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## *Impact of Incentive Programs and work environment on Employee's Performance in Banking Sector*

**Dimpy Yadav<sup>1</sup>**

Research Scholar,  
IMSAR, Maharshi Dayanand University,  
Rohtak, India.

**Dr. Ashok Kumar<sup>2</sup>**

Assistant Professor,  
IMSAR, Maharshi Dayanand University,  
Rohtak, India.

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*Abstract: Incentives programs involves the management of expectations in which both employer and employee expect from each other. The employer wants the maximum contribution of their employees, and employees want their effort to be matched with their pay in return of their pay. Then, of reward management takes place which involves the strategy and policies related to pay. It is mandatory for an organization to give proper reward because in return it helps in bringing out a certain kind of behavior among employees. An organization needs an employee who performs better at work and an employee needs an employer who appreciates their work timely. So, the reward is one of the important concepts which satisfy both the employer and the employee. So, this study is on impact of incentive programs on work environment in banking sector.*

*Keywords: Incentives programs, Employee Performance, work environment.*

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### I. INTRODUCTION

An incentive program is a formal scheme which is used to motivate or encourage the employees to do a specified work in a given period of time. It is a strategy adopted by business management to fulfill their work timely. These program strategy will encourage and satisfy the workers which will create a healthy work environment in an organizations. These incentive program are of two types: monetary incentives and non- monetary incentives.

**Non- monetary incentives:** These incentives involve internal motivation among employees. It does not depend on another person. Once if inner need was fulfilled, then the employee got satisfied and motivation took place. Intrinsic rewards involve a high level of productivity among employees as they are internal in nature.

Federick Herzberg, leading theorists of workplace motivation found intrinsic rewards much more effective than extrinsic reward. It does not mean that the extrinsic reward is not important, but it means that there are other things without money which greatly affect the motivation.

**Monetary incentives:** The monetary rewards are like raising the salary, bonus from the employer. Increase in salary and bonuses are two main financial rewards which affect the most in motivating employees because it increases the amount of money above his/her salary.

### II. INCENTIVES ON THE BASIS OF EXPERIENCE

As age and experience increases, the incentive should also increase proportionally. Banks jobs are in various segments with different incentives. The basic salary is provided with high incentives and special allowances. Banks provide club membership, company vehicles, paid vacations and some other allowances with non-monetary benefits. Different development

programs are also conducted by the organizations from time to time. As competition increases with globalization, work pressure increases in banks, and employees have to work hard 24\*7 so nationalized banks.

Many big companies like HCL give proper rewards to their high performers by providing cars and vacations at good locations in India. Infosys provides iPhone6s devices to its thousands of employees.

In earlier times, where a onetime bonus and an appreciation letter from the CEO was received has become old today because now people are not satisfied with this type of rewards. Such, HR manager has to work hard to satisfy them by giving them a proper reward.

