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Analysis of employee motivation in banking sector

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Abstract
Employees are the most important factor in the success and failure of any organization. Motivational factors play an important role in increasing employee job satisfaction. Satisfied employees in return can help in improving organizational performance. In this study, motivation as one of the most important factors potentially contributing to the performance of employees has been examined in relation to the banking sector. As a result of the study, the most important factors motivating employees are respectively "equitable wage and promotion", "extended health benefit and other social facilities", and "working environment". Another crucial finding of the study is the fact that "equitable wage and promotion" having the highest potential of motivating employees do not differentiate according to demographic characteristics.
As is the present era all the banks have strong HR policies to retain their employee but after that there are some loopholes in that so that employees are not well motivated to work with nationalized banks. In the present time as there are two types of banking sector one is public sector and another one is private sector. In between that private sector banks are attracting people by giving higher salary and other benefits so it is necessary to implement strong HR policies by public sector banks. So that employee can be well motivated in nationalized banks.

Keywords: Employee motivation, banking sector, motivation theory, policies for motivation

Introduction

Motivation is a psychological and sociological concept as it relates to human behavior and human relations. It is the most fundamental and all pervasive concept of psychology. For motivation, sweet words are useful but are certainly not adequate. Motivation basically relates to human needs, desires and expectations. Motivation is next to directing or leading. Motivating employees means encouraging people to take more initiative and interest in the work assigned. It is an art of getting things done willingly from others.

Motivation avoids clashes and non-cooperation and brings harmony, unity and co-operative outlook among employees. For this, effective communication, proper appreciation of work done and positive encouragement are necessary and useful. This creates favorable environment because of which employees take more interest and initiative in the work and perform their jobs efficiently. Motivation is a technique of creating attraction for the job. The process of motivation is a continuous one (circular one) and is beneficial to both - employer and employees.

It is through motivation that employees can be induced to work more, to earn more and to give better results to the Organization. It is rightly said that employees are human assets of an organization. It is the responsibility of an employer to motivate his employees.

Motivational factors like Communication, Challenging and exciting work, Recognition and reward for performance are beneficial for the organization as well as the employee.

Employee motivation is affected by both personal characteristics as well as workplace environment. Organizations benefit from "engaged workers" in a number of ways. Two-way communication helps to shape employee perceptions and aid the company in understanding employees better. Employee satisfaction has positive influence on customer satisfactions in the service industry (Harter, Schmidt & Hayes, 2002).

Theories of Motivation

Theory Name	Reference	Motivation Instruments
Abraham Maslow's Hierarchy of Needs Theory	Koçel, 2005, p. 639; Arnold and Feldman 1986, pp. 52-54	Physiological Needs, Safety Needs, Social and Belongingness Needs, Esteem Needs, Self-Actualization
Herzberg's Two-Factor Theory	Herzberg 1968, pp. 53-62	Motivators (achievement, recognition, responsibility, opportunity for advancement or promotion, challenging work, and potential for personal growth) Hygiene factors (pay, technical supervision, working conditions, company policies, administration, and procedures, interpersonal relationships with peers, supervisors, and subordinates, status, and security)
McClelland and Alderfer's Theories of Motivation	Certo 1997, p. 387	McClelland's three types human needs (Achievement, affiliation, and power) and
Awarding Expectation and Fair Awarding Systems	Vroom 1996.	Clayton Alderfer's Needs Type (Existence needs, relatedness needs, and growth needs) Expectation to achieve positive results due to improved performance.

Abraham Maslow's "Hierarchy of Needs The ory" advocates that once reached a basic level, a person can be motivated to access the next level. Physiological needs are at the bottom of this scale while Self Actualization is at the top. According to *Herzberg,* positive hygiene factors are accepted as they are by the employees and this can be motivating but not necessarily at all times.

McClelland and Alderfer's Motivation: Theories work similar to Abraham Maslow's Theory of Hierarchy of Needs. Satisfying the needs for motivation follows jumping to new level of motivation.

