
REWARD MANAGEMENT STRATEGIES OF PUBLIC AND PRIVATE BANKS IN LATUR DISTRICT: A RELATIVE EXPLORATION

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ABSTRACT

This study compares and explores reward management strategies of public and private banks in the light of competition. It investigates existing strategies to reward people fairly, justifiably and constantly that aims at developing motivation and job engagement in employee through valuing them in accordance with their contribution. Paper describes data and characteristics of the reward management strategies of bank through fact finding investigation with adequate interpretation

Keywords: Reward management strategy, rewards, performance appraisal, Strategic HRM

INTRODUCTION

Banking proved to be the lifeline of the India that helped in developing the vital sectors of the economy and guiding in a new dawn of progress in the Indian economy. It has optimistically transformed the hopes and aspirations of millions of people into reality. But the banking industry has undergone many changes over since last decade to be on par with international banking norms and standards. Strategic human resource management contributed for the competent and enhanced performance of the banks. The reward management strategy of strategic HRM facilitates as a tool to gear up with changing trends. Hence banks provided a great degree of attention on reward management in the process of changing them. This study is a fact finding investigation with adequate interpretation which describes data and characteristics of the reward management strategies of banks. An attempt made to describe the state of affairs exists in the bank as a group which includes survey. It gives specific predictions with narration of facts and characteristics of a bank practices and attempts to know the frequency with which something occurs and its association with something else. Efforts are made to achieve objectives of the present study and to open up the new foundation for further research and additional studies in this area.

Reward Management Strategy

Reward strategy provides a sense of purpose and direction and a framework for developing reward policies, practices and processes. It is based on an understanding of the needs of the organization *and* its employees and how they can best be satisfied. It is also concerned with developing the values of the organization on how people should be rewarded and formulating guiding principles that will ensure that these values are enacted. (Armstrong, M. 2006)

Reward strategy is ultimately a way of thinking that you can apply to any reward issue arising in your organization, to see how you can create value from it. (Duncan Brown 2001)

Statement of the Problem

It is the challenge for bank to make sure that they have the capability to find, assimilate, compensate and retain talented individuals they need. According to Khandelwal committee

report (Khandelwal, Phatak, & Rao, June 2010) Manage and develop human resource properly in a fast changing and competitive environment, decrease attrition rate, create and retain skilled human resource are some other problems in bank.

OBJECTIVE OF THE STUDY

To compare reward management strategies executed by public and private banks in Latur district.

Hypothesis

H0: There is no considerable disparity in the implementation of reward management strategies in public and private banks of Latur district.

Review of Literature

(Sharma Vivek, 2005) Found that the job satisfaction level of private bank employees was better than public bank employees due to quality work life, WPM, loan facility, extent of authority. He also found that the performance of private sector banks was well again than public banks due to motivation from higher level in the form of rewards and constant verbal encouragement.

(Thankur Srivastava and Shefali, 2006) In his research article critically analyzed the reward management system in the State Bank of India and suggested the need of revamping the reward system and performance evaluation systems in public banks in order to develop the human resource in banks.

(Shrivastava A. and Purang P., 2011) Studied perception of bank employees regarding reward management strategy and found more positive perception, more employee satisfaction about overall reward management system in private banks than public banks.

(Jain Suman, Sharma Seema and Janin Rachna, 2012) Attempted comparative analysis of public and private sector banks in which they found that, work recognition is less in public banks as compared to private banks and hence public banks can achieve this lacuna by resourcefully improving rewards management strategy by giving rewards on timely basis, appreciating employees in bank meetings.

(Krishna and Tulasi K, 2014) Concluded in his research paper that the reward management system exercised key role in banks hence public and private banks should have effective rewards strategy it must be linked with the actual performance of employees.

(Bhatnagar Deepali, 2014) She suggested that, banks should provide differential pay packages to special skills and high performance of the employees and that will act as a catalyst for motivation of people and they will start for higher achievements and inducements. She also paid attention to adapt variable pay linked rewards to individual performance rewards, as a component in the total package. The public banks yet not have started the performance based pay but with the booming retail sector they should seriously think for achievement-linked bonuses alike many pharmaceutical and FMCG companies in India. And in this way bank should reposition the current hygiene level reward management system to better motivating reward management system.

