CHAPTER EIGHT

FINDINGS AND SUGGESTIVE FRAMEWORK ON PERFORMANCE LINKED REWARDS AND JOB SATISFACTION IN BANKING SECTOR
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Methodology: This chapter covers the findings of the study of Objective 1, Objective 2 and Objective 3. From analysis and interpretation of data discussed in previous chapters the study proposed a suggestive framework on performance linked reward to enhance the job satisfaction level of employees.

Organizations are rewarding their employees with an aim to attract, retain and motivate high-quality people in the organization. A reward policy plays a significant role in the communication of organization’s values, performance standards and expectations, and encourages employees’ behaviour which directly contributes to the achievement of the organization’s objectives. An attempt is made to study the performance linked reward and its impact on employees job satisfaction in the banking sector. The study conducted extensive research on performance linked reward and job satisfaction of public sector, private sector and regional rural banks. The study revealed the following findings.

8.1 Performance Linked Rewards: The study covered only the rewards that are based on employee performance in the banking sector. These performance linked rewards were classified into two categories, extrinsic performance linked reward and intrinsic performance linked reward. The prevalence of these rewards vary amongst Public sector, private sector and regional rural banks. The main findings on availability of performance linked reward in banking sector were mentioned below:

8.1.1 Extrinsic Performance Linked Rewards: Pay for performance acquired the second lowest rank (mean= 0.98, Figure 6.1) in the mean score ranking of performance linked reward received by the employees. This depicted that pay for performance plans were found weak in banking sector. The concept of variable pay and performance based bonus though provided by private banks but were absent in public sector and regional rural banks. Cash award were present in all the selected banks but that too was found weak in regional rural bank (section 7.1.1 i). The concept of profit sharing scheme was found rarely practiced in the banking sector. Out of total sample, only 11.9% of employees have received variable pay and 11.4% of employees have received performance based bonus. 47.5% of employees have received cash awards and only 8%
of employees have received profit sharing scheme (section 6.4). Data revealed huge employee dissatisfaction on cash awards in public sector and regional rural banks whereas; employees of all banks were highly dissatisfied with the profit sharing scheme of banks (section 6.5).

Promotional plans hold second highest position (mean=2.49) in ranking of performance linked rewards received by the employees (Figure 6.1). Promotion on seniority and promotion on ability were practiced by all the selected banks (section 7.1.1 ii). It was observed that only 14% of employees from private sector banks have received promotion on seniority, whereas this rate was found high in case of public sector banks (43.3%) and regional rural banks (43.1%). Private sector banks were stressing more on promotion on ability. Data showed that around 64.9% of employees in private sector banks were promoted on their ability and performance (Table 7.2). Employees of all banks were highly satisfied with the promotional plans (section 6.5).

Benefits based on performance in banking sector also vary bank-to-bank. Benefit plans shows the lowest position (mean= 0.81) in ranking of mean score of performance linked reward received by the employees (Figure 6.1). Data shows that benefits availed by the employees based on their performance in banking sector were quite weak. It was observed that regional rural bank do not have the policy of foreign tours and club membership for their employees (section 7.1.1 iii). Even the club membership is absent in private sectors banks (section 7.1.1 iii). About 20% of employees in public sector banks have received club membership for their good performance. Formal recognition of performance of employees through awards and gifts were present in all the selected banks. More (49.6%) number of private sector bank employees as compared to public sector and regional rural banks received recognition of their group performance as well as individual performance through the formal award system (Table 7.3). It was found that public sector banks were providing more scope to their employees for career advancement in comparison to regional rural bank and private sector banks. Foreign tours were given by private sector as well as public sector banks, on the contrary this scheme was found absent in regional rural bank (section 7.1.1 iii). Data depicted high dissatisfaction among employees of private sector and public sector banks from foreign tour scheme, whereas all bank employees were highly dissatisfied with the career advance scheme (section 6.6).

