience of these needs can, therefore, be generalized to all individuals."

Clayton P. Alderfer (1972) reformulated Maslow’s theory and he proposed that there are three basic needs: Existence (dietary and material requirements like pay and conditions.), Relatedness (need for meaningful social relations, relationship with family and friends and at work with colleagues) and Growth (need for developing one’s potential, the desire for personal growth and increased competence). Alderfer also sees his three levels, which includes existence, relatedness and growth (ERG) needs as being hierarchal and thus, influenced by personal growth and extrinsic and intrinsic rewards.

a. Existence

These needs correspond closely to the physiological needs identified by Maslow and those safety needs that can be satisfied by material rather than interpersonal rewards or conditions. They include the need for food, water, air, shelter, safe working conditions pay and fringe benefits

b. Relatedness

These are needs that may be satisfied by communication or exchange and interaction with other individuals. These rewards include accurate and honest feedback, which may involve direction and advice rather than unconditional pleasantness or agreement.

c. Growth

These are needs that are fulfilled by strong personal involvement that fully utilizes our skills, abilities and creativity. They include Maslow’s self -actualization as well as esteem needs that rely on intrinsic reward (Altman et al., 1985).
His theory is a simplified form of Maslow’s hierarchy of needs theory but he added that all these basic needs can motivate behavior at the same time and might not be activated in any hierarchical order. That is, any one need may take precedence over others regardless of whether the others are fulfilled or not. According to him in an organization some individual may prefer monetary incentives in the first place but there are some individuals who may prefer non-monetary incentives like training, career development program, public appreciation etc. Moreover, contrary to Maslow who argued that when satisfied a need becomes less important to an individual, according to Alderfer, that relatedness or growth needs become more important when satisfied. This means that team-working arrangements can continue to motivate employees and are not necessarily superseded by growth needs. Alderfer proposed that the hierarchy among these needs is more complex due to the frustration-regression principle (Samson and Daft, 2002). It means that failure to meet a high-order need may activate a regression to an already fulfilled lower-order need. For example, an employee who is not appreciated for doing a good job at work may not be realizing his self-esteem need. Then, this need may revert to a lower-order need and he may redirect his or her efforts towards making a lot of money.

To conclude, ERG theory also support the idea that both monetary and non-monetary motivational practices are necessary in the job satisfaction and work commitment.

2.6.1.3 McClelland’s Acquired Needs Theory

According to Psychologist David McClelland (1961) there are some needs which individual’s have acquired during individual’s lifetime. Once they are acquired they remain unchanged. Thus, they differ from individual and individual. He identifies three needs important in the work place leading motivation, regardless of culture or gender: needs for achievement, need for affiliation, and need for power. Although similar to the theories of Maslow and Alderfer in its attention to middle and upper level needs, need
achievement theory is much more "applied" than any other content theory. According to his theory, achievement motivated people strive to attain challenging goals. They prefer tasks that enable them to use their skills and initiation in problem solving and enjoy doing something not done before. They like to get immediate feedback on how they have done so that they can enjoy the experience of making progress toward objectives.

**a. Need for achievement**

Individuals in this category have a strong desire to accept and execute challenging tasks well. They have a preference for situations where personal responsibility can be taken for successful outcomes. The goals they set require a calculated amount of risk and the individual seeks performance feedback to allow for modification and to ensure success. The need for achievement tend to set moderately difficult goals, make moderately risky decisions, want immediate feedback, become preoccupied with their task and assume personal responsibility (Moorhead and Griffin, 1995).

**b. Need for affiliation**

Individual in this category display a need to establish and maintain friendly, compatible relationships. They have a need to like other people and want others to like them. These individuals prefer to work in an environment that provides significant personal interaction and it is likely that they appreciate social incentives. They are able to establish good working relationship with other employees.

**c. Need for power**

The need for power may be classified as “personalized power” or “socialized power” (McClelland, 1975). Power motivated individuals like to influence and direct others. They want loyalty to their leadership rather than to the organization. When the leader leaves the organization there is likely disorder and decrease team moral and direction. Socialized power need is usually referred as effective leadership. These leaders use their power in a way that
benefits others and the organization rather than only contributing to the leader’s status and gain. They seek power to make sure that tasks are accomplished and to empower others who further the leader’s vision for the organization.

Acquired needs theory implies that the same set of circumstances in a work environment may cause employees to react in different ways as they have different needs. Thus, employees can be motivated differently in the work place. For example power motivated individuals can be granted the opportunity to manage others, growth opportunities or greater autonomy in their jobs, which are job- related non-monetary incentives. People with high need for achievement may be motivated by other job-related non-monetary incentives such as assigning challenging tasks with reachable goals or giving frequent feedback. To conclude, non-monetary incentives may also be effective in meeting power, achievement and affiliation needs of individuals proposed by McClelland.

2.6.1.4 Motivation-Hygiene Theory

Frederick Herzberg studied the factors in the work environment that caused satisfaction and dissatisfaction among the workers. Motivation is usually considered to be intrinsic when individuals perceive themselves to have control over environmental factors and over their own behavior. Motivation is extrinsic if these conditions are absent. In terms of Herzberg’s two-factor theory, intrinsic motivating factors, those that determine the degree of job satisfaction, relate to job content whereas extrinsic hygiene factors, those that determine the degree of job dissatisfaction, relate to job context (Herzberg, 1971),

Hygiene factors refer to the presence or absence of job dissatisfies. When hygiene factors are reduced, work is dissatisfying. They are considered maintenance factors that are necessary to avoid dissatisfaction but they do not themselves contribute to the job satisfaction and motivation of personnel. That
is, they only maintain employees in the job. In line with Herzberg’s view unsafe working conditions for a noisy work environment will cause employees to be dissatisfied with their job but their removal will not lead to a high level of motivation and satisfaction. Some other examples of hygiene factors are salary, status, security, supervision, company, policy etc.

On the other hand, motivators, leading to job satisfaction, are associated with the nature of the work itself. They are those job –related practices such as assignment of challenging jobs, achievement, work itself, recognition, responsibility, advancement and opportunities for growth in the job etc. Herzberg argued that when motivators are absent, workers are neutral towards work, but when motivators are present, workers are highly motivated to excel at their work. In contrast, hygiene factors can only work to prevent job dissatisfaction

a. Motivator factors

According to Silver (1983), motivation factors are the aspects of a job situation that can, when present, fulfill employees' needs for psychological growth. They tend to be intrinsic to the work associated with the job; they pertain to the content of the job. When present, adequate and positive in a job situation, these elements cause feelings of satisfaction in employees; when absent, inadequate, insufficient or negative, however, they do not generally cause feelings of dissatisfaction. The six motivation factors are

i. Achievements: successful or unsuccessful completion of a job; solution or non-solution of problems, seeing or not seeing the results of one's work.

ii. Recognition: notice in the form of praise or blame from any other person (a superior or manager, a client, a peer, a professional colleague), personal acknowledgement by management, reward or punishment that is directly related to task accomplishment that was assigned.
iii. **Work itself**: the nature of the tasks to be accomplished on the job. The task themselves might be routine or varied, creative or stultifying, interesting or boring, difficult or easy.

iv. **Responsibility**: presence or absence of autonomy in carrying out job assignments, increase or decrease in authority over others, accountability for task accomplishment.

v. **Advancement**: actual in status within the organization as a result of performance, promotion, lack of expected promotion, or demotion related to performance.

vi. **Possibility of growth**: changes in the words situation such that advancement is more or less likely and opportunities to learn are increased or decreased.

b. **Hygiene factors**

Hygiene factors are the aspects of a job situation that can, when present and adequate, fulfill employees' pain-avoidance needs. They tend to be extrinsic to the work itself; they pertain to the context in which the work is performed. When absent, inadequate, or negative in a job situation, these elements cause feelings of dissatisfaction; but when present, ample and positive they do not generally cause feelings of satisfaction. The ten hygiene factors are:

i. **Company policy and administration**: adequacy or inadequacy of company management, such elements as clarity of communication and adequacy of resources for task accomplishment, overall harmful or beneficial personnel policies, such as salary increment policies, promotion policies and fringe benefits.

ii. **Supervision (technical)**: competence or incompetence, fairness or unfairness and efficiency or inefficiency of superordinates.
iii. **Salary**: wage and compensation features, such as pay increase expectations unfulfilled or exceeded, early or late salary adjustments and adequate or inadequate pay.

iv. **Interpersonal relations (superior)**: pleasant or unpleasant interactions with super ordinates that are or are not directly relevant to task accomplishment,

v. **Interpersonal relations (sub ordinates)**: pleasant or unpleasant interactions with persons at a lower level in the organizational hierarchy.

vi. **Interpersonal relations (peer)**: pleasant or unpleasant interactions with co-workers (persons at the same level in the organization),

vii. **Working conditions**: the physical conditions of work, such as the amount of work or the facilities available, heat, light, space and ventilation, tools, equipment and supplies

viii. **Status**: signs, symbols, or appurtenances of position within the organization, such as privileges, support staff, work space size and location, work space decor and so on.

ix. **Job Security**: objective signs of the presence or absence of job security, such as tenure, company stability and assurances of or threats to continued employment.

x. **Effect on personal life**: aspects of the job that have impact on personal life, such as work shifts, travel requirements, geographic location and entertainment requirements (Silver, 1983).

According to him, employees are satisfied with a work that is interesting and challenging and they will be motivated to do work that they identify to be important. Thus, it is possible to motivate employees with the work itself. In fact, Herzberg emphasizes that true motivation comes from within a person, that is, intrinsically, not extrinsically. He suggested that jobs can be
redesigned and enriched to integrate “motivators: to the job, so that employees will be willing to exert effort in their work. He argued that jobs should have adequate challenge to fully utilize employees’ abilities and employees who prove to have increasing levels of ability should be given increasing levels of responsibility.

Motivation hygiene theory has important implications for this study. It constitutes a good framework for the validity of the argument that motivational practices can increase the job satisfaction and work commitment in an organization. Herzberg points out that what really motivate employees are the assignment of challenging jobs, achievement, work itself, recognition, responsibility, opportunities for growth in the job. They have the power to motivate employees intrinsically. As an external factor, monetary incentives may prevent job dissatisfaction but do not necessarily motivate employees. According to two-factor theory, it is expected that frontline employees of the leading Indian private bank would be motivated by job-related and social non-monetary incentives and would need monetary incentives and other environmental factors to avoid dissatisfaction with the job.

2.6.2 Process Theories of Motivation

The process theories focus on how behavior originates and operates. These theories actually deal with approaches that can aid a manager to motivate an employee (Moorhead and Griffin, 1995). Process theories offer a more dynamic alternative: they strive to provide an understanding of the cognitive process that take place within the minds of people which act to influence their behavior. Cognitive theories do not focus directly on work as a potential source of motivation, but rather on the cognitive processes, such as thoughts, beliefs and values, which people use to make choices regarding their behavior at work (Schultz & Schultz, 1998). For this reason these theories are also referred to as process theories.
2.6.2.1 Equity theory

Comparing with other is a common feature in humans. One theory that comes forth from this evaluating of one’s self and each other is the equity theory. Equity theory is based on cognitive dissonance theory developed by Leon Festinger in the 1950s (Kinicki and Kreitner, 2003). John Stacey Adams put his equity theory forward in 1963. Central to comprehending Adams’ equity theory of motivation is an understanding of the individual-organization exchange relationship. Carrell and Dittrich (1978) depict that most theorists discussing the equity theory posse’s three important points. First, employees perceive a fair return for what they contribute to their job. Second, employees then run some kind of social comparison what their compensation should be with their colleagues. Last, each employee that perceives himself to be in an inequitable situation will try to decrease this inequity. Robbins (2003) and Adams (1963; 1965, in Harder, 1991) explain that the equity theory is a theory that centers on perceived fairness of an individual. An employee reflects on how much effort he has spent and compares this to what he has got from it. After this individual evaluation of his input-output ratio, he will compare his ratio to the input-output ratios of others, especially the direct peers. If the employee considers his input-output ratio to be equal to ratios of other relevant employees, a state of equity exists. The employee will have a feeling that he is treated fairly. In this case, the person is seemingly content and will not act to imbalance the condition (Cosier and Dalton, 1983).