### III. LITERATURE REVIEW

**Jehanzeb (2012)** in this study rewards and motivation were considered for the satisfaction of job in the banking sector of Saudi Arabia. So, the study revealed that in the banking sector employees give more importance to financial reward. So, financial reward was considered important to increase the motivation and satisfaction among the employee to perform better. Many employees were participated from public and private banks of Saudi Arabia, and three hypotheses have been done. Firstly, employee job reward and satisfaction relationships. Secondly, employee reward and motivation relationships. Thirdly, employee motivation and job satisfaction relationship are related. **Scott (2012)** conducted a study on how to retain talent in the organization and what the role of reward in it. In this study, five thousand work members participated in a study and focused on key talent retention practices. The finding highlighted that reward program is more important for employee retention in the organization. The study suggests having a clear definition of key talent and to carefully monitor the voluntary turnover among key employees and find out the reasons why they are leaving. **Kaneez Fatimamamdani, Safia minhaj (2016)** analyzed the influence of motivational incentives on performance in the Bank of Karachi in Pakistan. The research disclosed a positive relation between the incentive and performance. The study shows that both monetary and non-monetary incentive was important as both increased the level of performance, commitment and productivity. These incentives help the organization to maintain their highly talented employees because these incentives help with less turnover, loyalty, and employee retention. So, organization able to meet their target and long-term objective successfully. But a motivational incentive is an important element of any job so this study needs to extend. **Zaraket (2017)** evaluated the “Impact of Financial Rewards on Job Satisfaction and Employee Retention among Employees of Lebanese Banking Sector”. This study describes that salary and the benefits are the key to the satisfaction of workers. So, the organization should give financial reward for the satisfaction of workers. In Lebanese financial reward play an important role in satisfying and retaining the workers by providing a good salary and other benefits like health insurance. The financial reward like salary, bonus, benefits and other incentives helps in achieving organizational goals of maintaining and retaining talent. So, financial reward has a positive relation with employee retention. **Kelmendi Muhamet (2017)** studied on reward and performance as a key element of motivation. The study revealed that reward has an impact on employee motivation because when employees are properly rewarded than company productivity and profit both increases. It is noticed that motivated employees contribute maximum to the organization. So, reward packages should be made in such a way that it will not affect the financial budget adversely and it should involve transparency so that employees will be able to know for what they were rewarded. A successful reward strategy should consider all the factors which affect the performance of the employees. **Fanggidae (2019)** the study looked at employee commitment to Spirituality and reward at workplace. A positive influence was there on employee commitment. If there was a proper reward or compensation employee, would feel more satisfied and do their work more effectively. Workplace Spirituality has a relationship with work behavior in the form of job satisfaction, work performance, attitudes, work ethics, morals, and management. The regression coefficient of a moderate workplace spirituality variable has a negative effect, meaning that the workplace spirituality variable cannot be a moderating variable between appreciation and organizational commitment. This means that a lower spirituality in the workplace does not necessarily mean a lower reward for the organizational commitment of the employee. **Alhajjar (2020)** investigated the “Mediation effect of employee commitment on the relationship between talent management, reward system, and bank

performance". For the study 8 private banks in Syria were considered. "Structural Equation Modeling" (SEM) was used to test the hypothesis. 242 questionnaires were retrieved from a total of 270 questionnaires for study. The result showed that commitment had mediated the relationship between talent and performance. The study also helps to understand the role of reward in influencing commitment and performance. Serhan (2021) assessed employee commitment and employee turnover intention in Islamic bank employees. The result shows that three organization commitment: affective, normative, and continuance has a high degree of correlation with commitment, individual difference, and turnover intention. The turnover intention can be minimized by these three subscales. To test the validity and reliability, EFA ("Exploratory Factor Analysis") and Cronbach's alpha test were conducted. The findings were limited to the Islamic banking context in the UAE, Oman and Lebanon.

#### IV. OBJECTIVES OF THE STUDY

1. To study the impact of incentives programs on employee performance in banking sector.
2. To study the impact of incentives programs on work environment in banking sector.

#### V. SIGNIFICANCE OF THE STUDY

This research helps to revealed that in banking sector incentive program is an important tool in human resource management to manage the performance and motivation of employees. A proper incentive program strategies are required to be made so that employees will be fully motivated because due to competition they have to work hard. If workers are properly rewarded, it will create motivation among workers, and they will perform better.

#### VI. RESEARCH METHODOLOGY AND DATA ANALYSIS

##### POPULATION AND SAMPLE

The population of the study contains with labors who are employed in approved commercial private banks in Gurugram. The total population is 340 employees; the stratified random sampling has been used as sample technique. That means each member of the population has an equal opportunity of being include in the sample. As well as that each member of population likely to be selected at any stage in the sampling procedure. Sample of the study was 100 employees from private banks in Gurugram.

##### DATA COLLECTION

Primary data collection approved out by distributing the self-assessment questionnaire to the respondents. The questionnaire offered in five points Likert scale form. The first part of the questionnaire contains of questions regarding respondents' personal information and the second part contains for collecting information on study variables.