Pay for performance and benefit plans shows many variations based on different category of banks. It was found from the study that private sector banks were
concentrating more on pay for performance and benefit plans as compared to public sector and regional rural banks. Public sector banks were also trying to implement these. Private sector banks and public sector banks were outscoring regional rural banks in terms of pay for performance and benefits plans.

The study also focused on variation of extrinsic rewards across managers and clerical staff. It was found that pay for performance and benefits plans were weak for clerical staff in comparison to managers. The clerical category get less chance for getting performance linked reward because this category does not deal with the financial performance standards like managers. Overall maximum number of managers and clerical staff received promotions in comparison to other rewards under extrinsic performance linked rewards (section 6.5).

8.1.2 Intrinsic Performance Linked Rewards: Intrinsic reward factors provide the platform for every employee to relate themselves with their job and organizational environment. The intrinsic rewards are of a more intangible in nature and are linked to work task. Under intrinsic rewards study undertook two major factors viz., work itself, and recognition and appreciation from supervisor. These intrinsic factors were present in all the organizational settings.

Most theories of work motivation like Poter and Lawler (1968) assumed that effects of intrinsic rewards are independent and additive, which suggests that work, should be structured to arouse intrinsic motivation (Deci 217-29). In order to motivate the employees through intrinsic reward it is essential to design tasks which are interesting, facilitate creativity and resourcefulness (White 297-333). Employees tend to be more excited and motivated by complex work task and attracted in performing them for the purpose of the activities themselves (Oldham and Cummings 607-34). Intrinsic performance linked reward in relation to work in banking sector cover enhancement of duties, responsibilities and challenging targets which create feelings of accomplishment and self-esteem among employees. Task enhancement makes the job interesting, challenging and enjoying.

Work related issues based on performance covers increase in duties, responsibilities and challenging targets. Work acquired the highest position (mean=3.36) in the ranking of mean score of performance linked reward (Figure 6.1). Findings showed that banks were providing more intrinsic reward to their employees through work itself where more efforts were made to create a challenging and interesting task structure. These efforts
tend to turn into negative effects on employees satisfaction because of the reason of weak equitable rewards and unrealistic targets. As a result employees were no longer perceived work as motivating force for them but they feel extensive work pressure. Employees of banking sector were showing higher dissatisfaction from challenging targets (section 6.6). It was found that employees of private sector banks received high level of duties (71.9%), responsibilities (76.8%) and challenging targets (70.2%) in comparison to public sector and regional rural banks (section 7.1.2 i). Study revealed that work-load of private bank employees were more in comparison to public sector and regional rural banks’ employees.

Recognition of good performance by the supervisor and appreciation of outstanding work divert the behaviour of employees towards achievement of organizational goals. Recognition and appreciation stands third position (mean= 2.27) in the ranking of mean score of performance linked reward (figure 6.1). Around 31.8% of employees admitted that their work performance was recognized by their supervisor, whereas 59.1% of employees admitted that their supervisor appreciated their work performance (Table 6.11). These percentages were higher in private sector banks because of high emphasis of management towards the performance of employees. 61.8% of employees in private sector banks responded that their supervisor recognized their performance and 71.5% of employees admitted that their supervisor appreciate their performance (section 7.1.2 ii). As a result maximum numbers of respondents in private sector banks were highly satisfied with recognition and appreciation in comparison to public sector and regional rural banks (section 6.6).

Huge difference was observed on intrinsic performance linked reward in terms of work, and recognition and appreciation across managers and clerical staff. Study reveals that managers are getting higher work pressure and getting more recognition and appreciation in comparison to clerical cadres (Table 6.5).