When an employee perceives inequality between him and his counterparts, there will be a state of inequity. There are three types of equity, namely external, internal, and employee equity (Konopaske and Werner, 2002). External equity arises when employees compares themselves to others who have the same job but work in different organizations. Internal equity occurs when the comparison is made between e themselves to others who have a different job but work in the same organization. Employee equity exists when an employee compares himself to other employees who occupy the same job
within the same organization. The most relevant of the three types seems the employee equity, since an employee tends to evaluate his own input-output ratio to those of his direct peers. One possible reason for this is that it is the easiest comparison to make for an employee. He can see how much effort his colleague has put into a job and how much he got from it. This is harder to do when making comparisons regarding internal and external equity.

Kinicki and Kreitner (2003) emphasize the aspect of ratios in the equity theory. Since equity is based on comparing ratios, inequity will not necessarily be perceived because someone else receives greater rewards. This inequity can be two-sided. An employee can feel over rewarded when he thinks that his ratio is better than others and he can feel under rewarded when he thinks that he should get more for his work.

(Cosier and Dalton, 1983) suggests that although both over reward and under reward produce tension, they may not have equal effects. Over reward can be perceived as luck or fortune and therefore not causing much tension. It is possible that over reward will not be perceived as inequity as such. If this over reward is viewed as desirable, the tension to decrease inequity would be zero in fact. Logically, this will be different for each person. Moreover, there could be a difference between operational executives and sales executives in the bank concerning the tension to decrease inequities when they occur.

Employees make efforts to rectify inequities when they occur (Kaplan, Reckers and Reynolds, 1986; Robbins, 2003). There are four statements that relate to inequity (Adams, 1963; 1965 in Cosier and Dalton, 1983; Adams, 1963; 1965 in Huseman et al., 1987). First, the perceived inequity creates stress in an individual. Second, the size of stress is proportional to the degree of inequity. Next, the created stress motivates the employee to decrease it. Last, the strength of the motivation to decrease the inequity is proportional to the perceived inequity. Robbins (2003) continues with several choices that employees have when they encounter an inequity. First, they can alter either their own or others’ inputs or outcomes. Second, they can behave in some way
to induce others to change their inputs or outcomes. Next, they can behave in such a way to change their own inputs or outcomes. Fourth, they can select a different comparison referent. Last, they can quit their job.

The equity theory is included for the study because it is interesting to see how employees having equivalent educational background but working in different departments in the same organization compare themselves to each other. These comparisons have an impact on the job satisfaction and work commitment when one group of employees perceives that they are not to be treated fairly. Important is that equity theory shows that beliefs, perceptions, and attitudes influence motivation. Employees are motivated powerfully to correct situations when there is a perception of inequity present.

2.6.2.2 Expectancy theory

Expectancy theory refers to a set of decision theories of work motivation and performance (Vroom, 1964). Perception plays a innermost role in expectancy theory because it emphasizes cognitive ability to predict likely consequences of behavior (Kinicki and Kreitner, 2003). Expectancy theory depicts that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will have a certain consequence and on the attractiveness and value of that specific outcome to the individual. Expectancy theory has two major assumptions. The first assumption is that individual persons have perceptions about the consequences that result from their behavioral actions, and the causal relationship among these outcomes. These perceptions, or beliefs, are referred to as either expectancies or instrumentalities. The second assumption is that individual persons have affective reactions to certain outcomes. Affective reactions reflect the valence (positive or negative value individuals place on results) of outcomes (Kinicki and Kreitner, 2003).

According to the expectancy theory, individuals will be motivated to perform by two expectancies. The first expectancy is the probability that the effort put forth will lead to the desired performance. The second expectancy (also
referred to as instrumentality) is the probability that a particular performance will lead to certain preferred outcomes. When the probability of some effort will not be rewarded, the employee will not be highly motivated to perform a certain task. According to the theories that fall under the heading of expectancy theory, the so-called central expectancy core is that motivation is based on individual’s viewpoints about the perceived probability that the effort will lead to specific performance (expectancy), multiplied by the probability that performance will lead to a certain reward (instrumentality), multiplied by the supposed value of the reward (valence) (Feldman, Reitz and Hilterman, 1976; Ferris, 1977; Isaac et al., 2001). Figure 2.1, depicted by Fisher, Schoenfeldt and Shaw (1999) explains the expectancy theory in a graphical way.
Figure 2.1: Major elements of expectancy theory

![Diagram showing the major elements of expectancy theory: Expectancy (probability that effort will lead to desired performance), Valence (value of outcome to individual), Effort, Performance, Outcomes (pay, recognition, other rewards), and Instrumentality.]

An employee’s expectation that a specific level of effort produces the intended performance goal influences (extrinsic) motivation. Moreover, the employee’s perceived chances of actually getting certain outcomes by accomplishing the organizational goals affect motivation as well. Employees are motivated to the extent that they value the outcomes received. Regarding the expectancy theory, one can see that the focus is on receiving and valuing rewards, which is mostly extrinsic. Intrinsic motivation is still present here, but to a lesser extent than extrinsic motivation. The expectancy theory is a theory that is based on maximization of self-interests, wherein each employee tries to maximize his or her expected satisfaction (Robbins, 2003).

**Benefits of Employee Motivation**

1. **Improves level of efficiency of employees:**

   The level of a subordinate or an employee does not only depend upon his qualifications and abilities. For getting best of his work performance, the gap between ability and willingness has to be filled which helps in improving the level of performance of subordinates. This will result into increase in productivity, reducing cost of operations, and improving overall efficiency in the work place (Adi, 2000).

2. **Puts human resources into action.**

   Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilized by making full use of it. This can be done by building willingness in employees to work. This will help the organizations in securing best possible utilization of resources (Rothberg, 2005).

Motivation is an important factor, which brings employees satisfaction. This can be done by keeping into mind and framing an incentive plan for the benefit of the employees. This could initiate the following things: Monetary and non-monetary incentives, Promotion opportunities for employees, disincentives for inefficient employees. Industrial dispute and unrest in employees will reduce, the employees will be adaptable to the changes and there will be no resistance to the change, this will help in providing a smooth and sound concern in which individual interests will coincide with the organizational interests; this will result in profit maximization through increased productivity (Anka, 1988)

4. Leads to achievement of organizational goals.

The goals of an organization can be achieved only when the following factors take place:-

There is best possible utilization of resources, there is a co-operative work environment, the employees are goal-directed and they act in a purposive manner, goals can be achieved if co-ordination and co-operation takes place simultaneously which can be effectively done through motivation (Anka, 1988)

5. Leads to stability of work force.

Stability of workforce is very important from the point of view of reputation and goodwill of a concern. The employees can remain loyal to the organization only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employers as well as employees. This will lead to good public image in the market, which will attract competent and qualified people into a concern. As it is said, “Old is gold” which suffices with the role of motivation
here, the older the people, more the experience and their adjustment into a concern which can be of benefit to the organization (Rothberg, 2005)

2.7 Indian Banking Industry Challenges and Opportunities

2.7.1 Introduction:

Now days, the world has witnessed that the World Economy is passing through some complicated situations such as bankruptcy of banking & financial institutions, debt crisis in major economies of the world and euro zone crisis. The unpredictability of the situation has caused major economies like US and Europe to go into recession. Hence, the consequence is that the survival, growth and maintenance of sustainable development have become questionable.

However, amidst all this turmoil India’s Banking Industry has been amongst the few to maintain resilience. The last ten years have been exceptional in terms of the pace of development for the Indian Banking Industry. It is evident from the higher pace of credit expansion; expanding profitability and productivity similar to banks in developed markets, lower incidence of non-performing assets and focus on financial inclusion have contributed to making Indian banking effervescent and robust. With a view to keep the economy rolling, an initiative has been taken by the Indian Banks to revise and re-evaluate the prospects on hand. In this paper, an attempt has been made to review various challenges which are likely to be faced by Indian banking Industry

2.7.2 Historical Background

The earliest Indian Bank; Bank of Hindustan was set up in 1870. Later, three presidency banks under Presidency Bank’s act 1876 i.e. Bank of Calcutta, Bank of Bombay and Bank of Madras were set up, which laid the foundation for modern banking in India. In 1921, Imperial Bank of India came into
existence. It was an amalgamation of all presidency banks. Imperial bank carried out limited number of central banking functions prior to establishment of RBI. The bank performed all functions involved in a commercial banking business except for dealing in foreign exchange.

In 1934, Reserve Bank of India Act was passed which gave birth to the Reserve Bank of India (RBI). RBI was constituted as apex body without major government ownership. Banking Regulations Act was passed in 1949. This regulation brought RBI under government control. Under this act, RBI annexed wide range of powers such as supervision & control of banks. The Act also vested licensing powers & the authority to conduct inspections in RBI.

In 1955, State Bank of India came into existence as a consequence of acquisition of Imperial Bank of India by RBI. In 1959, SBI took over control of eight private banks floated in the erstwhile princely states, making them as its 100% subsidiaries.

It was in the year 1960, when RBI was empowered to force compulsory merger of weak banks with the strong ones. It drastically lowered the total number of banks from 566 in 1951 to 85 in 1969. In July 1969, government nationalized 14 banks having deposits of Rs. 50 crores & above. In 1980, government acquired 6 more banks with deposits of more than Rs. 200 Crores. The main aim of Nationalization of banks was to make the banks catalytic agents for economic growth. In 1992, the Narasimha Committee report suggested that wide range of reforms be made for the banking sector to acquaint with internationally accepted banking practices. The amendment of Banking Regulation Act in 1993 witnessed the entry of new private sector banks.

Banking industry is the back bone for growth of any economy. The journey of Indian Banking Industry has encountered many waves of economic crisis. In the recent time, we have observed the economic crisis of US in 2008-09
and now the European crisis. The overall set-up of the world economy is very serious.

It is the banking rules and regulation framework of India which has averted it from the world economic crisis. In order to understand the challenges and opportunities of Indian Banking Industry, first of all, we need to understand the general scenario and structure of Indian Banking Industry.

### 2.7.3 General Banking Scenario in India

Today’s India has become very dynamic in terms of its banking scenario. Before pre-liberalization era, the picture of Indian Banking was completely different. The Government of India initiated measures to play an active role in the nation’s economy. Also, the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segments of the economy including banking and finance.

The Reserve Bank of India was nationalized of January 1, 1949 under the terms of the Reserve Bank of India (Transfer to Public Ownership) Act, 1948. In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) “to regulate, control, and inspect the banks in India.” The Banking Regulation Act also provided that to open a new bank or branch of an existing bank, one has to obtain a license from RBI. The Act also states that no two banks could have common directors.

By the 1960s, the Indian banking industry played a crucial role in accelerating the speed of development of the Indian economy. The Government of India issued an ordinance stating that 14 largest commercial banks should be nationalized with effect from the midnight of July 19, 1969. A second dose of nationalization of 6 more commercial banks followed in 1980. The reason behind this second dose of nationalization was enabling the government with more control of credit delivery. With the second dose of nationalization, the
Government of India controlled around 91% of the banking business of India. It was the only merger between nationalized banks and resulted in the reduction of the number of nationalized banks from 20 to 19. After this, until the 1990s, the pace of growth of the nationalized banks was closer to the average growth rate for Indian Economy, which was around 4%.