RESEARCH METHODOLOGY

Methodology

Here methodology used for research study systematically presents the methods used to collect and analyze data through research design, sampling technique, measurement and instrumentation, data collection, conceptual framework and data analysis.

Type of Research:

Ex post Facto descriptive type of method used for this research study. The study is a fact finding investigation with adequate interpretation

Area of Study:

The area of study is Latur district. In the district 18 nationalized banks and 4 private banks are doing business. 8 nationalized and 4 private banks selected for the study.

Sample Design:

The process of selecting samples from a population that is a sample design is as follows:

❖ Population :

The population of research study is nationalized and private bank employees of Latur district.

❖ Sampling Unit:

The sampling unit comprises branch managers and bank employees

❖ Sampling Area: Latur district

❖ Sampling Method:

Simple random sampling used to get equal probability of selection. The simple random sampling technique used because a population of the study is for homogenous group (bank employees) and population is relatively small

❖ Sample Size

The sample is 356 for the study; Out of it 178 employees from public banks and 178 from the private banks are selected for unbiased analysis. Total 18 public and 4 private banks are doing their business in the district through 95 branches of public and 11 branches of private banks. Out of this population, 8 public banks (number of branches= 82) and 4 private banks (number of branches= 11) selected as a sample for the study. The selected 8 public banks are: State Bank of India (24), State Bank of Hyderabad (21), Bank of Maharashtra (18), Bank of India (6), Central Bank of India (5), Bank of Baroda (3), IDBI Bank Limited (3), and Canara Bank (2); where value in the bracket shows the number of branches in the district. The criteria to select bank is the number of branches. Selected banks are doing their business through more number of branches than those which are not selected for the sample.

Sources of Data

The research design used in accordance with the descriptive research study requirements. Therefore the study banked upon primary and secondary data.

i) Primary Data-

The primary data collected from bank employees though well designed, structured questionnaire. The questionnaire prepared based upon extensive literature review of the topic,

considering objectives and hypothesis of the study. The subsequent interviews conducted with branch managers more insight into the banking HR functions and related HR strategies

ii) Secondary Data-

The secondary data is used in this study for reference, bench mark against findings of research and as a source of information. Only authentic and official data sources are used to have accuracy, reliability and completeness while compiling the secondary data.

Tools for Data Collection

Questionnaire a most popular tool of data collection used for the study. Questionnaire constructed in English and pre-tested in a non-sample area and exercised a pilot study. After pilot study and consequent discussions with bank personnel and research guide the necessary changes made and final questionnaire prepared. Appropriate introduction and instructions included in questionnaire.

Research Methods

The survey method used for collection of primary data. The researcher personally contacted respondents and collected data as per convenient time of respondent. The questionnaire administered by researcher.

Statistical Tools for Data Analysis:

In this study for the appropriate display of distribution of cases by the values on two nominal variables cross tabulation used. It depicts a joint frequency distribution of cases based on categorical variables. As per the research objectives, hypothesis testing requirements and for better data representation tables prepared. The graphs used to depict the comparative percentage of employee feedback regarding various human resource strategies.

DATA ANALYSIS AND INTERPRETATION

H0: There is no considerable disparity in the implementation of Reward Management Strategies in public and private banks of Latur district.

The table presents the level of agreement of employees from public and private banks. The responses analyzed to see the degree of association and level of significance between two variables viz., the type of bank and reward management strategy.

Type of Bank		Reward Management Strategy							Mode	S.D.
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total			
Public Bank	Count	39 _{a, b, c, d}	86 _{c, d}	27 _{b, d}	23 _a	3 _{a, b, c, d}	178	2	0.9878	
	%	21.9 %	48.3 %	15.2%	12.9 %	1.7 %	100%			
Private Bank	Count	33 _{a, b, c, d}	100 _{c, d}	36 _{b, d}	5 _a	4 _{a, b, c, d}	178	2	0.8239	
	%	18.5 %	56.2%	20.2%	2.8%	2.2%	100%			
Total	Count	72	186	63	28	7	356			

Each subscript letter denotes a subset of Reward Management categories whose column proportions do not differ significantly from each other at the .05 level.