Intrinsic performance related factors show that enhancement of work, provided by the organization to motivate the employees, should be treated with equitable rewards. Employees can feel accomplished dynamic, and find their jobs more interesting and challenging when it is fairly compensated either by promotions, or pay, and benefits. In order to sustain and retain good performers’ interest in their job equitable rewards are essential. Absence of same can adversely affect employees work satisfaction. Organizations should balance the increase in work with equitable rewards; otherwise the results may create high dissatisfaction among employees.
8.2 **Job Satisfaction of employees:** Job satisfaction of employees was measured from different dimensions like job satisfaction from pay for performance, promotion, benefits, work itself, coworkers’ behaviour and recognition and appreciation from supervisors. It was found that job satisfaction level of employees from pay for performance (mean= 3.23) and benefits (mean= 2.95) acquired lowest position in ranking of job satisfaction dimensions, as compared to others dimensions (section 6.7). It was also because of the reasons that all banks were equally not emphasizing on attractive pay for performance and benefit plans for their employees. Private Banks have strong pay for performance plans in comparison to other banks (section 7.1.1 i). The employees’ job satisfaction from pay for performance was higher as compared to other banks (section 7.2.1). Job satisfaction from performance based benefits plans shows that employees of private sector banks and public sector banks were more satisfied in comparison to regional rural banks (section 7.2.3).

Job satisfaction from promotion stands on second position with mean value of 3.96 (section 6.7). Employees of private sector banks expressed that their organizations were providing good opportunities of promotion which was found fully linked with performance of employees, whereas it was partially linked with performance, in public sector and regional rural banks (section 7.2.2). Employees of private sector banks expressed high job satisfaction from promotion (Table 7.11). Employees highly recommended that promotion should be given on the basis of ability rather than seniority (section 7.4.2).

Job satisfaction from work itself acquired third position (section 6.7). The reason behind such result was that increase in job challenges by the banks in terms of enhancement of unrealistic targets increase the work-load. This situation becomes more terrible, when organizations follow the provision of punishment on non-achievements of targets like compromising with job security. Private sector bank employees expressed low satisfaction towards their job security. Hence this insecurity in their jobs leads to deriving low level of job satisfaction from their work in comparison to public sector and regional rural banks (section 7.2.4).

Ranking of score of performance linked reward and dimension of job satisfaction shows the same results. Co-workers’ behaviour stands on fourth position with a mean value of
3.42 (section 6.7). Interesting results were found in comparison of banks. There was no significant difference has been found across public sector, private sector and regional rural banks in terms of job satisfaction from co-workers’ behaviour (section 7.2.5).

Recognition and appreciation acquired first position in ranking of job satisfaction dimensions with a mean value of 4.04 (section 6.7). This revealed that supervisor were playing vital role in increasing the job satisfaction of their team members, especially by the branch managers. Comparison of banks shows that employees of private sector banks were more satisfied with the recognition and appreciation as compared to public sector and regional rural banks (section 7.2.6).

The overall job satisfaction level of employees was found significantly different across public sector, private sector and regional rural banks, where private sector bank employees expressed high level of job satisfaction (section 7.2.7).

It was also found that job satisfaction level of employees was significantly different across managers and clerical staff. Managers and clerical staffs of banking sector were expressed very low job satisfaction in terms of benefits plans and high job satisfaction from promotional plans of the organizations (section 6.7.1).

8.3 Good Working Environment: Significant difference has been observed under working conditions and the organizational values under good working environment across public sector, private sector and regional rural banks.

i. Working condition: Study revealed that in private sector banks employees were highly admitted on getting proper support and authority in decision making. Private sector banks do not have bureaucratic environment and therefore, enjoy a high level of autonomy, which facilitates faster decision making (Shrivastava and Purang 632-47). It was also found out that private banks were taking due care on utilization of knowledge and expertise of their employees to the optimum level. Little differences were found across banking sector on utilization of skill and abilities of the employees at work place and on job suitability of bank employees. Data indicated that private sector bank employees were highly rated the motivating working environment and satisfaction from working area (section 7.3.1). Overall working condition was found significantly different across public sector, private sector and regional rural banks. Employees of private sector
banks highly expressed prevalence of good working condition in their organization (section 7.3.1).

**ii. Organizational Values:** Private sector employees were highly admitted to getting dignity and respect from organization. In comparison to their public sector and regional rural banks, private banks provide higher level of operational efficiency, because private sector banks provide a smooth working environment to their employees (Shrivastava and Purang 632-47). Results revealed that private sector banks were providing more scope to creative and innovative ideas of their employees. Public sector and regional rural banks employees also agreed that their organizations were providing good working environment where diverse people can work together. All the banks emphasized on honesty, integrity and ethical behaviour of their employees. Findings explained that private sector banks follow higher level of organizational values in comparison to public sector and regional rural banks (section 7.3.2).