In the early 1990s, the then Narasimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. Relaxation in the norms for Foreign Direct Investment was proposed to create a new platform for the Indian Banking. The proposal stated that the voting rights given to the Foreign Investors in the banks could not exceed the present cap of 10%. At present, the cap has gone up to 74% but it has some restrictions.

The Banking sector in India was completely stunned by the new policy. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%; Lend at 6%; Go home at 4) of functioning. The new technology gave an enormous boost. The new wave ushered in a modern outlook and tech-savvy methods of working for traditional banks. All this led to the retail boom in India. Demand from people increased day by day. People not just demanded more from their banks but also received more.

2.7.4. Structure of Indian Banking Industry

Banking Industry in India functions under the sunshade of Reserve Bank of India – the regulatory, central bank. Banking Industry mainly consists of:

- Commercial Banks
- Co-operative Banks

The commercial banking structure in India consists of: Scheduled commercial Banks Unscheduled Bank. Scheduled commercial Banks constitute those banks which have been included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934.
RBI in turn includes only those banks in this schedule which satisfy the criteria laid down vide section 42 (60) of the Act. The scheduled commercial banks constitute some co-operative banks but not all co-operative banks. During the times of liquidity constraints, banks which are a part of second schedule are granted some benefits in terms of access to accommodation by RBI. On one hand, this status confers some benefits, but on the other hand this status also substances the bank to certain conditions which are obligating towards the reserve regulations of RBI.

The Reserve Bank of India classifies the banks as public sector banks, old private sector banks, new private sector banks and foreign banks as it facilitates in the assessment of the performance of the banks.

**Figure 2.7.1:** The commercial banking structure in India
Table 2.7.2: Scheduled Commercial Banks Operating in India

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nationalized Banks</th>
<th>Old Private Sector Banks</th>
<th>New Private Sector Banks</th>
<th>Foreign Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allahabad Bank Ltd.</td>
<td>Catholic Syrian Bank Ltd.</td>
<td>Axis Bank Ltd.</td>
<td>Abu Dhabi Commercial Bank</td>
</tr>
<tr>
<td>2</td>
<td>Andhra Bank Ltd.</td>
<td>City Union Bank Ltd.</td>
<td>Development Bank Ltd.</td>
<td>American Express Bank</td>
</tr>
<tr>
<td>3</td>
<td>Bank of Baroda Ltd.</td>
<td>Dhanalakshmi Bank Ltd.</td>
<td>HDFC Bank Ltd.</td>
<td>Bank International Indonesia</td>
</tr>
<tr>
<td>4</td>
<td>Bank of India Ltd.</td>
<td>Federal Bank Ltd.</td>
<td>ICICI Bank Ltd.</td>
<td>Bank of America</td>
</tr>
<tr>
<td>5</td>
<td>Bank of Maharashtra</td>
<td>ING Vysya Bank Ltd.</td>
<td>Indusland Bank Ltd.</td>
<td>Bank of Ceylon</td>
</tr>
<tr>
<td>7</td>
<td>Central Bank of India Ltd.</td>
<td>Karnataka Bank Ltd.</td>
<td>Yes Bank Ltd.</td>
<td>Bank of Tokyo Mitsubishi (UFJ)</td>
</tr>
<tr>
<td>8</td>
<td>Corporation Bank Ltd.</td>
<td>Karur Vysya Bank Ltd.</td>
<td></td>
<td>Barclays Bank PLC</td>
</tr>
<tr>
<td>9</td>
<td>Dena Bank Ltd.</td>
<td>Lakshmi Vilas Bank Ltd.</td>
<td></td>
<td>BNP Paribas</td>
</tr>
<tr>
<td>10</td>
<td>IDBI Bank Ltd.</td>
<td>Nainital Bank Ltd.</td>
<td></td>
<td>Calyon Bank</td>
</tr>
<tr>
<td>11</td>
<td>Indian Bank Ltd.</td>
<td>Ratnakar Bank Ltd.</td>
<td></td>
<td>Chinatrust Commercial Bank</td>
</tr>
<tr>
<td>12</td>
<td>Indian Overseas Bank Ltd.</td>
<td>SBI Commercial and International Bank Ltd.</td>
<td></td>
<td>Citibank N.A.</td>
</tr>
<tr>
<td>13</td>
<td>Oriental Bank of Commerce Ltd.</td>
<td>South Indian Bank Ltd.</td>
<td></td>
<td>DBS Bank</td>
</tr>
<tr>
<td>14</td>
<td>Punjab and Sind Bank Ltd.</td>
<td>Tamilnadu Mercantile Bank Ltd.</td>
<td></td>
<td>Deutsche Bank AG</td>
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<tr>
<td></td>
<td>Bank Name</td>
<td>Partner Bank</td>
<td></td>
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<tr>
<td>15</td>
<td>Punjab National Bank Ltd.</td>
<td>HSBC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Syndicate Bank Ltd.</td>
<td>JPMorgan Chase Bank</td>
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<tr>
<td>17</td>
<td>UCO Bank Ltd.</td>
<td>Krung Thai Bank</td>
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<tr>
<td>18</td>
<td>Union Bank of India Ltd.</td>
<td>Mashreq Bank psc</td>
<td></td>
<td></td>
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<tr>
<td>19</td>
<td>Union Bank of India Ltd.</td>
<td>Mizuho Corporate Bank</td>
<td></td>
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<tr>
<td>20</td>
<td>Vijaya Bank Ltd.</td>
<td>Royal Bank of Schtland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>State Bank of Bikaner and Jaipur Ltd.</td>
<td>Shinhan Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>State Bank of Hyderabad Ltd.</td>
<td>Societe Generale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>State Bank of India Ltd.</td>
<td>Sonali Bank</td>
<td></td>
<td></td>
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<tr>
<td>24</td>
<td>State Bank of Mysore Ltd.</td>
<td>Standard Chartered Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>State Bank of Patiyala Ltd.</td>
<td>State Bank of Mauritius</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>State Bank of Patiyala Ltd.</td>
<td>UBS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td></td>
<td>VTB</td>
<td></td>
<td></td>
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</tbody>
</table>

**Source:**

2.7.5 Challenges faced by Indian banking Sector:

In India, economic reforms initiated by Government about two decade ago, have changed the landscape of banking sector. This sector undergoes many changes during economic reform which affect the ownership pattern of bank, cost of fund as well as opportunities to earn, broad range of service and management of priority sector. Economic reforms have generated a new mix of players (public sector banks, foreign banks and foreign banks) in the banking sector. In order to remain competitive it requires recognition of the importance of customers, their need identification and fulfillment of that need through innovative product supplemented by advanced technology. Due to globalization, private banks are facing many challenges which includes market segmentation, product positioning, innovative delivery channels, cross selling etc. hence, they have to re-orchestrate their resources in the form of organized branch networks, reduction in the establishment cost, honing the skill of staff to perform multiple task.

After globalization and privatization the domestic as well as foreign banks has become more competitive. Due to intensive competition the profit margin of business unit engaged in the financial sector started declining. So it becomes very important for these units to find innovative methods of earning profits. Cross selling came into existence and banks are using this technique as a mean of increasing profitability. Cross selling is a marketing tools used to increase sales by displaying product to the customers that are closely related to the product and which they are interested in purchasing. This method allows banks to promote similar products that the customer may not be aware of or offer a complimentary product that he or she may be interested in as a desire to buy. Cross selling is a push strategy in which the new products are sold to the current customer based on their past purchase experience.
Indian private banks have to face cut throat competition both from public sector banks and foreign banks. In order to sustain the competition these banks must have to focus on the cross selling strategy. Cross selling technique not only help these banks to expand their business but also reduces the per customer cost of operation. For example, banks not only sell core banking products (Saving account, Current Account, Recurring deposit, fixed deposit etc) but also sells additional products such as credit cards, insurance products, government securities mutual funds, gold coins etc. selling of these additional product not only reduces per customer cost but also increases the per customer earning. Hence cross selling is a win-win strategy for both of the players. The cost of contracting a new customer is 3 to 4 times higher than to serve an existing customer. Therefore cross selling not only considerably reduces acquisition cost but also reduces servicing; marketing and communication cost and thereby substantially increases the profit earning capacity of the bank. The benefits of economies can be achieved through cross selling which reduces the cost further and hence increases the profit margin. Another advantage of cross selling is that it helps in brand building. The customers are also benefited from cross selling. They get all their financial need fulfilled under one roof. It also helps in building good relation between customer and employee as both are well acquainted of each other.

To accomplish this objective of cross selling, banks need to tackle five key enablers:

- **Deep customer analytics**: Effective customer insights rely on a single customer view and an understanding of customers’ needs. The customer data base should be analyzed and then the right customer relationship strategies should be put in place so that cross selling efforts should not backfire. The robust customer data base should be updated and processed quickly to ensure shortest possible time from data capture to customer contact.
• **Sales tools:** Meaningful customer insights are dispersed to sales staff via appropriate training and desktop tools that not only deliver targeted and prioritized leads, but also provide a consistent approach to effective customer conversations.

• **Sales staff capabilities and culture:** Banks are now focusing on improving hard skills i.e., sales staff’s product and process knowledge. However soft skill is also necessary to identify customer’s need and aspiration and develop a prospect dialogue are often more important. This can be achieved through intensive training.

• **Incentives:** Banks should design reward program for all staff that can nurture sales environment in the bank but they should restrict these awards to those who sell right product to the selected targets who are interested to buy. The incentive should be relationship focused not product focused.

• **Sales capacity:** Development of capacity management systems will provide staff with sufficient time and resources to pursue their cross-selling objectives effectively and avoid distractions (Mads Larsen, 2013).

Cross selling requires adaptive selling behavior. Adaptive selling is defined as “the altering of sales behaviors during a customer interaction based on perceived information about the nature of the selling situation” (Weitz, Sujan, and Sujan 1986). Thus adaptive selling requires listening to the customer’s need patiently and customized the product according to his or her inputs. Most of the sales executives pretend to be intrinsically motivated but they fails to perform because they are lacking of initiative. According to the action control theory, the enactment of the intended behaviors is driven by initiatives. Initiative is defined as the ability to begin tasks that are consistent with the goal achievement (Kanfer, Dugdale, and McDonald 1994). Thus, initiative can explain why equally motivated employees differ in adaptive selling behavior. Adaptive selling requires immediate adaptations during sales
interaction like responding to the customer queries, addressing objection raised by the customer and displaying empathy (Franke and Park 2006). Adaptive selling also requires high degree of autonomy which facilitates experimentation with innovative sales approach while discouraging the use of a well-defined method (Spiro and Weitz 1990). Adaptive selling compels sales executives to conduct research to learn from the market and use the acquired knowledge in preparing customized solutions to customer problems (Park and Holloway 2003).

Intrinsically motivated sales executives are imbued with pleasure and satisfaction which results from performing the selling job (Grant et al. 2001). These people are interested in mastering their jobs by searching creative solutions for any problem they face in sales. They are engaged in the behavioral changes which help them to enhance their productivity (Pullins 2001). Intrinsic motivation shall also enhance the performance in adaptive selling because adaptive selling requires behavioral changes aimed at creatively modifying service offers to meet diverse customer needs. According to Weitz, Sujan, and Sujan (1986), intrinsically motivated salespeople have high inclination towards learning than that of selling. Thus, they avoid routines method for performing their jobs. They also suggested that intrinsically motivated sales executives salespeople are more likely to adapt their behavior from customer to customer because they are willing to accept their failures as a natural part of learning.