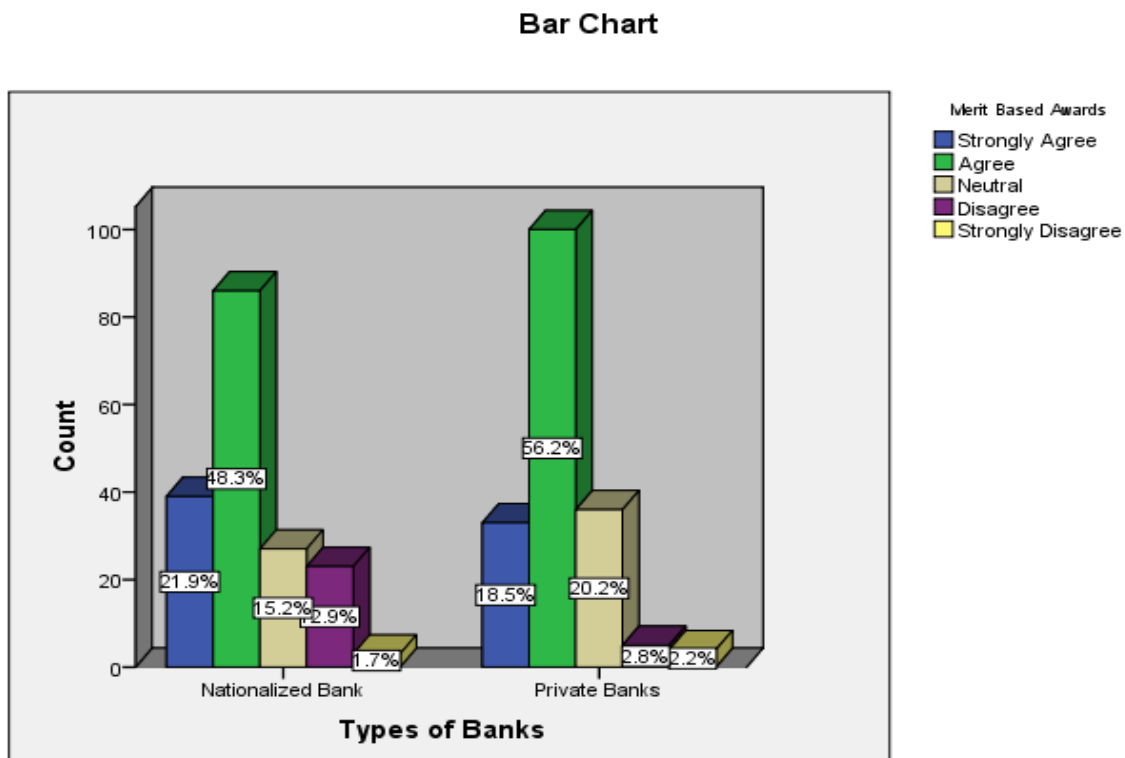
(Source: Primary Data)

The mode for above series is 2 (agree) hence maximum respondents in public and private banks agreed about resourceful implementation of reward management strategy. Variation of responses in public banks is wide since standard deviation of public banks (0.9878) is more than private banks (0.8239)

The z test used here to indicate significant difference with APA-style formatting using subscript letters. There is a significant difference between reward management strategy in public and private banks because each subscript in the count series displayed different subscript letter.

Graph 3.1 Reward Management Strategy

Following graph represents the comparative percentage of employee feedback regarding resourceful implementation of reward management strategy. The left hand side of bar group denotes alternative responses of public bank employees whereas right hand side of bar group denotes alternative responses of private bank employees. Each alternative strongly agree, agree, neutral, disagree, and strongly disagree designed with different color, for better comparative identification



When it was asked respondent about resourceful implementation of rewards management strategy, from public banks 21.9 % respondents strongly agreed, 48.3 % agreed, 15.2 % remained neutral, 12.9 % disagreed and 1.7 % strongly disagreed. From private banks 18.5 % respondents strongly agreed, 56.2 % agreed, 20.2 % remained neutral, 2.8% disagreed and 2.2 % strongly disagreed regarding the same

Chi-Square Tests for Reward Management Strategy

The table depicts cross-tabulation of a categorical variable and a multiple response set. It performs a chi-square test of independence on the cross-tabulation. Chi-square tests are performed on counts.