Vroom's Awarding Expectation and Fair Awarding Systems: theory states that if the expectations are positive for performance growth the employees will be more diligent and work more intensive with elevated motivation.

Process Theories of Motivation

Theory name	Reference	Motivation Instrument
Reinforcement Theory	Davis 1981, p. 69	Repeating the behaviour according to the result
The Expectancy Theories		
Vroom's Expectancy Theory	Hellriegel and Slocum 1978, p. 348	Valens(Degree of desire to achieve an award as a result of efforts)), Expectation that the effort will be awarded
Lawlerr-Porter Model	Dubrin 1978, p. 52	Combination of Valens and expectation with knowledge, skills, and perception of one's organisational role.
Equity Theory	Luthans 1981, p. 197	Fair and equal treatment of organisation staff.
Goal Setting Theory	Gannon 1979, p. 176	Degree of achievability of goals

Reinforcement Theory: states that one may repeat the similar behaviour thanks to different reasons (needs. goals, being already conditioned to do so). This hints the Management to repeat the behaviour to motivate the employee.

Vroom's Expectancy Theory: advocates that if one's valence and motivation is high he will with his own will; use all his knowledge, skills and energy.

Lawler-Porter Model: in addition to *Vroom's Expectancy Theory* lines up; the necessity of one is being awarded according to his task in the organization, his knowledge, and skills, with valence and expectations as essential for motivation and success.

Equity Theory: suggests that success and satisfaction is in ratio with how equal an employee feels treated in the organisation. Lack of this feeling will deprive motivation.

Goal Setting Theory: expresses that employees who chase harder tasks and higher goals will perform better and will be more motivated than staff who are settled with less challenging tasks (Koçel 1999, p. 482).

Main Motivating Instruments as per Common Literature

Author(s)	Date Published	Motivating Instruments
Maier	1970	High income, promotion possibilities, to prove oneself, ' diversity of tasks, using some skills, high responsibility, lifestyle, job security, participation in decision making, importance of the duty, friendly colleagues, social rank, reasonable boss, flexible work hours, fringe benefits, travel opportunity and job inspections.
Harpaz	1990	Attractive job, good enumeration and job security
Blunt and Spring	1991	Job security, teamwork, beneficial for society job.
Cacioppe and Mock Harpaz 1990 Attractive job, good enumeration and job security Blunt and Spring 1991 Job security, teamwork, beneficial for society job.	1984	Job security, teamwork, beneficial for society job.

Elizur *at al.*	1991	Success and attractive job.
Sapancalı	1993	Relations with co-workers, wages, social security, trade union membership, participation in decision making, independence in thinking and deciding, job security, relations with management, possession of power and authority, social rank, promotion, training, appreciation and awards.
Kovach	1995	Interesting job, good remuneration, job security appreciation, participation in decision making, promotion possibilities, good working conditions, relations with management, positive discipline, attitude to personal difficulties. Simonz and Enz 1995 Good remuneration and job security.
Nelson	1996	Appreciation and awarding the performance.
Lindner	1998	Attractive job, good enumeration, appreciation, job security, good working conditions, promotion possibilities, participation in decision making, relations with management, positive discipline.
Wong *at al.*	1999	Promotion possibilities and friendly relations.
Adak and Hançer	2002	Job security, worthiness of the job, wages system, promotion facilities.
Buck *at al.* Forrest Ölçer, Toker	2003-2004 2005 2006	Attractive job, promotion possibilities. Classification of the job and the work place specifications. Job security, relations with management, fair enumeration based on performance, trust and cooperation in the team, suitable work environment, social improvement chances, team work, attractive tasks compatible with skills, work rotation. Motivational Instruments for Organisations and Management (for a more interesting job etc.), Monetary (cash awards etc.) Social Motivation Instruments (job security etc.) and Psychological Motivational Instruments (power and authority delegating).