##### DATA ANALYSIS

The collected information from the questionnaires were assessed through reliability and validity, univariate and bivariate and multiple regression investigation. The Statistical Package for Social Science (SPSS) 25.0 was used to shorten the investigation work of this study. The univariate, bivariate, and multivariate analyses was done for the test of hypotheses and model fi

##### INCENTIVES PROGRAMS ANALYSIS

**Table -1 Incentives Programs Analysis**

Indicators	Frequency	Percentage	Cumulative %
<b>What is the first word that comes to mind when you think about "incentive"?</b>			
Money	216	54	54
Promotion	101	25.3	79.3
Work Environment	27	6.8	86

Any other	56	14	100
<b>Which type of incentive is important to you?</b>			
Monetary	326	81.5	81.5
Non-monetary	74	18.5	100
<b>Do you perceive monetary and non-monetary reward equally?</b>			
Yes	157	39.3	39.3
No	206	51.5	90.8
Doesn't matter	37	9.3	100
<b>What motivates you most at work?</b>			
Money	123	30.8	30.8
Promotion	19	4.8	35.5
Work Environment	157	39.3	74.8
Any other	101	25.3	100

With reference to the data given in table 1, when asked about the relative importance of monetary vis-à-vis non-monetary incentives, 326 respondents preferred monetary incentives while only 74 accorded more importance to non-monetary incentives. In percentages, 81.5 percent gave more importance to monetary incentives while 18.5 gave importance to non-monetary incentives.

The respondents were asked whether they perceive monetary and non-monetary incentives equally to which 157 replied in affirmative, 206 responded in negative while 37 were indifferent. In percentage terms, 39.3 percent perceived both of these equally, 51.5 perceived these differently and 9.3 percent were indifferent.

Table 1, indicates about the motivating factors at work, out of total 123 employees responded that it is money; 19 responded to promotion; 157 responded to importance to work environment and 101 responded with miscellaneous reasons other than these. In percentage terms, 30.8%, 4.8%, 39.3% and 25.3% respondents preferred money, promotion, work environment and other factors respectively.

### WORK ENVIRONMENT ANALYSIS

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	20	5.0	5.0	5.0
Disagree	28	7.0	7.0	12.0
Neither agree nor disagree	106	26.5	26.5	38.5
Agree	164	41.0	41.0	79.5
Strongly agree	82	20.5	20.5	100.0
Total	400	100.0	100.0	

Data in Table 2 reveal that, the respondents were asked whether employees had fair opportunities for promotion in the bank. They were asked to rate this from 1 to 5 where one represented strongly disagree to five being strongly agree. To this question, 20 respondents selected that they strongly disagree, 28 disagreed, 106 were neutral, 164 agreed and 82 strongly agreed. The percentage wise breakup was: 5% strongly disagree, 7% disagree, 26.5% neutral, 41% agree and 20.5% strongly agree.

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	29	7.3	7.3	7.3
Disagree	10	2.5	2.5	9.8
Neither agree nor disagree	140	35.0	35.0	44.8
Agree	128	32.0	32.0	76.8
Strongly agree	93	23.3	23.3	100.0
Total	400	100.0	100.0	

Data in Table 3 illustrate that, the respondents were asked whether promotion should be based on performance. They were asked to rate this from 1 to 5 where one represented strongly disagree to five being strongly agree. To this question, 29 respondents selected that they strongly disagree, 10 disagreed, 140 were neutral, 128 agreed and 93 strongly agreed. The percentage wise breakup was as follows: strongly disagree was 7.3%, for disagree 2.5%, for neutral 35%, for agree 32% and for strongly agree 23.3%.

## VII. CONCLUSION

It was found that in banks there is a positive impact of incentives on employee performance and work motivation. Monetary and non-monetary incentives are both important for employees, but monetary incentives in the form of cash are more important as they impact more on their performance. So, incentive programs play a significant role in increasing employee performance as they create motivation and a positive attitude toward work among employees. When we considered the work motivation factors during the study, the possibility of promotion was there, and that was done on the basis of performance, which will become a challenge for employees at the work place. So, to get the promotion, they will do their work with full dedication. Banks value service by providing the best infrastructure facilities in private banks, but most employees are unaffected because it is not a significant as part of their job.

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