Commercial banks have started realizing the need of motivated human capital for their survival in the face of global competition, rapid changing business environment and other upcoming challenges. With increasing globalization, the composition of the workforce is also changing and different generation, with differing viewpoint on the same topic. In order to sustain in the market all the groups are required to work together and adjustments have to be made by all categories. Organization can gain competitive advantage through harnessing the potential available in the employee by creating a learning and
positive work culture and support all employees to the organizational goal. This can be only possible when HRM model should be so devised that it will promote mutuality between employees and employers such as mutual respect, mutual reward, mutual responsibility, mutual goals etc. this is a win-win strategy which will elicit satisfaction and commitment among employees which, in turn will yield enhanced productivity and better employee development.

Society has now transformed into knowledge based where human capital is considered a key resource and essential for the survival of the business entity. New paradigm organizations recognize that an important element in business management practices is the need to successfully motivate and retain skilled employees who survive organizational restructuring, reorganizing and re-engineering initiatives (Clark, 2001). Strategic staffing is now an emerging issue because the ability to hold on to talented and skilled employees can be crucial for future survival (Whitner, 2001). The loss of skilled and talented employee is a costly affair for bank because of the resultant bidding up of market salaries for experienced hires to replace them; the costs of recruiting and assimilating new employee; the lost investment in providing training to the new employee; lost sales opportunities; the hidden cost of lost productivity and strained customer relationships (Eskildsen and Nussler, 2000).

Banks with a vision not only draw its plan in term of market share, revenue generation, profit etc. but also want to be successful and have desire to get constant progress in future. The current business scenario is highly competitive and organizations irrespective of their size, technology and market share are facing challenges for retention of their employees. To triumph over there restraint a strong and healthy bonding should be created and maintained between employer and employees. Unless and until, the internal customers are satisfied and motivated for the task accomplishment and goal achievement, hardly any bank can achieve success (Adi, 2000). In essence, human resources of any organization are the most essential part, so
the need to influence and persuade them towards organizational goal becomes necessary, if not evitable. Due to lack of motivation, a number of symptoms can be seen among the employees like low morale, declining productivity, higher rate of absenteeism, decrease in output quality etc.

**2.7.6 Challenges Faced by Indian private Bank:**

- Liberalization made way for private banks in the Indian Banking Sector. These came to be known as new generation tech savvy banks. These banks faced stiff competition from the well established public sector banks that have an extensive branch network, diversified product and credit plan, skilled labor force and expertise, large number of client and brand value in the mind of the customer due to long presence. However certain weaknesses could be cited in due course of their operations due to financial repression, bureaucratic control and political interference. Lack of efficiency, lower productivity, absence of technological up gradation and absence of coordination between bank and financial institution are some of the weaknesses which were exposed. These loopholes gave a golden opportunity for the Indian private banks to grow in India. Banking sector reforms have created a highly vibrant environment for all sector banks in the wake of globalization and cut throat competition. In order to stay in the competition private banks need to focus on expansion and increasing their productivity by acquiring more customer base. This will lead to increase in their profitability.

- Initially, these banks commenced their operations in corporate banking with little or no focus on retail customers. With the aim to sustain in the market they had to focus on the expansion of the market share which can be attained through improvised customer relationship management and by enhancing the productivity of the employees. They entered into retail operation to harness future opportunities but they faced increased competition from the established Public, foreign and cooperative banks. The banks faced following challenges due to an extremely competitive banking environment:
• Greater demand from investors might grow at a faster pace, which may lead to an increase in market share and in turn better its bottom line.
• Increased pressure on branches to obtain and retain profitable customer in the chosen segment.
• Immense necessity to differentiate its products and services from competitors.
• Attracting the right talent as well as motivating and retaining them.

In retail banking selling the Intangible bank product i.e. Customer Relationship Management (CRM) has its own significance. Retention of the employees is directly linked with CRM. CRM becomes more effective with the passage of time. In this study both the sales executives and operational executives are the frontline people who sell and provide service to the customer. Implementation of marketing strategies of the banks is the prime responsibility of Frontline Executives.

Frontline executives are representatives of the customers who represent them to their bank. They act as an intermediary between the customers and the bank. They are primarily responsible for communicating information about customer needs and problems back to various departments in their bank. Pressure of selling various financial products by their respective product heads which are necessary for their appraisal creates some role ambiguity and internal conflict which could generate anxiety and stress (Clarke, 1988). Front line executives generate the revenue for the bank by selling various cross selling products. This direct link between their capability and revenue generation for the bank at times might cause serious strain and obstacles amongst the frontline executives. In order to make them more efficient in selling various products, banks give them some monetary incentives also. In order to retain them in the organization banks organize some motivational practices so that they can measure substantial growth in the organization and can sustain in the bank for an extended duration.
2.8 Need for Motivation in Indian Private Bank

Table 2.8.1 Comparison of Profit Per Employee Public and private sect bank

<table>
<thead>
<tr>
<th>Banks</th>
<th>Assets (in crores)</th>
<th>Business Per Employee</th>
<th>Profit Per Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Bank of India</td>
<td>1,566,261</td>
<td>7.04</td>
<td>7.98</td>
</tr>
<tr>
<td>Bank Of Baroda</td>
<td>547,135</td>
<td>12.29</td>
<td>14.66</td>
</tr>
<tr>
<td>Punjab National Bank</td>
<td>478,877</td>
<td>10.178</td>
<td>11.32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Banks</th>
<th>Assets (in crores)</th>
<th>Business Per Employee</th>
<th>Profit Per Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Bank Ltd.</td>
<td>489,069</td>
<td>7.08</td>
<td>7.35</td>
</tr>
<tr>
<td>HDFC Bank Ltd.</td>
<td>337,909</td>
<td>6.54</td>
<td>7.5</td>
</tr>
<tr>
<td>Axis Bank Ltd.</td>
<td>285,628</td>
<td>12.76</td>
<td>12.15</td>
</tr>
</tbody>
</table>

Source: [www.iba.org.in](http://www.iba.org.in)
2.8.1 Public and Private Bank

It is practically impossible for any nation to exclude itself from world economy. Therefore, for sustainable development, one has to accept integration process in the form of liberalization and globalization. The year 1991 permitted the entry of foreign firms by the Indian Government in the Banking Sector. The domestic market gets adversely affected due to the impact of Globalization. It is very challenging for them as they have to compete with the global players. Foreign banks give a wide variety of options and services to Indian Traders as they have advance technology, are huge in size, and have presence in global market.

From this case we can observe that the Indian private banks are facing the fear of their own existence. As the Public sector banks were set up earlier, the Private sector banks are at a disadvantage. It can be clearly seen from the above table, due to the early existence of private sector banks, they have more assets than that of the private sector banks. Also, they have more customer base and have developed trustworthiness among the customer. In this case private sector banks that entered into the banking sector after 1991 had to face more challenges from their public sector counterpart. Profit per employee should be the main focus for the private sector banks for sustaining in the market. The above table demonstrates that the ratio of profit per employee of private sector banks is more than the public sector banks.

In the last decade, the Indian banking industry has transformed rapidly. It has modified from transactional and customer service oriented to an increasingly aggressive environment where competition for revenue is top priority. Long-time banking employees are becoming disheartened with the industry and are often defiant to perform up to new expectations. One the reasons for declined revenue are shrinking employee morale. At times many employees have close
relations with various clients. Retaining such employees becomes of utmost importance, as loosing such employees might cause loss of valuable customer relationships. The retail banking industry is always trying their best to retain employees from all levels, from tellers to executives to customer service representatives. This is so, because the competition in the market is always on their toes to hire them away.

2.8.2 Motivational Practices: A Strategic Tool

Motivation is the core of management. Various Motivational practices are used as effective instruments by the management in inspiring the workforce. It is the major task of every manager to motivate his subordinate or to create the will to work among the subordinates. It should also be remembered that the worker may be immensely capable of doing the same work; nothing can be achieved if he is not willing to work. Creation of a will to work is motivation in simple but true sense of term. The personnel management is concerned with organizing Human Resources in such a way to get maximum output to the enterprise and to develop the talent of people at work to fullest satisfaction. Motivation implies that one person, in organization context a manager, includes another, say an employee, to engage in action by ensuring that a channel to satisfy those needs and aspirations becomes available to person. In addition to this, the strong needs in a direction that is satisfying to the latent needs in employees and harness them in a manner that would be functional for the organization. Employee Motivation is one of the major issues faced by every organization. It is the major task of every manager to motivate his subordinates or to create the ‘will to work’ among the subordinates. A manager has to make appropriate use of motivation to enthuse the employees to follow them.

Motivation is an important function which very manager performs for actuating the people to work for accomplishment of objectives of the organization. Issuance of well-conceived instructions and orders
does not mean that they will be followed. A manager has to make appropriate use of motivation to enthuse the employees to follow them. Effective motivation succeeds not only in having an order accepted but also in gaining a determination to see that it is executed efficiently and effectively.

In order to motivate workers to work for the organizational goals, the managers must determine the motives or needs of the workers and provide an environment in which appropriate incentives are available for their satisfaction. If the management is successful in doing so; it will also be successful in increasing the willingness of the workers to work. This will increase efficiency and effectiveness of the organization. There will be better utilization of resources and workers abilities and capacities.

Employee motivation and productivity can be enhanced and improved by creating a work environment that maximizes the factors that affect performance. These factors are simple to understand, easy to measure, and can add tremendous value to any organization that is willing to implement them. Intrinsic motivation comes from the sheer joy and pleasure of doing a task. To maximize employee performance, find out what employees like about their jobs and then try to add more tasks that align with their own natural interests and talents.

It does not matter how much you pay someone, everyone want to know that their efforts are being seen and appreciated, especially by their manager. Many companies give appreciation certificates, appreciation mails to employees for performing well. This boosts their confidence and motivates them. Salary is the prime motivator for any employee. For motivated, high productive employees it’s necessary to pay such people according to their ability and performance. Good employees are motivated by more than just good salary, but never allow low salary to be the wedge a competitor can use to steal away your best people.
A good work environment is very necessary. To get the best out of people, one needs to create an environment that facilitates success. At the minimum, one must offer a safe, clean, and sanitary work site. Companies like Google, Tata group of companies are known for its infrastructure and various facilities provided to the employees. Honest, frequent two-way communication between workers and managers, including constructive discussion of workplace issues. Smart managers know that it is not their job to be a counselor or therapist, but it is their job to recognize when one of their employees is having personal problems that are affecting their job performance.

There are various factors like training, motivation, technology, management behaviour, working environment, where each factor contributes to overall employee performance. Employee performance is directly based on the function of the training, with motivation and employee performance. Training helps to create good result in performance if training is good performance is also good. All the organization that wants to enhance their employee performance should focus on training as it also motivate employees to achieve higher performance levels.

Motivation involves getting the members of the group to pull weight effectively, to give their loyalty to the group, to carry out properly the purpose of the organization. Creating an environment that motivates employees is one of the toughest challenges our managers and leaders face today. It takes tremendous energy and time to build a motivated team, but the incremental benefits are critical to the long-term success of the organization.

**2.9 Remuneration**

Organization provides rewards to their employee in order to motivate their performance and encourage their loyalty and retention in the organization. Reward can be in the form of monetary (salary, incentive and bonus) and non monetary (certificate, recognition in the group etc.). Monetary reward is the
most dominant reward system in today’s organization. Newmann and Hodgett investigated motivation in the hospitality industry and found that employees have ranked salary at their top of their list in the work motivation factors. According to Steve Kerr (1999) “Nobody refuses it, no body returns it and people who have more than they could ever use do dreadful things to get it more”.