Overall employees were more satisfied with the working environment in private sector banks in comparison to public sector and regional rural bank (Table 7.25).

**8.4 Performance Management Practices:** Performance management practices covers five major dimensions namely, performance standards, performance appraisal techniques, adherence to performance management practices, organizational support for smooth functioning of employees’ performance, and employees’ participation in decision making.

**i. Performance Standards:** It was found that private sector banks provide performance standards to each and every employee with much role clarity like handling customers, marketing of bank products and achievement of financial targets. Employees from managerial category generally received financial as well as non financial performance standards where as performance of clerical cadre is evaluated only on non financial performance standards (section 5.2).

**ii. Performance Appraisal Techniques:** Performance appraisal system of banks shows the gap which exists in performance management practices. All banks were following the system of performance appraisal to evaluate employees work performance. Even all banks provide scope to their employees to present the constraints faced by them in delivering their performance. Banks also have asked about the training programmes
attended by them in that particular financial year. The outstanding performance of employees, business performance, their managerial ability, housekeeping, handling of qualitative business, and their key responsibility area were taken into consideration for performance evaluation of employees (section 5.2). The problem arises in following the method of performance appraisal. Private sector banks were introducing newer approaches to regulate and measure their employees’ performance. Appraisal mechanisms like, 360 degree feedback and balance score card (BSC) were being implemented in new private sector banks, whereas most of the public sector banks and regional rural banks were still adhering to the traditional and highly confidential way of doing appraisals like annual confidential report (Juneja et, al. 37-42). The variable pay, performance based bonus and promotion decisions were made on performance appraisal results of an employee in private sector banks, whereas the concept of variable pay and performance based bonus was found absent in public sector and regional rural bank. Though for promotion decisions, appraisal results were taken into consideration but that decisions were also sometimes affected by the provision of promotion on seniority. Delinking of performance appraisal with pay, promotion and benefits related decisions were not perceived as motivating for the employees. It has been regarded as one of the main reason behind maximum dissatisfaction among employees of public sector and regional rural banks. Secondly the absence of post appraisal actions like training and development activities in relation to the need of employees also have a great impact in delivering good performance. Thirdly no actions were taken by the management against employees in public sector and regional rural banks in non-achievement of the preset targets (section 7.4.2).

iii. Adherence to performance management practices: Under adherence to performance management practices it is seen that regional rural bank is lacking behind the private sector and public sector banks in terms of performance appraisal system, training and development practices, and performance linked reward policy. Hence, employees have strong perception that the organization is failing in aligning organizational goals with the individual goals and also in enhancing and motivating the job performance of employees. In regional rural bank, performance of the employees is not linked with the reward system because the results of performance appraisal are not fully considered for rewarding employees’ performance. Private sector banks employees expressed higher adherence to PM practices in their organization (section 7.4.3).
iv. Organizational support for smooth functioning of employees’ performance:
Significant difference was found on organizational support for smooth functioning of employees’ performance which includes coaching and support, management support in achieving outstanding performance, subordinates’ support and assistance, good organizational structure and communication. Private sector banks employees were getting more support for smooth functioning of their job performance in comparison to public sector and regional rural banks (section 7.4.4).

v. Employee participation in management: It was found that employees’ of banking sector get very less scope towards participation in decision making like setting of targets and goals at organizational as well as branch level. Private sector banks employees were highly admitted their participation in formulating organizational goals and objectives, and public sector banks employees were highly admitted their participation in setting branch targets and goals (section 7.4.5).

Results shows that performance management practices are good in private sector banks. Public sector banks have also started implementing good performance management system for employees in their organizations. Strong need is felt to improve the performance management system of regional rural banks (section 7.4).