The p-value for this table is .006 as shown in the significance (2 sided) which is below 0.05, the

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.554 ^a	4	.006
Likelihood Ratio	15.529	4	.004
Linear-by-Linear Association	1.088	1	.297
McNemar-Bowker Test	.	.	^b
N of Valid Cases	356		
a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 3.50.			
b. Computed only for a P x P table, where P must be greater than 1.			

Rejected

assumed level of significance (alpha) at 4 degree of freedom.

Since the chi square value is significant, the null hypothesis can be rejected. This means that there is enough evidence to conclude that "There is a considerable disparity in the implementation of Reward Management Strategies in public and private banks of Latur district"

Symmetric Measures for Reward Management Strategy

Since null hypothesis H_0 is rejected, it is required to determine the strength of the association using an appropriate statistic like Phi Coefficient, Cramer's V

Table 3.3 Symmetric Measures for Reward Management Strategy

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by Nominal	Phi	.202			.006
	Cramer's V	.202			.006
Ordinal by Ordinal	Gamma	-.047	.086	-.547	.584
	Spearman Correlation	-.029	.053	-.548	.584 ^c
Interval by Interval	Pearson's R	-.055	.053	-1.043	.298 ^c
Measure of Agreement	Kappa	.044	.033	1.344	.179
N of Valid Cases		356			
a. Not assuming the null hypothesis.					
b. Using the asymptotic standard error assuming the null hypothesis.					
c. Based on normal approximation.					

In the above table Phi Coefficient value is 0.202. The Phi Coefficient is not equal to zero. It means that there is an association between type of bank and implementation of reward management strategy; it means that the way reward management strategy implemented varies when type of bank varies. Further it can be concluded that reward management strategies are implemented differently in public and private banks.

The Cramer's V value is also 0.202 which shows that the degree of association is weak. Since there is no association in variables or The Cramer's V value is not zero the null hypothesis is **rejected**

FINDINGS

The private banks found doing well in achieving strong relationship between pay and performance. It is interesting to know about bank policy regarding employee rewards for good service behavior; majority of private bank employees are straightway agreed but in public banks the level of agreement is spread over all five. Both types of banks are almost same in providing nonfinancial rewards to motivate people. The private bank employees believe that they are getting more welfare schemes than public bank employees by the way of quality work life, workers' participation in management, loan facility, extent of authority etc. Even if level of agreement about communication of rewards and well understanding by employees is almost same in all banks but the disagreement about the same is considerably more in public banks. May be due to above discussed facts, public bank employees are in opinion that the bank is not recognizing their contribution like private banks

CONCLUSION

The literature reviewed earlier in the study also supports the above findings. The private bank employees found more satisfied about overall reward management system than public banks. The work recognition is better in private banks by giving rewards on timely basis, appreciating employees in bank meetings etc. Advanced technologies and various software packages are incorporated by the private banks to make rewards system faster, accurate and transparent. The private banks are ahead of public sector banks in offering better reward management system but at the same time it should be noted that a public sector bank provides a long-term tenure rewards and high base pay, whereas private sector banks provides fewer rewards for little tenure and they pay for performance of employee. To conclude it can be stated that the level of implementation of rewards management strategies is different in public and private banks.

SUGGESTIONS

Public bank should emphasize over training and development activity so that it can help employee in promotion and other monetary benefits. It should build a strong relationship between pay and performance that can create fair competition among employees to work better and customer can get better quality of service. Public sector banks should offer smart rewards for good service behavior of employee and make overall rewards management strategy more extensive. Also present better numerous rewards including non-financial ones to motivate people Private bank should communicate rewards well to employees and ensure their understanding about rewards supplied. Also create favorable environment to make job more interesting which can passionate employee to utilize his full potential.

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