Money is associated with four important symbolic attributes for which every human strives like achievement and recognition, status and respect, freedom and control and power. Money helps people to attain both physical (food, clothing, houses automobiles, jewellery etc.) and psychological (status, a feeling of achievement, self esteem etc.) objects. As a result monetary benefit has been of interest to organizational behavior for researchers who have been studied the linkage between pay and job satisfaction and work commitment. Money played an important role in developing many theories organizational behavior. For example, if an employee is inclined towards money, how much efforts will he or she expends in order to earn it. Moreover, if employees work hard but do not receive the reward as they expect from the organization, how much dampening effect will this have on their job satisfaction.

Agency theory also explains important perspective on money as a reward. It explains how employees (manager) differ from owner in using pay and other form of compensation for effective run of an organization. The owner of an organization might be interested in increasing their personal wealth by minimizing the cost of operation where as employees are more interested in expending organizational resource on activities that do not directly contribute to owner’s wealth. Agency theory also examines the role of risk and how owner and employee may vary in approach to risk tasking. Owners are always risk aversive while employees are risk taking for the increased opportunity for greater profits. Agency theory provides useful insight into pay as motivational practices.
Many researchers in recent years in their findings downgraded the importance of pay as an organizational reward but there are ample of evidence that money can be positively reinforcing for most employees. In an organization if the pay system is designed properly by taking both employer and employee’s need into consideration, can have a positive impact on individual and organizational performance. Money not only satisfies employee’s basic needs but also it can be used to get ahead, a goal that is always just out of their reach. There is evidence that if an organization reduces its pay or discriminate groups in the salary, morale of the employee may suffer. Employee’s morale and other psychological variables such as trust are very fragile in nature and when an employee feels that he or she has not being compensated well, this can impact their job satisfaction and work commitment.

Although money was probably overemphasized in classical management theory and motivational techniques but now the pendulum may have swung too far in the opposite direction. Money remains very important but complex potential motivators (Particia K.Z. and Jay R.S., 2001). Money not only fulfills the basic needs but also brings self-esteem in the employee. In order for money to be an effective motivator, the organizational reward system must be as objective and as fair as possible (Bob Filipezak, 1993). According to Kerr (1999) the effective pay system for rewarding people has to address three considerations. First, the organization must ask itself what outcomes it is seeking i.e., higher profits, increased sales, greater market share etc. Second, the organization must have the mechanism to measure these results. Third, the organization must tie its reward program to these outcomes. Today’s many organizations are facing the problem because they still do not know what they want to achieve or they are unable to measure the results (Kerr, 1999).

Traditionally organizations have used two methods of administrating pay. These are

1. Base Pay
2. Merit pay.
These pays are supplemented by pay-for-performance and “new pay” programs that radically revise the traditional approaches.

2.9.1 Base Pay Approach:
Base salary is the amount that an individual is paid on an hourly, weekly, monthly or yearly basis. For example an employee working on part time may earn 250 rupees an hour. This is the hourly remuneration given for that position. In banks the front line executives are paid on annual remuneration basis. The annual salary is broken down to monthly amounts. Base pay is determined by the market conditions. If the base pay is not in line with the market rate, organizations may find that they are unable to hire and retain many talented personnel. The problem of the base pay system is that they tend to be more competitive at the entry level and are less often less competitive at thereafter.

2.9.2 Merit Pay Approach:
Merit pay is typically tied to some predetermined criteria. An organization may give its employee a cost of living allowance and then allocate additional funds for those who are judged “meritorious”. The amount of merit pay can take one of the two forms: a flat sum or percentage of the base salary. Some organization may use the combination of the two. Merit pay has its own shortcomings. First, organization does not clearly spell out the condition for earning this pay. Unless the criteria for the best are objectively spell out, most of those who do not get merit money will feel left out because they believe that they are among the best. Second, it is difficult to quantify the merit pay criteria. For example in banking the work output of the sales people can be easily measured but it is difficult to measure the work output of the operational people. In away merit pay is supposed to be a form of a form of “pay for performance.” Individual who do superior work are given increases greater than the rest of their colleagues.
2.9.3 Pay for Performance:

There are two basic types of Pay for Performance plans: individual incentive plans and group incentive plans. Individual incentive plans were quite popular during the scientific movements in the form of piece rate incentive plans. In today’s business scenario the individual incentive plans is quite common in the sales. Initially some companies have adopted individual incentive plans for some jobs but due to uncertain economy of the recent years they have to modify the pay system and instituted combination payment plan in which an employee receives a guaranteed amount of money regardless of how the person performs. In banks the sales executives are paid with combination pay system in which they are getting a fixed amount and the variable part depends upon their performance.

Organizations are increasingly aware that teams and teamwork can lead to higher productivity and better quality than do individual working on their own. As a result, group incentive plans have become more popular (Judith A. et.al, 1999). One of the most common forms of group pay is gain sharing plans (Dong Kim, 1999). The logic behind these plans is that if everyone works to reduce cost and increase productivity, the organization will become more efficient and have more money to reward its personnel. Another common group incentive plan is profit sharing. Although these plans can take a number of different forms, typically some portion of the company’s profit is paid into a profit sharing pool and this is then distributed to all employees. Sometimes this is given to them immediately or at the end of the year. A third type of group incentive plan is the employee stock ownership plans (ESOP). Under ESOP the employee gradually gain a major stack of the ownership of the firm. Banks do not offer ESOP plans to their front line executives.
Lambert et.al (2001) found financial rewards to have a significant impact on job satisfaction. Such findings are largely consistent with the idea that most employees are socialized in a society where money, benefits, and security are generally sought after and are often used to gauge the importance or the worth of a person. Thus, the greater the financial reward, the less worry employees have concerning their financial state, thereby enhancing their impression of their self-worth to the organization. Hamermesh (2001) found that changes in compensation (increases or decreases) have concomitant impact on job satisfaction levels of employees. According to Robbins et al. (2003), employees seek pay systems that are perceived as just, unambiguous, and in line with their expectations. When pay is perceived as equitable, is commensurate with job demands, individual skill level, and community pay standards, satisfaction is likely to be the result. Sousa-Poza’s (2000) research indicates that perceived income, that is, whether the respondent considered his income high or not, was found to have the third largest effect on the job satisfaction of male employees. Adoption of such pay systems, although may still be appropriate and applicable in stable and highly predictable business conditions (Wilton, 2010). In an era of global competition, many employers have shifted the paradigms of compensation program from a traditional job based pay to performance based pay in order to support their organizational strategy and goals (Lawler, 2000). Performance based pay is also known as person based pay where an employer provides the type, level and/or amount of monetary and non monetary payments based on employees’ skills, knowledge, competencies and/or merit (Henderson, 2009).

Too much pay at risk – that is, a relatively low salary and the opportunity for a large incentive payment – can cause the sales force to be shortsighted when it comes to investing time and effort to win the right type of business. Too little pay at risk – that is, a relatively high salary and limited opportunity for a large incentive payment – can cause the sales force to “under-achieve” relative to the sales potential in their territories. Unfortunately, there is no one right
answer to all questions about the right mix. There is, however, a process and tool that top managers can use to arrive at the most appropriate mix for a job or jobs in their company. The salary/incentive ratio defines the manner in which cash compensation is delivered—that is, the percent of target total compensation paid in salary versus the percent “at-risk” through the incentive pay arrangement.

2.10 Recognition

Though pay is an important for motivational practices but it is not the only way in which organizations can motivate their employee. In addition to money, form of recognition to identify and reward outstanding performance can be vital, but too often overlooked. However both formal and social recognition used systematically by manager is very important to their employee and day-to-day behavior and performance effectiveness. There are number of reasons why recognition may be as important as or even more important than money as a motivational practice for today’s employee. One of the most obvious is that organizations typically have remuneration system only once or in every quarter. If employee does an outstanding performance in some month, the manager may be unable to give employees financial award until after the annual performance review. Non financial rewards, on the other hand such as social recognition can be given at any time. Hence non financial reward can have a big impact on employee productivity and quality service behavior.

Recognition can take many different forms; it can be given in small or large amounts and are controllable by the managers. The employee may find this form of recognition motivational and the result is greater productive and quality service to customers. Researcher shows that there are many types of recognition that can lead to enhanced performance and loyalty (66). In this study recognition is classified as “Tangible Non Monetary Incentive”, “Social Non Monetary Incentives” And “Job Related Non Monetary Incentives”.
Tangible Non Monetary Incentives are the tangible items given to the employee for his or her achievements like desktop accessories, coffee mugs, wall plaques, trophies, certificate, mementos, discounted coupon, free tickets etc. Social recognition is related with manager-subordinate relationship and the social activities within an organization. Manager being sincere and caring in communicating with the subordinates, the degree of informal and formal recognition for a good jobs, valuing their subordinate’s opinion and various social activities in which employees of branch get together in an informal way for celebrating their achievement or just to release the stress of the work. Job related recognition intrinsically motivate the employees. Autonomy, participation in decision making, responsibilities, job with variety of tasks, flexible working hours etc not only satisfy the employee’s need employee’s need but also develops a feeling that the job itself is worth exerting more effort without need to any external incentives. All the three category of recognition have the potential to meet various needs of frontlines executives without involving significant cost for the organization.
### Table 2.10.1: Classification of Non Monetary Incentive

<table>
<thead>
<tr>
<th>Tangible Non Monetary Incentives</th>
<th>Social Non Monetary Incentives</th>
<th>Job Related Non Monetary Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Desk Accessories</td>
<td>• Pat on back</td>
<td>• Autonomy</td>
</tr>
<tr>
<td>• Wall Plaques</td>
<td>• Verbal recognition or praise</td>
<td>• Job rotation</td>
</tr>
<tr>
<td>• Coffee Mugs</td>
<td>• Letter of appreciation</td>
<td>• Time- off</td>
</tr>
<tr>
<td>• Trophies</td>
<td>• Employee of the month</td>
<td>• Growth</td>
</tr>
<tr>
<td>• Free Tickets to movie/ Theatre</td>
<td>•Informal recognition like “Thank You”</td>
<td>• opportunities like training</td>
</tr>
<tr>
<td>• Vacation Trip</td>
<td>• Lunch/ Dinner with higher authority or celebrity</td>
<td>• Job enrichment</td>
</tr>
<tr>
<td>• After work celebration</td>
<td>• Solicitation of advice.</td>
<td>• Flexi working hour.</td>
</tr>
<tr>
<td>• Tickets redeemable at local stores.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Certificates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• New year presents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Key chains</td>
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<td></td>
</tr>
<tr>
<td>• Celebrations</td>
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<td></td>
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<tr>
<td>• Key chains/ Tie pins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mementos</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Calendar</td>
<td></td>
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</tr>
</tbody>
</table>
2.11 Training and Career Advancement Opportunities

Training and Development (TAD) is considered as one of the most widespread motivational practices adopted by HR manager for improving the employee performance (Boselie, Dietz, & Boon, 2005). When training based on insightful and systematical planning, Training and development may have a positive impact on employee’s job satisfaction and their work commitment which is reflected in the organizational performance (Wright & Boswell, 2002). Development of skills and behavioral scripts enhances employee’s intrinsic motivation. They apply those skills and behavioral scripts in their in-role-related activities at work (Pfeffer & Veiga, 1999). Training and development is also considered as employee development process. It is not only good for the employee but also to the organization. Employee development encourages employee participation in the knowledge sharing. Transferring knowledge among the employees promotes collaboration in the workplace which serves to leverage the expertise of a few individuals to a larger potential pool of workers.