8.5 Motivation and Job Performance: Performance linked reward positively affect the job satisfaction and motivational level of employees (section 6.8 and section 6.10). Performance linked reward, working environment, performance management practices positively influence the job satisfaction and motivational level of employees (section 6.9, section 6.10 and section 6.11). Motivated employees with high job satisfaction level can perform well at their job (section 6.12). The study found that performance linked reward were weak in public sector and regional rural banks as compared to private sector banks (Table 7.4 and Table 7.7). Also private sector banks are outscoring public sector and regional rural banks in terms of working environment and performance management practices (section 7.3 and 7.4). The employees’ outcome in terms of job performance and motivation also vary across different banking sectors. Results revealed a significant difference on motivational level of employees. Increase in the job performance of employees from performance linked reward practices also differ across public sector, private sector and regional rural banks. It was found that respondents from private sector
banks were highly motivated with the performance linked reward practices of their organization which results in improvement of their job performance (section 7.5).

8.6 **Suggestive Framework:** Based on analysis and findings the following suggestive framework is suggested to banking sector.

8.6.1 **Effect of Performance Linked Rewards on Job Satisfaction:** Based on the analysis it can be concluded that performance linked reward is a strong factor in determining job satisfaction of bank employees. The study came out with the following framework as shown in Figure 8.1 and related suggestions for improvement of some important issues.

**Figure 8.1: Performance Linked Rewards and Job Satisfaction.**

Figure 8.1 illustrated that extrinsic performance linked rewards like pay for performance, promotion and benefits were positively influence the job satisfaction level of employees. Pay for performance like variable pay, performance based bonus, cash awards and profit sharing schemes have emerged as strong factors in influencing the job satisfaction level of employees (section 6.8.1).
The intrinsic performance linked reward factors like work itself, and recognition and appreciation from supervisor have also emerged as significant factors in influencing the job satisfaction of employees. Recognition and appreciation emerged as the strongest factor in influencing the job satisfaction level of employees (section 6.8.2). Based on the above finding the following framework has been proposed for performance linked reward and job satisfaction of employees.

8.6.2 Suggestions on area of Performance Linked Rewards: Based on above Figure the following suggestions are recommended by the study on performance linked reward to enhance job satisfaction level of employees in banking sector.

i. **Pay for performance Plans:** Availability of pay for performance plans emerged as a strongest factor in increasing the job satisfaction level of employees (section 6.8.1). The job satisfaction level of employees from pay for performance plans was found low in banking sector (section 6.7) and specially among clerical staff (section 6.7.1). In pay for performance plans it was observed that employees have high degree of dissatisfaction from cash award and profit sharing scheme and concept of variable pay and performance based bonus is only present in private sector banks (section 6.6). Cash awards and profit sharing scheme should be improved in all the banks. In order to recognize the contribution of employees towards achievement of organizational goals the concept of variable pay and performance based bonus plans should be introduced by those banks, in which it is not included in the company policy. Equality of pay for performance plans for employees of all categories should be introduced by the banks in order minimizes the dissatisfaction among clerks.

ii. **Promotion:** Availability of promotions plans positively affects the job satisfaction level of employees (section 6.8.1). The job satisfaction level of employee from promotion was found good in banking sector (section 6.7). Employees of all the banks were found satisfied with promotion on ability and promotion on seniority plans (section 6.6). Banks should provide more opportunities for promotion to make employees remain satisfied. Promotion plans should be properly linked with the performance of employees, to strengthen the ability concept of promotion, which was highly preferred by employees (Figure 7.1). The clerical staff should also get equal chance of promotion as compared to
managers, as it was found that job satisfaction level of clerical cadre was low in comparison to managers (section 6.7.1).

iii. **Benefits:** Benefits availed by the employees were also positively affect employee job satisfaction (section 6.8.1). Job satisfaction level of employees from benefit plan was found very low in banking sector (section 6.7). Employees of all the banks were highly dissatisfied with awards, gifts, foreign tours, career advancement scheme, (section 6.6). Banks should introduce more schemes of foreign tours, holiday packages, career development scheme, and formal awards for employees, and improve the existing schemes. It should be equally available for both category of employees, viz., managers and clerical staff, as because high variation was observed during the course of the study on job satisfaction of employees on benefits (section 6.7.1).

