

Chapter - 07

IMPACT OF FINANCIAL AND NON-FINANCIAL REWARDS IN THE PERFORMANCE OF THE WORKFORCE IN BANKING SECTORS

MILLENNIUM SAGOLSHEM
BBA, SSBS, Sharda University

Prof. SADHANA TIWARI
Assistant professor, SSBS, Sharda University

ABSTRACT

Employee performance impacts organisational success. Employers and business experts are looking for practical and proven strategies to motivate employees to go above and beyond what is expected of them. Everyone knows that incentives influence an employee's behaviour. Encouraging employees to improve their performance is possible through incentives. Giving people a reward is one method of motivation. Employers provide financial and non-financial incentives to employees to increase productivity.

Financial institutions are subject to competitive pressures a growing number of financial and non-financial challenges are being presented to the financial markets, which are rapidly evolving. The recommendations call for a high standard and a suitable incentive scheme framework. The competition started costing it good employees. The financial sector was targeted.

Employees' needs were not being met by traditional financial and non-financial methods. For this reason, this study will look into whether rewards from banks improve employee performance and help organisations meet their goals.

These include compensation, incentives, working conditions, and recognition.

Keywords:

- 1. Compensation: It is a monetary payment made to an individual through exchange for a service they have provided for them.*
- 2. Incentives: An incentive or rewards is something which motivates or drives someone to do things or behave a certain way. In banking it has two types financial and non-financial incentives/rewards.*
- 3. Recognition: Recognition is defined as the expression of appreciation for a level of performance, an achievement, or a contribution to a specific goal.*

INTRODUCTION

People perform and accomplish the vast majority of an organization's tasks and objectives, human resources are widely regarded as one of its most valuable assets Simple: employee performance impacts an organization's overall success. Employers and business experts are constantly looking for new and innovative ways to motivate employees to go above and beyond what is required of them. Determining the best strategy for improving performance, retaining employees, and motivating them to perform at their best is critical to achieving the company's overall goals.

Businesses, whether for profit or not, must encourage their employees to be productive and efficient. People all have their own constraints, which means our

knowledge and understanding of what motivates employees is still limited, according to Locke & Latham (2008). Motivating employees to work at or near their full potential is critical to any business's success. Several retail companies in Southern Africa are motivated by a corporate strategy to increase administration productivity.

Employee retention, organisational citizenship, social behaviour, and appropriate rewards are all important factors to consider when developing strategies. by means of Designer and administrator of motivational reward systems is one of the most difficult tasks faced by managers in human resource management. Employee needs and goals must be identified and documented, says Bagraim (2007). A well-designed motivational reward structure, according to Thompson (2005), is the most valuable tool for motivating organisational performance toward project success and efficiency (Alwabel, 2005).

It is useful to distinguish between financial and non-financial incentives because there are many types of incentives available.

Bonuses, commissions, wage increases, and other perks are all examples of financial incentives.

They do not include any form of compensation or other benefits.

Employee involvement in decision-making, workplace flexibility, and overall work environment are examples. Profit-sharing arrangements are one type of financial incentive used to recognise and reward employees for outstanding job performance. All of them have always contributed to a positive and motivating work environment.

LITERATURE REVIEW

This chapter presents the findings of three similar international and national research projects that have already been completed. Find out how they collected data and what results they got. Finally, I'll summarise their findings and my thoughts on their work.

Ghana (2013)

A Kenyatta University student wrote a research report on Ghanaian financial institutions How well are existing and new employees motivated, retained, and committed? To find out how financial and non-financial incentives affect employee motivation in a few Ghanaian financial institutions

East Africa, Kenya(2019)

This research report is about an equity bank in Mount Kenya, Kenya. The survey's goal is: Determine the impact of performance-based pay and rewards on employee productivity and working conditions at Equity Bank in Mountain Kenya..

Bangladesh (2012)

It is a study conducted at the Pubali Bank Limited Kushtia Branch in Bangladesh. This research sought to determine the impact of non-monetary incentives on employee motivation in Bangladeshi organisations.

Bhopal, 2021

Students at Barkatullah University in Bhopal, Madhya Pradesh, are conducting the research. This study's findings are based on a qualitative study with secondary information sources. All necessary information was gathered from books, journals, magazines, research articles, and online sources.

Allahabad (2018)

An undergraduate at the University of Allahabad in Allahabad, India, conducted the research. This study relied heavily on secondary sources, so all data was gathered from various papers, websites, and journals.

Nagpur, Maharastra (2014)

This article was researched by a Dhanwate National College Congress Nagar student from Nagpur. It discusses how incentives motivate employees. for example, advising organisations to change their compensation and benefits systems.

After collecting secondary data and reading previous research. I learn that they are all trying to figure out how financial and non-financial incentives affect employee performance and the outcomes they achieve. They use descriptive research design and quantitative approach, among others. Employees benefit from both financial and non-financial incentives.

Research Methology

The study is important in terms of identifying methods of increasing the efficiency of employees, which will ultimately result in increased efficiency and financial performance for the organisation in terms of meeting its stated goals and objectives.

OBJECTIVES

- To assess the level of compensation available to employees of private-sector organisations.
- To examine the use of a rewards system in motivating employees in private-sector organisations.
- Suggesting that organisations make appropriate changes or take corrective actions in their rewards system.

Limitation of the Study

- It focus only on financial and non-financial incentive, there might be other factors which influence the motivation and performance of the employees in banking sectors.
- As the research is done by collecting secondary data, it lack relevance and accuracy.
- The data might change with time.

CONCLUSION

Based on the study's findings, it was determined that compensations provided had an impact on job performance. A recent study found that salary, commissions, and other financial incentives helped employees perform better. Moreover, the absence of non-financial rewards like favourable insurance coverage, healthcare coverage, and receiving a reward at the end of the year resulted in improved job performance among participants. According to the research, respondents agreed that favourable insurance medical coverage and end-of-year bonuses improved their job performance.

The study also found that employees who worked in banks had better job performance. Job results Several factors influenced the outcome, including working conditions and equipment. At the end of the study, The study found that the bank did not reward its employees who performed well enough with merit awards. As a result, the bank may not have had adequate structures for openly acknowledging and appreciating its employees.

Future Suggestion

Based on the study's findings, the financial institution should implement employee recognition programmes like favourable insurance medical coverage and a

year-end bonus to motivate employees. It was also suggested that the bank implement recognition incentives such as monthly employee awards and recommendation letters to inspire employees and help them achieve higher job achievement.

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