In this turbulent and dynamic business scenario, Organizations spends much on training with a purpose to prove worker’s competency, fostering employee development as an organization culture and ultimately to increase work productivity so that they can have competitive edge over their competitors (Kleiner, 2006; Livingood & Auld, 2001; Raymond, 2001). Training is restricted to providing the skill necessary to effectively do one’s current job. It is concerned in developing skills among the employee to face challenges with the current situation. On the other hand Career development encompasses a broader set of training topics that have to do with one’s overall professional development and career planning. For examples in banking certification and continual education is a career development process while providing training the employees with product features is an example of training. Career development increases skills and abilities necessary for the growth and
maturation necessary for leadership positions. Career development can be helpful in the succession planning. Providing assistance in Training and development process decreases the transaction costs of selecting and placing workers. They partially replace the need for costly selection and assessment processes such as multiple interviews, tiresome examinations, cost at the assessment centers, or probation periods. Training and Development can help standardize skill sets, making them more transferable from one department to another and improving the deployment of human resources.

Employees want to grow. They must be given the opportunity to identify a desired career for their own. Organization must encourage them to provide an opportunity to pursue their chosen career path (Sussman 2006). As a result, the training and development of employees is an essential part of their satisfaction and longevity and should be made a priority of the organization. Ongoing Training and Development program in an organization not only help to strengthen employee satisfaction but also produce tangible benefits for the organization. Hence training initiative must be well planned and designed to meet organizational goals by satisfying individual need. Investing in employee development is vital in maintaining and developing the skills, knowledge and abilities of both individual employees and the organization as a whole (e.g. Lee and Bruvold, 2003). Training and development gives employees a greater sense of control over their career. Because of the opportunities to gain new skills, competencies and a chance to update them, training and development increase satisfaction of the need for autonomy among the employee.

An organization which takes proactive actions by stimulating relevant development for their employees will experience employees with upgraded skill working to their full potential to meet the requirement of the changing demands at the work place. They have a pool of motivated employees with higher morale, creativity and career satisfaction which results in increasing productivity and responsiveness in meeting the organizational goals. Some of
the common strategies adopted by organizations are providing certification training and continual education.

Providing assistance in training an employee with certification course helps in succession planning which reduces the cost of recruitment and selection of new employee. Certifications contribute to the career development as they provide a specific but challenging goal that motivates employees to learn new job skills (Pierson, Frolick, & Chen, 2001). The presence of well accepted certification system in an organization act as a motivational tool for the organization. Certification not only provide the employee with a competitive advantage in the labour market (Kleiner, 2006) but also act as an potent symbols that can be used by them to gain jobs with higher pay. It increases the employability and reduces the stress normally caused due to job insecurity (Winefield, Dua, & Stough, 2001), allowing employee to be more focused on job performance.

Continual education is another type of strategies adopted by the employees. Many organizations encourage their employee for continual education. Organization invests huge for hiring the best candidate for a specific job. If they will nurture it properly both the parties will be symbiotically benefited. By encouraging continual education organization are able to retain their quality employees with sharp skills. Retaining these employees can improve the economic prospect of the organization (Cascio 1998).

In addition, according to the social exchange theory when an organization invests in their employees for competence, employees tend to reciprocate in positive ways (Cropanzano and Mitchell, 2005). In other words organizations offering organizational inducement in the form of development opportunities, employees become motivated and they expend effort to benefit organization. According to Lee and Bruvold (2003) investing in employee development may create a dynamic relationship where employees may contribute more in
the organization development. They found that Training and Development has positive association with affective commitment and job satisfaction.

Dysvik and Kuvaas (2008), observed that perceived training opportunities and both work performance and citizenship behavior are fully mediated by intrinsic motivation. If every employee in the organization believe that through hard work, motivation and accomplishment can lead them to leadership position, they will be more likely to exhibit these traits. The management and leadership development process should be flexible and continuous. It should be linked with individual’s development to the goal of the job and the organization. Employee who perceive that the organization for which they are working for is committed to employee development may develop a positive feeling towards the employer and tries to keep long term relationship with the organization. In order to provide such opportunities for employees to attain a broad based set of management skills, many corporate have tied up with reputed B- schools of India for Management Development program.

Many organizations make a common mistake by inadequately investing in the employee development program for their employees after they are hired. They confine their employees for the future leadership only to administrative or management employees (Sussman 2006). If employees are not given the opportunities how to deal with stressful situation, ends up blaming the management and others for their feeling of distress. They feel victimized and their productivity decreases. Organization must overcome this by supporting and organizing flexible development program for their employees (Siebert 2006). The need for competence could be satisfied when individuals are encouraged to seek challenges optimal for their capacities and to attempt persistently maintenance of skills. In addition, if employees perceive the training opportunities to be high, they will probably fully accept the training offered, rather than perceiving it as coercive, which could satisfy the need for autonomy.
Indian banking sector reformed dramatically after liberalization. Indian Private Banks are not only facing competition from Public sector banks and foreign banks but also from the other financial institution selling similar types of product. In order to sustain competition they have to upgrade their operation and in the mean time they have to come up with new innovative product to lure the customer. In this case both the frontline executives must be well trained to deliver their service. Sales executives must be provided with in depth product training so that they can identify the need of the customer and pitch the financial product which can satisfy his or her need. Accurate interpretation can lead to customer satisfaction by delivering the right product to their customer. On the other hand operational executives must be well trained in order to maintain timeliness in delivering the product.

2.12 Promotion Practices

Promotion is said to be happened when an employee makes a shift in the upward direction in organizational hierarchy and moves to a place of greater responsibility (Dessler, 2008). Promotions can also serve to place individuals into different jobs, where their skills can be used to greater effect. However, not all promotions carry an increase in supervisory responsibilities or significant changes in tasks. Promotion is an important aspect for an employee’s career and life, affecting other facets of the work experience. They constitute an important aspect of worker’s labor mobility, most often carrying substantial wage increases (Kostas 2009, Blau and DeVato 2007, Cobb-Clark 2001, Francesconi 2001, Pergamit and Veum 1999) and can have a significant impact on other job characteristics such as responsibilities and subsequent work commitment (Pergamit and Veum 1999). Every employee wants to have significant increase in the salary as well as in the span of authority and control and this can be achieved if the individual is promoted. Employees value promotions because they carry an increase in job amenities such as a bigger office or spending account (factors which are observable) or
because they enjoy the acknowledgement of work well done and the ego boost that comes with a promotion (factors which are not easily observable. Promotion can be used as an motivational tool by banks to encourage their frontline employees. It is a way of motivating the employees for meeting the organizational goals thus it serves as a mean of synchronizing organizational goals with personal goals (Lazear & Rosen, 1981). According to Murphy (1985) promotion has its importance due to the fact that it carries with it a significant change in the wage package of an employee. Thus, a raise in salary indicates the value of promotion (Baker et al., 1994). Some employees might enjoy the increase in authority over co-workers that often accompany a promotion. People might derive satisfaction not only from having a higher income relative to their peers, but also higher rank, among other things.

In this competitive environment promotion can help organizations operating in the same field to trace the most productive participant of one organization to be worth hiring for another organization (Bernhardt & Scoones, 1993). In such a way the promotion highlights an employee in the external environment and realizes his worth in the internal environment. When filling leadership positions, organizations can select internal candidates or rely on external hires. Both types of candidates offer different benefits for the organization. There is a more failure rate when the employees are hired externally than when they are promoted internally (Kelly-Radford, 2001). In light of the growing shortage of leaders, internal candidates are better choices for many reasons. Internal candidates are usually accustomed to the organizational culture, and they have well-developed networks. Before putting someone into a position, organizations can be sure that internal candidates have good motivational fit and do not require extensive orientation. Internal promotions have the power to be more successful because there is more information available to make accurate decisions. Performance records and examples of past work might provide enough information to assess future performance. Finally, internal candidates can be guided through a series of customized development experiences that will ensure success in their future positions. Morale of the
employees will increase if an organization has transparency in promoting his employees. It gives them a feeling that if they perform for the organization with greater effort they will be rewarded for their achievement. Hence fairness in the promotional policies will benefit both the employee as well as employer.

In this highly competitive banking sector where private banks are competing with the public and foreign sector banks, promotion can act as an motivational practices banks to trace their productive frontline employees to have a competitive advantage over their competitors. In the service sector employees having longer tenure in an organization can serve their customer better than the new employee as they are well acquainted with the process. Promotion follows a defined set pattern which is outlined in the employment bond (Doeringer & Piore, 1971).

Pergamit and Veum (1989) established that greater the chances of promotion higher will be the job satisfaction of employees. Apart from job satisfaction, the employee satisfaction is determined by satisfaction with promotion. When employees perceive that there are golden chances for promotion they feel satisfied for the respective place in the organization. Many researchers give their opinion that job satisfaction is strongly correlated with promotion opportunities and there is a direct and positive association between promotional opportunities and job satisfaction. Blum (1959) has mentioned that for skilled workers the scope for promotion plays a great role in job satisfaction than unskilled workers. In banking frontline employees are considered as a skilled worker hence for them chances of getting promoted on achievement of the target act as a source of motivation. Frontline executives enjoy the increase in authority over co-workers that often accompany a promotion.

In another study (Das, 1999) it was noticed that promotion is more important for younger than older workers. Respondents for this study are in the age of 20-25 hence for them promotion plays a vital role in job satisfaction. When the top management of an organization does not care to give promotion to the
capable and efficient workers there is an increased feeling of frustration. The attitude becomes unfavorable towards the organisation which leads to job dissatisfaction. According to Shields and Ward (2001) the employees who are dissatisfied with the opportunity available for promotion show a greater intention to leave the organization. Scope for promotion should be provided by every organization to the deserving, qualified and competent employees (Das, 2002). Those who are satisfied with their opportunities for promotion, their job satisfaction is very high than that of others (Khaleque and Rahman, 1983; Khaleque and Chowdhury, 1983). The literature on promotion shows that it carries many accompanying changes that might also have a significant impact on job satisfaction of the workers (Pergamit and Veum 1999). Pergamit and Veum (1989) also found a positive correlation between promotions and job satisfaction.

Given all of the dimensions in which promotions can affect workers’ careers and compensation, relatively little attention has been paid to the importance of promotions as a determinant of job satisfaction and work commitment especially for the frontline managers.

2.13 Challenging Task

Employees are supposed to be stimulated with creative challenges otherwise they will go where excitement is. Organization are adopting innovative techniques by allowing their employee to migrate in cross departmental or cross functional areas.

In recent decades both Academicians (Mills and Ungson, 2003) and practitioner literatures (Pearce, 2008) have shown keen interest in employee empowerment as a motivational practices commonly used by the organization in this turbulent business world. Employee empowerment means granting autonomy to individuals to perform tasks by enhancing their task related self-efficacy (Bandura, 1997). At an individual level empowerment is experienced when followers engage in effective self leadership. In this process the
employees influence themselves to achieve the self-direction and self
motivation in order to perform (Houghton et al., 2003).
Jobs providing little challenge and especially when they role ambiguity, role
conflict and role overload job satisfaction among the employee decreases
(Lawler and Finegold, 2000). A job which provides task variety, personal
relevance, appropriate autonomy and control, low level of established routine
and rules with high advancement prospects are more likely to be accepted by
the employees (Block, 1987). Challenge in one’s work and his or her ability to
meet that challenge, has been suggested as an supplementary task
characteristic that might contribute to job satisfaction and increase their
commitment towards their work (Gavin & Axlerod, 1977; O’Brien &
According to Csikszentmihalyi’s flow theory, an individual’s satisfaction and
motivation depend upon the match between his or her skill and the challenge
inherent in the task performed. Flow experiences are suggested to motivate
employee intrinsically because they allow employee to become fully involved
in a task and stretch his or her skills and abilities to the limit
(Csikszentmihalyi & Rathunde, 1993). An employee is engaged in work
which requires skill and challenge promotes task interest because it allows one
to polish his or her skills. Every employee wants to grow. Hence employees
with these traits usually accept that work which is challenging in nature and
can be managed by them. This might provide them a sense of achievement, a
favourable, subjective experience and an opportunity to sharpen his or her
skills. The combination of high skill and challenge at work might promote
positive mood in the employee. Hence assigning challenging task is a
motivational practices used by organization to increase their job satisfaction.
Providing challenging task promotes positive mood in the employee.
Organizational researchers over the last decades have become increasingly
interested to know the influence of employee’s positive mood on
organizational performance. Positive moods have been found to be associated
with employee’s having extra role performance (Eisenberger, Armeli,
Rexwinkel, Lynch, & Rhoades, 2001). Positive moods drive employees to think favourable for their co-worker. Hence it will increase team effort in the organization. According to George and Brief (1992), positive moods promote creative thinking in the employee which leads to creative suggestion which can be beneficial for an organization. Consistent with these views, Eisenberger et al. (2001) found that positive mood enhanced a variety of extra-role activities, including helping co-workers and making creative suggestions.