iv. **Work:** Work can increase the feelings of self-esteem and accomplishment. For the purpose of that, banks were providing duties, responsibilities and challenging targets to their employees to enhance the feeling of accomplishment, opportunities to use employees’ skill and abilities, and to make their job interesting, challenging, varied, and creative. Findings showed that banks were providing more intrinsic reward to their employees through work itself where more efforts were made to create a challenging and interesting task structure. These efforts tend to turn into negative effects on employees satisfaction because of the reason of weak equitable rewards and unrealistic targets. Enhancement of work was found very high for employees of banking sector (section 6.3). The enhancement of work in terms of duties, responsibilities and challenging targets adversely affect the job satisfaction level of employees, which was found low among the employees of banking sector (section 6.7). Observation and interaction with employees revealed that targets assigned by the organization to their employees were unrealistic and sometimes employees find it difficult to achieve the same. Data shows high dissatisfaction among employees in terms of challenging targets (section 6.6). Based on observation it was found that employees want the classification of targets. Many times employees did not receive any kind of reward because of small variation between set targets and achieved performance. This situation can create high dissatisfaction. It was
observed during the survey that in some banks branch managers have complaining about lack of proper manpower in achieving the targets. The management should take proper steps in solving the problem. Bank should provide realistic targets to their employees that should match employees’ skill and abilities. Banks should also take due care in setting the targets in accordance with the location of branches, availability of customers, proper availability of manpower. Classification of targets from high to low can be adopted by the banks with equitable rewards. The clerical staff especially in public sector and regional rural banks does not deal with financial performance standards (section 5.2). Banks can provide some kind of financial targets to clerical staff also, in order to provide them with more scope of pay for performance and benefit plans. Private Banks employees were shown low job satisfaction in terms of job security (section 7.2.5), because of provision of punishment under post appraisal actions (section 7.4.2). Private Banks should come out with proper job security plans for their employees because mere pay and benefit plans with heavy work-load will not be successful to satisfy them in long run.

v. Recognition and appreciation from supervisor: Recognition and appreciation emerged as a strongest factor in increasing the job satisfaction level of employees (section 6.8.2). Supervisor as a team leader plays good role in enhancing employees’ job satisfaction level (section 6.6 and section 6.7). Banks should take more initiatives of formal as well as informal recognition and appreciation of employee performance by the supervisor in front of team members to remain them satisfied.

8.6.3 Factors influencing Job Satisfaction and Employee Motivation: The study took two factors of good working environment viz., good working conditions and organizational values. Performance management practices comprise adherence to performance management practices, support for smooth functioning of job performance and employee participation in decision making. Based on analysis the following proposed model was put forwarded.

Figure 8.2 described the factors that positively influenced the job satisfaction and motivational level of employees. Working condition and performance linked reward emerged as the strongest factor in influencing the job satisfaction level of employees.
The proposed framework explained that performance linked reward and adherence to performance management practices emerged as a strong significant factor that positively influence the motivational level of bank employees in banking sector (section 6.10).

Figure 8.2: Framework on factors influencing job satisfaction and motivational level of employees in banking sector.

8.6.4 Improvement in area of Performance Management Practices and Working Environment: In section 8.6.2 we already discussed the suggestions on performance linked reward as highlighted by the analysis of the study. Here are some suggestions related to performance management practices and working environment which need to be improved by the banks.
i. **Working condition:** It can be seen from figure 8.2 that working condition was the strongest factor which positively enhance the job satisfaction level of employees in banking sector (section 6.9). Results of the study shows that more or less all banks were providing good working condition to their employees, but motivation and satisfaction from working area was found less in regional rural bank (section 7.3, and section 7.5). The job suitability, utilization of skill, ability, knowledge and expertise should be maintained by the bank to make the employees remained satisfied.