Job Characteristics Model (JCM) argues that the intrinsic nature of the work is the core underlying factor causing employees to be satisfied with their jobs. Hackman and Oldham (1980) identified five core job characteristics that makes work challenging. According to them jobs should be enriched to provide these five characteristics which are likely to meet individual’s need for mental challenge and fulfillment in their work, and thus it will be more satisfying and motivating to the employees. The most important characteristics identified by Job characteristics Models are as follows:

- **Job Rotation**: job rotation entails employees to perform different jobs. Rotation is usually done when an employee have mastered his present job and are no longer challenged by it. Monotonous work leads to boredom. Hence in this case job rotation can act as a stimulant to rejuvenate the employee. Organization having employees capable of performing a wide variety of jobs allows adjustment to be made due to absenteeism. When an employer faces shortage of skill workers, job rotation is useful.

- **Job Enlargement**: It is also known as horizontal loading. It involves expansion of number of task associated with a particular job. There is a difference between job enlargement and job rotation. In job rotation, jobs are not redesigned. Employees are transferred internally from one job to another, but while they are performing the job nature of the job remains the same. Job
enlargement on the other hand is more fundamental interference because it actually involves changing of the job.

- Job Enrichment: It is also referred as vertical loading. It involves increase in the responsibilities of the job. In job enrichment the variety of the work is increased along with the autonomy for the job.

Humphrey and Morgeson (2006) meta-analyzed the result of 250 studies of work characteristics and job outcome relationship and found that these five intrinsic job characteristics were the strong predictors of the employee’s job satisfaction. Moreover these job characteristics were found to be significant predictors of organizational commitment and job performance. Empirical evidence proves that the cognitive challenge of work itself can increase the job satisfaction and also influence the work commitment. From this it is assumed that mentally challenging work is the key to job satisfaction (Judge and Klinger, 2009). Hence organization should enhance the mental challenge in the job which will promote the job satisfaction among the employees. Challenging work is not a panacea to all organizational woes. It has certain limitation. For example, employee empowerment can develop false confidence among in employees when they get some positive outcomes. Similarly leaders might use such practices to garner commitment to task which are unethical.

2.14 Working Environment
The term “Work environment” encompasses many different aspect like physical work environment, working condition, relationship with colleagues and management’s attitude towards employee. A wide range of issues must be taken into account while work place designs. Creating a better and high performing work environment requires an awareness of how working environment impacts behavior and how behavior itself drives workplace
performance. According to Joroff et al. (2003) work place is an integral part of work itself. Work place is a space having different characteristics where different functions are performed and there are different ways people work. In a work place people work individually and interact with others and this requires different work place solution.

The work place environment has an impact on employee’s productivity, morale and engagement. The impact can be of both ways positively or negatively. Employee’s level of motivation and subsequently their performance depends upon the quality of the employee’s work place environment. Employee engagement in the working environment helps their superior to judge about employee’s level of innovation, collaboration with the colleagues, their error rate, and absenteeism and ultimately how long they stay in the job. By creating a better working environment in which employees are productive is essential to increase profit for an organization. Management plays a vital role in creating a better working environment in their organization. They not only define the physical environment of the work place and making it conducive for the employees but also alter the management style to suit the employees. After globalization the business environment becomes quite dynamic in order to match up with the change management has to make modification in the working environment. These refer to changing aspects like ethics, behavior, commitment, professionalism and inter personal relationship among the employees for a better working environment.

In today’s highly competitive and dynamic business environment, no organization can afford to waste the potential of their workforce. With the changing market place and an increase in the diverse labour pool, human resource practitioners are dealing with numerous of factors regarding diversity management. Work place diversity challenges can be considered within interrelated categories like attracting and retaining talent, greater diversity among employees and training (Lockwood, 2005). New programs addressing change in the lifestyle, work-life balance, health and fitness which are previously not considered as key benefits are now primary consideration
of the employees. These practices are most admired by corporate in the dynamic environment. These are the key factors in the employee’s working environment which have great impact on the employee’s motivation and their work commitment.

In order to have harmonious working environment manager has to spend more time in controlling the factors of the work environment. For this he has to:

- Increase their accountability
- Give authority to employee
- Encourage team work
- Delegate responsibility
- Remove job insecurity

Whenever a group of people is working under one roof there is potential for conflict. Employees differ with their work habit, ethics, and modes of expression. These differences can lead to their difference in opinion which can cause conflict among them. It is not possible to eliminate conflict from the work place. But whenever such conflicts do arise, managers must have a well developed policy for resolving them. Manager should provide mediation and counseling opportunities for employees. They must ensure that their subordinates feel comfortable with them. Managers must control the tendency to micromanage. They must have confidence in the ability of their team members and trust them to do their work efficiently. If they treat their subordinates as professionals then there is no reason that they should not behave in that way. Such attitudes promote trust and loyalty among the employees and encourage better team work among them.

Work place incivility spoils the working environment. Work place incivility is defined as low intensity abnormal behavior with ambiguous intention to harm the target. Many researchers have defined workplace incivility in many ways. Incivility, also referred to as bullying (Glendenning, 2001), emotional abuse, and mobbing (Davenport, Schwartz, and Elliott, 2002). Work place incivility is widespread and costly matter for an organization. (Pearson and Porath, 2005). This can be a precursor to workplace aggression and violence (Lutgen-
Sandvik, 2003). Pearson and Porath (2005) noted that employees experiencing incivility at work intentionally reduced their work effort and spent work time telling coworkers about the incident and avoiding the instigator. Manager may not have a sufficient understanding of incivility-related organizational issues and their relationship with organizational performance. As a result, organizations may suffer from lost productivity (Pearson and Porath, 2005) and higher turnover (Kane and Montgomery, 1998; Tepper, 2000). Hornstein (1996) found similar impacts in his study on supervisory misbehavior with nearly 1,000 subordinate employees. He reported consequences of anxiety, depression, and lower self-esteem.

As a human system, organizations create the need for proximity and dependence of people on each other. Proximity and dependency is defined as conditions of social life, harbor the threats of human conflict, unpredictable antisocial behavior, human relationship instabilities, and uncertainty about the nature of the social structure with its associated roles (Scott, 1977). In many organizations, power tends to corrupt interpersonal norms. Status differentials, when left unchecked, enable the more powerful to humiliate the less powerful. Supervisors and managers play a big part in creating modeling behavior. For example, if a manager who is unskilled and/or socially incompetent embarrasses a subordinate in front of others to obtain obedience and compliance, that manager may have committed an uncivil act. Hence every organization must have well defined policy to stop this type of activity in the workplace. Management must lay down certain rules and regulation to remove such practices from the organization in order to have a harmonious working environment. Management must make every effort to always be aware of toxic relationships, tense behavior among employees, and negative overtones in the work environment. By creating positive environments that nurture success, employers are exhibiting to their employees a commitment to achieving an atmosphere that will engender employee satisfaction in the workplace.
Co worker support is another type of practice which enriches the working environment. Coworker support refers to co-workers assisting one another in their work when needed by sharing knowledge and expertise as well as providing encouragement and support (Zhou & George, 2001). Co-worker support has the ability to make a working environment a pleasure or an unpleasant place to spend your time. There have been a number of studies done previously on social support in the workplace, in particular concentrating on supervisor support. As Hodson (1997) convincingly argued, the social relations of the workplace may make a key contribution to employees’ job satisfaction. Co-worker support has important affects outside the work place. For example, positive social relationships have been found to be linked to physical and mental health (Kaul & Lakey, 2003). In an environment where co-worker support is high employees are able to discuss ideas more openly and honestly and there is a positive relationship to job satisfaction (Fass, Bishop & Glissmeyer, 2011). Research from Lindorff (2001) shows that support from work colleagues is appropriate for work specific problems and can relieve work stress more so than non work support - such as the family.

2.15 Job Satisfaction

Job satisfaction has been defined in a number of ways by many researchers. According to Vroom (1964) job satisfaction is defined as the positive orientation of an individual towards the role which he or she is presently performing. Hackman and Oldham (1975) defined it as the degree to which the employee is satisfied and happy with his or her current employment. According to Spector(1997), job satisfaction includes feeling of an employee towards his or her job, consisting different factors of the job. Cranney, Smith and Stone (1992) described that job satisfaction is the reaction to a job on the basis of employees comparing actual output to be desired with the expected or deserved output. A more comprehensive definition is given by Evans (2000), it is a state of mind encompassing all those feelings determined by the extent
to which the individual perceives her/his job-related needs to be being met. According to Akhtar (1994), appreciating attitude of the boss and good job experience give positive emotional stage that leads to job satisfaction. Job satisfaction is a pleasurable or positive emotional state resulting from the perception of the one’s job as fulfilling or allowing the fulfillment of one’s important job values, providing these are compatible with one’s physical and psychological needs (McPhee & Townsend, 1992). Job satisfaction can be defined as an individual’s total feeling about their job and the attitudes they have towards various aspects or facets of their job, as well as an attitude and perception that could consequently influence the degree of fit between the individual and the organization (Ivancevich & Matteson 2002). A person with high job satisfaction emerges to hold generally positive attitudes than one who is dissatisfied to hold negative attitudes towards their job (Robbins 1993).

Cherrington (1994) has identified two aspects in understanding the concept of job satisfaction while performing his studies on job satisfaction. The two aspects are facet satisfaction and overall satisfaction. A facet of job satisfaction can be described as any part of a job that produces feelings of satisfaction or dissatisfaction (Spector 1997). This perspective can be useful to organisations that wish to identify employee retention areas in which improvement is possible (Westlund & Hannon 2008). Facet satisfaction refers to the tendency for an employee to be more or less satisfied with various facets or aspects of the job (Johns, 1988) whereas Overall satisfaction focuses on the general internal state of satisfaction or dissatisfaction within the individual. Hence, Job satisfaction is implicit as affective response to the job viewed either in its entirety (global satisfaction) or with regard to some particular aspects (facet satisfaction) i.e. pay, supervision etc. (Tett, Meyer, & John, 1993). Wallace and Schwab (1974) in their research found that pay is the most important factor linked to employee satisfaction. There are many factors like recognition, training and career development, promotion practices adopted by organization, communication, working environment, company policies, team work, leadership style adopted by the superiors etc. which can
affect job satisfaction. Many researchers have correlated job satisfaction with enhanced job performance, positive work values, high levels of employee motivation, and lower rates of absenteeism, turnover and burnout (Begley & Czajka, 1993).

Many theoretical analyses have criticized job satisfaction as being too narrow conceptually (Andre Bussing et al., 1999). There are generally three accepted dimension of job satisfaction. First, job satisfaction is an emotional response to a job situation. It cannot be seen; it can only be inferred. Second, job satisfaction is often determined by how well outcomes meet or exceed expectations. For example, if employees of one department feel that they are working much harder than other department but are receiving fewer rewards, they will probably have a negative attitude towards their work. They will be dissatisfied. On the other hand, if they feel that they are being treated well and are being paid fairly, they are likely to have a positive attitude towards job and will be considered as job satisfied. Third, job satisfaction represents several related attitude.