ii. **Organizational values:** The scope of creative and innovative ideas should be provided by all the banks as data shows that public sector and regional rural banks are lacking behind private sector banks (Table 7.23). Overall banks should maintained organizational values to enhance the collaborative and value based work culture among their employees for a good working environment (section 7.3).

iii. **Adherence to performance management practices:** Huge gap exists in adherence to performance management practices in public sector and regional rural banks. Employees have a strong perception that organization is failing in aligning organizational goals with individual goals because of weak performance appraisal system, need based training, performance linked reward (section 7.4.3). Pay, promotion and training and development decisions partially linked with the appraisal system makes the situation worst (section 7.4.2). The banks should take the appraisal of performance quarterly or biannually with new methods of appraisals like balanced score card or 360 degree appraisal techniques (section 7.4.2). The employees must know about the appraisal results so that they can improve their performance. All banks enquired about the constraints faced by the employees in achieving the targets, and delivering the work performance during the appraisal process (section 5.2), but very little actions were taken by the management side to solve the ground level problems. Management should be more focused on such issues. In performance standards also, it was observed that private sector banks were providing more importance to customer satisfaction, marketing of bank products (section 7.4.1). As being a service industry with a high competitive environment banks that need to retain
customers require high and flexible level of customer service at branch level. Hence, banks should need to find out innovative ways to motivate, recognize, and reward employees who demonstrate high level of customer service. Apart from traditional incentive methods for clerical staff as well as the managers at branch level, bank should rethink on the issues of new incentive plans to encourage positive service behaviour of employees by introducing reward and recognition programs at branch level locations to feel the employee valued.

iv. **Organizational support for smooth functioning of employee performance:** It was observed from the study that in regional rural bank coaching and support, managerial support, subordinate assistance, interpersonal communication were weak (section 7.4.4) in comparison to other banks. Banks should provide good coaching and support to the branch level employees with proper interpersonal communication, and coordination of employees to motivate and enhance the job satisfaction level of employees.

v. **Employee participation in decision making:** Branch level employees in banking sector get a very less scope of participation in formulation of goals and objectives of branches as well as organization (section 7.4.5). Branch level employees were responsible for all kind of customer services known the ground level facts like availability of customers and their needs, problems and scope for further branch development. Their decisions should considered by the management in formulating goals and objectives. This can increase their level of motivation and job satisfaction.

vi. **Performance linked rewards:** It was found during interaction with employees that increase in responsibility, duties and targets should be provided by equitable rewards, as it was observed that in the absence of proper rewards the employees will not be giving their best performance. Employees of branch level as well as zonal offices/regional offices should get equal opportunities for performance linked rewards.

### 8.6.5 Improving the Job Performance of the employees in Banking Sector:

In figure 8.3 showed that good working environment, performance linked reward, performance management system and performance linked reward positively influence the job satisfaction and motivational level of employees. More motivated and satisfied employees can deliver good performance towards the achievement of organizational
goals. Banks should take due care regarding the factors which influence the job satisfaction and motivation of employees in order to enhance their job performance.

**Figure 8.3: Framework on improving the job performance of employees in banking sector**

The study finds out that there exists a strong need in improvising the performance linked reward practices and performance management system in banking sector. Banks were taking due care in maintaining good working environment for their employees. Employees were getting good working conditions with high organizational values where they can deliver their best efforts. But mere having these things is not enough to survive in the long run. Especially in retaining and attracting new and best talent in the industry the banks should take some steps to motivate and please the existing work force. Not only this, banks should also adopt such a system of performance management which can align employees’ goals with organizational goals. As with fast changing business
environment, where private sector banks have emerged as competitor of public sector and regional rural banks, the need of adopting strong performance linked reward strategy with good performance management system is first and foremost factor for them to consider.

Banks should try to explore attractive performance linked reward strategy in their HR strategy for their employees which include combination of extrinsic and intrinsic reward factors. Banks should provide equal opportunities to managers as well as clerical staff in getting pay for performance, promotion and benefits plans under extrinsic reward strategy. Through extrinsic rewards the banks can fulfill their short term as well as long term objectives. Banks should provide these rewards in terms of pay, promotion and benefits with an aim of job enrichment for their employees. Banks should provide challenges in form of performance standards that match their skills, provide opportunities for them to excel which results in long term improvement in their attitude and performance.