Five dimensions of job satisfaction were formulated many years ago and have been widely used to measure job satisfaction over the years. Recent Meta analysis confirmed their construct validity (Kinicki et al., 1969). These five dimensions of job satisfaction are:

1. The Work itself: The extent to which the job provides the individual with interesting task, opportunities for learning and the chance to accept responsibility.

2. Pay: the amount of financial remuneration that is received and the degree to which this is viewed as equitable with other organization.

3. Promotion opportunities: the chance of advancement in the organization.

4. Supervision: the abilities of the supervisor to provide technical assistance and behavioral support.
5. Coworkers: the degree to which fellow workers are technically proficient and socially supportive.

The study of job satisfaction attempts to explain this behavior and this is important from a humanitarian and utilitarian perspective (Spector, 1997). The humanitarian perspective suggests that people deserve to be treated fairly and appropriately, and the level of employee satisfaction or dissatisfaction may reflect the extent to which they experience good or bad treatment in an organization where as the utilitarian perspective presupposes that the satisfaction or dissatisfaction of employees can lead to behaviors that affect the functioning of the organization.

Employee satisfaction has become one of the main corporate objectives in recent years. Organizations cannot achieve competitive levels of quality, either at a product level or a customer service level, if their internal customers do not feel satisfied or do not recognize with the company (Stewart, 1996).

Job satisfaction can reduces the cost of operation by many ways. If the employees are satisfied with the current employment and have a chance for growth in the organization, their absenteeism will reduce. Satisfaction leads to employee motivation which results in task error. Hence the productivity per employee can be increased with the help of employee satisfaction. Attrition rate can be checked with the help of satisfied work force. Now a day’s management practitioners are more focused and devising various methods for improving satisfaction among their employees. Greater job satisfaction equates to both a better quality of life and better physical health, and thus potentially greater performance and productivity (Cranny et al., 1992). Work is an important aspect of people’s lives as most people spend a large part of their lives at work place, an understanding of the factors involved in job satisfaction is very much crucial to improving employee’s performance and productivity. Furthermore, apart from the importance of job satisfaction, it has been seen that satisfied employees have better health and live longer. Satisfaction at the workplace carries over to the employee’s life outside the
life. For management satisfied work force translates into higher productivity due to less interruption caused by absenteeism or core employee quitting the organization, as well as into lower medical costs (Saimir and Jonida, 2013). Job satisfaction can be assessed by summing the satisfaction reported for many different aspects of the job and the work condition. Such an assessment will give an accurate picture of the employee’s total job satisfaction (Falkenburg and Schyns, 2007). To the society as a whole as well as from an individual employee’s standpoint, job satisfaction in and of itself is a desirable outcome.

2.16 Organizational Commitment

Although job satisfaction has received the most attention of all work related attitudes, organizational commitment has become increasingly recognized in the organizational behavior literature. The organizational concept has created interest among the researchers to make an attempt to understand and clarify the stability of an employee’s dedication to an organization (Lumley, 2010). Over the years, researchers have found organizational commitment as the most recognized and investigate factor of employee attachment or their loyalty towards the organization (Sommer, Bae and Luthans, 1996). According to Allen and Meyer (1997), organizational commitment is considered as an attitude of an employee as it expresses an individual’s mindset towards his or her organization. If an individual’s attitude is more favourable towards his or her organization, greater will be the individual’s acceptance of the goals of the organization. They will exert more on behalf of the organization. Organizational commitment is viewed as a psychological connection between individuals and their organization. This is characterized by strong recognition with the organization and a desire to contribute to the accomplishment of organizational goals (Meyer and Allen, 1997).

According to Porter, Steers, Mowday and Bouline (1974) organizational commitment is a strong belief in and acceptance of the organization’s goal and
values, willingness to exert considerable effort on behalf of the organization. In the definition of organizational commitment values plays a vital role. If an individual’s value matched up with the operating values of the organization, then the individual would be more committed towards the organization than the individual whose personals value differed from the organizational goal. Organizational contract is a psychological contract between employee and employer. It describes an individual perception regarding the terms and condition of shared exchange agreement between the employee and employer (Robinson and Rousseau, 1994). Psychological contract should establish a balance between employee’s contribution (effort an employee put into an organization) and the inducements (returns from the organization) they receive from the organization. Any imbalance between the two above stated factors can have adverse effect on the commitment of an individual towards an organization. Employees will agree to do many things for their organization if they perceive that their employing organization is also committed towards their personal values (Eisenberger et al., 1986).

According to Katz and Kahn (1978), employees who are committed to their organization may show more willingness to participate in extra-role activities. These employees are supposed to be more innovative and creative which provides organization a competitive edge over their competitors. Mathieu and Zajac (1990) believes that developing a better perception of the progression associated with the organizational commitment has a positive effect on employee. Organizational commitment is a psychological contract between employee and employer which focuses on the employee-employer exchange relationships. Employees reciprocate the employer treatment by enhancing their attitudes, engaging in organizational supportive behaviour or both (Roehling, 1996). Employees will offer their commitment to the organization in reciprocation for the perceived organizational support (POS) there are getting from their employing organization. Perceived organizational support (POS) describes the extent to which employees believe that the organization
value their contribution and cares about their well being (Eisenberger et al., 1986).

Organizational commitment is an approach adopted by organization towards employee motivation which postulates that both parties are involved in exchange relationship (Pinder, 1984). In order to make employee loyal towards organization, the organization must be able to satisfy them (Mclean and Andrew, 2000).

According to Meyer and Allen (1993) who have proposed the three component model of organizational commitment, organizational commitment can be conceived with the help of three core themes namely affective, continuance and normative commitment. Commitment can be seen as an affective point of reference towards the organization (affective commitment), acknowledgement of the consequences of leaving the organization (continuance commitment), and an ethical responsibility to stay with the organization (normative commitment) (Meyer and Allen, 1993).

2.16.1 Affective Commitment

According to Meyer and Allen (1997), individual’s psychological or emotional connection, their identification in the organization and their participation refers to the affective commitment. It describes employee’s emotional attachment to the organization. Employees who are attached to an organizational at an emotional level usually remains with the continuing organization because they find their individual employment relationship is in harmony with the goals and values of the organization. Affective commitment development among employees involves recognition with the organization and internalization of the organizational principles and standards (Beck and Wilson, 2000). Affective commitment among employees increases when employees accumulate positive work experience with the employing organization. Researchers suggest that when an employee develops positive
work experience, their affective commitment towards the organization increase significantly.

2.16.2 Continuance Commitment

Continuance commitment is based on the employee’s awareness of the cost associated with leaving the organization (Meyer and Allen, 1997). Because of the individual’s awareness or the consideration of the expenses and threats linked to leaving the organization, continuance commitment is considered to be calculative (Meyer and Allen, 1997). In Continuance commitment individual remains with the employing organization because of the money they earn as a result of the time spent in the organization. Continuance commitment differs from affective commitment where individuals remain with an organization because they are emotionally ties with the organization’s principles. Organization having high level of Continuance commitment may keep an employee tied with them but it is unlikely to produce a high level of performance from them.

2.16.3 Normative commitment

Normative commitment can be explained as a sense of employee’s responsibility to continue with his or her employment with a specific organization (Meyer and Allen, 1997). The normative element is seen as the commitment individual consider normally appropriate regarding their enduring with a specific organization, irrespective of how much status improvement or fulfillment the organization provides the individual over the years (March and Mannari, 1977). Normative commitment is also considered as an employee’s feeling of obligation to remain with the organization. Feeling of obligation to remain with the employing organization can be developed from familial and societal norms. Development of the normative commitment can develop from organizational socialization. Organization that values loyalty and that systematically and consistently communicates that
value to the employee can develop normative commitment among their employee.

Among the various types of commitment, affective commitment is considered as the most desirable and beneficial for an organization (Meyer and Allen, 1997). Mathieu and Zajac (1990) found that antecedents to affective commitment can be categorized as personal characteristics, job characteristics and organizational characteristics. Personal characteristics relate to age, gender, marital status, job tenure and educational level. Job characteristics focus on skill variety, task autonomy and job challenge. Organizational characteristics include organizational policies, recognition to their employees, effective communication and a healthy working environment. An organization can therefore exhibit commitment to its employees in many ways. They can provide fair and ample compensation, recognize their employee for their achievement, providing training and development for career advancement, a high level of job satisfaction and share its profit.

2.17 Job Satisfaction and organizational Commitment:

Many researchers have found a positive correlation between job satisfaction and organizational commitment (Mathieu & Zajac, 1990). According to William and Hazer (1986) there is a direct link between job satisfaction and organizational commitment. According to them job satisfaction is an antecedent of organizational commitment. Job satisfaction and organizational commitment have been associated with various outcomes of organization like performance and turn over intention. Job satisfaction and organizational commitment are positively related to performance (Benkhoff, 1997) whereas they are negatively related to turnover (Clugston, 2000) and turnover intention (Lum, Kervin, Clark, Reid & Sirola, 1998). The vast majority of research indicates that there is a positive relationship between job satisfaction and work commitment.
In the light of new business environment that includes downsizing, lay off, merger and acquisition, globalization and diversity, job satisfaction and organizational commitment have resurfaced as an important topic of study. Many research studies and the field of organizational behavior in general treat satisfaction and organizational commitment as different attitude. For example, employees who are satisfied with their jobs may not like the highly bureaucratic organization for which they work for. After globalization there are many opportunities available for the educated and potential employee. There may be many employees who like their job but are not loyal towards their organization. They are searching for the new opportunities which are available for them.

Job satisfaction is mainly concerned with the employee’s attitude towards the job but commitment is considered at the level of organization. There are number of factors which can distinguish job satisfaction from organizational commitment. Organizational commitment is more universal, reflecting a general affective response to the organization as a whole while job satisfaction reflects one’s response either to one’s job or to certain aspects of one’s job (Mowday et al., 1979). Hence, in job satisfaction specific task environment where an employee perform his or her duty is taken into consideration whereas in organizational commitment focus is given to the attachment to the employing organization as a whole. Organizational commitment is a slow process it develops consistently over time whereas job satisfaction is quite dynamic in nature. Any change in the work environment or organizational polices can affect job satisfaction. Furthermore, job satisfaction and work commitment may not necessarily occur simultaneously. It is possible that an employee may exhibit high levels of job satisfaction without having a sense of attachment or obligation to remain in the organization. Similarly, a highly committed employee may dislike the job he or she is doing (exhibiting low levels of job satisfaction) (McPhee & Townsend, 1992).
Job satisfaction is an antecedent of organizational commitment (Van Scotter 2000). According to the investigation, carried out by Aydogdu and Asikgil (2011), on the employees working in the service and production industry, a significant relationship is discovered between affective commitment and internal and external job satisfaction. Similar to this finding, it is realized that there is also a significant relationship between normative commitment and external and internal job satisfaction. Whereas a negative relationship was found out between internal job satisfaction and normative commitment; contrary to the expected findings, they found out a significant and positive relationship between external job satisfaction and continuance commitment. Dirani and Kuchinke (2011) investigated the relationship between job satisfaction and organization commitment in five Lebanese banks. Results of the research showed that satisfaction and commitment were significantly correlated and satisfaction was a good predictor of commitment. Ahmad and Oranya (2010) aimed to examine the relationship between nurses' job satisfaction and organizational commitment in culturally and developmentally different societies, Malaysia and England. According to results, there was a positive and significant correlation between job satisfaction and total organizational commitment for both countries.
References:


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