The targets and responsibilities of employees should be realistic and it should match the employee skill and be within the range of employees’ efforts. Recognition and appreciation of employees’ efforts and achievement by the supervisor is also a best way to feel the employee happier at work place. If formal recognition is not possible supervisor should take the initiative to personally thank employees for doing something well. Public recognition also works positively where the supervisor can take initiative to mention the name of employees in meeting, un-official employees gathering, and on the intranet. This can be an effective way of motivating and reinforcing desired performance.

Good working environment where the employee can deliver his/her best effort for the organization plays a vital role on increasing the job satisfaction level of employees. Banks should provide such a place to work where the employees can utilize their skill, knowledge, expertise in a more creative way. Banks should also respect the creative and innovative ideas of their employees, and provide such an environment where diverse people can work together. Banks should also take due care in deciding right person for the right job, at right time. Employees should be placed by the banks according to their knowledge and area of interest that may develop a sense of belongingness among employees for their work place. This will create a positive attitude towards their work, and motivate them to increase their job performance.
Performance management system includes the formal appraisal of employees’ job performance and other actions such as follow-up or feedback, ongoing reviews, rewards and professional training and development. Bank should be focused on linking performance management system with other human resource management processes like work standards, benchmarks and business goals. Employees through performance management system can understand clearly how their work aligns with the overall organizational goals, and the role they play in achieving the organizational goals. Performance management system will also help banks in identifying the potential gaps and requirement of appropriate training and skill development. When the organization is aware about employees’ actual rated performance, potential skill, and development needs, it is easy for them to define employees’ career pathways. Banks can identify the opportunities for succession planning as well.

Good structured performance appraisal techniques will open the door for employees to raise issues and concerns, and express their opinion about their work. Besides these, banks should take due initiatives for smooth functioning of job performance like supervisor and subordinate assistance, good communication, coaching and mentoring. Employees should have right to take part in decision making process like setting branch goals and objectives with the concerned head offices. It is the employees who know the ground level facts, the problems and prospects of branch and its surrounding by interaction with customers.

Following such a system to manage the employees’ performance will motivate the employees towards their work and increase their job performance and satisfaction level in banking sector.

8.7 Conclusion: It can be concluded from the study that performance linked reward is a strong factor in determining job satisfaction of bank employees. Performance linked reward like pay for performance, promotion, recognition and appreciation, work itself etc. are more dominant factors in bringing job satisfaction of the employees. The study also cleared that banks should put more emphasis on pay for performance, promotion, and recognition and appreciation because these variables highly influence the job satisfaction of the employees. Performance linked rewards not only increase the job satisfaction of employees but motivate the employees in improving their job performance. It can be concluded that banks should put efforts toward strengthening their
extrinsic reward strategies with proper intrinsic motivation, which can result in high level of job satisfaction among employees.

Organizations should handle both extrinsic and intrinsic reward more delicately and make a balanced reward strategy. Employees must be cared for and counselled in order to increase their satisfaction level in the banks so as to gain their commitment at work and towards the organization.

**Contribution to the body of knowledge:** The suggestive framework proposed by the study from finding can be a contribution towards the body of knowledge. Suggestions based on employees’ perception on performance linked reward, performance management system and working environment in banking industry can help banks in ascertaining the gaps in their system. Suggestions can be taken by the private sector, public sector and regional rural banks to improve the system of performance linked reward and performance management system.

**Scope for further research:** The study has drawn the relationship of performance linked reward, performance management practices and working environment with the job satisfaction and motivational level of the employees through regression analysis. Research can be extended by using the Structure Equation Modeling (SEM) techniques to find out, how well the model fits the data. The study also open the scope for further research on performance linked reward practices undertaken by foreign banks, cooperative banks, insurance companies and other financial institutions.