The Banking Sector in India

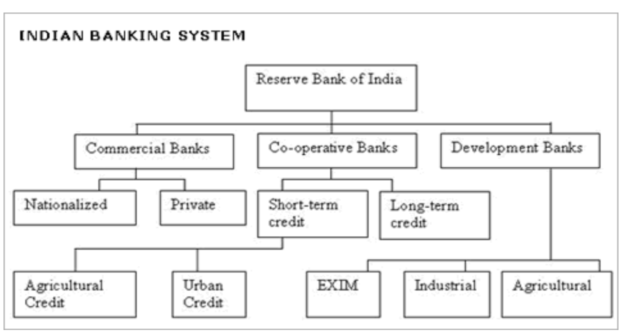
The Banking sector in India has always been one of the most preferred destinations for employment. In this decade, this sector has emerged as a sunrise sector in the Indian economy. Banking sector index has grown at a compounded annual rate of over 51 per cent since the year 2001.The Banking Industry is recruiting in a big way. In the next five years, banks will have to recruit almost 7.5 lakh people Now, banks have diversify their activities and getting into new products and services that include opportunities in credit cards, consumer finance, wealth management, life and general insurance, investment banking, mutual funds, pension fund regulation, stock broking services, custodian services and private equity etc. Further, most of the leading Indian banks are going global, setting up offices in foreign countries themselves or through their subsidiaries.

The expansion of the banking sector and its convergence with the other financial sectors such as insurance, NBFCs and Capital markets, retirement of the existing employees and financial inclusion have created more number of opportunities in the banking sector.

Infrastructure, Risk Management, Banking and Financial Services, Management Information Systems and Customer Relations Management are a few areas where specialization is expected.

Banking and Origin of Bank in India

Banking Structure



RBI

Reserve Bank of India is the Central Bank of our country. It was established on 1st April 1935 under the RBI Act of 1934. It holds the apex position in the banking structure. RBI performs various developmental and promotional functions. It has given wide powers to supervise and control the banking structure. It occupies the pivotal position in the monetary and banking structure of the country. In many countries central bank is known by different names.

For example, Federal Reserve Bank of U.S.A, Bank of England in U.K. and Reserve Bank of India in India. Central bank is known as a banker's bank. They have the authority to formulate and implement monetary and credit policies. It is owned by the government of a country and has the monopoly power of issuing notes.

Commercial Banks

Commercial bank is an institution that accepts deposit, makes business loans and offer related services to various like accepting deposits and lending loans and advances to general customers and business man.

These institutions run to make profit. They cater to the financial requirements of industries and various sectors like agriculture, rural development, etc. it is a profit making institution owned by government or private of both.

Commercial bank includes public sector, private sector, foreign banks and regional rural banks

a. Public sector banks

It includes SBI, seven (7) associate banks and nineteen (19) nationalized banks. Altogether there are 27 public sector banks. The public sector accounts for 90 percent of total banking business in India and State Bank of India is the largest commercial bank in terms of volume of all commercial banks.

b. Private sector banks

Private sector banks are those whose equity is held by private shareholders. For example, ICICI, HDFC etc. Private sector bank plays a major role in the development of Indian banking industry.

c. Foreign Banks

Foreign banks are those banks, which have their head offices abroad. CITI bank, HSBC, Standard Chartered etc. are the examples of foreign bank in India.

d. Regional Rural Bank (RRB)

These are state sponsored regional rural oriented banks. They provide credit for agricultural and rural development. The main objective of RRB is to develop rural economy. Their borrowers include small and marginal farmers, agricultural labourers, artisans etc. NABARD holds the apex position in the agricultural and rural development.

Co-operative Bank

Co-operative bank was set up by passing a co-operative act in 1904. They are organized and managed on the principal of co-operation and mutual help. The main objective of co-operative bank is to provide rural credit.

The cooperative banks in India play an important role even today in rural co-operative financing. The enactment of Co-operative Credit Societies Act, 1904, however, gave the real impetus to the movement. The Cooperative Credit Societies Act, 1904 was amended in 1912, with a view to broad basing it to enable organisation of non-credit societies.

Three tier structures exist in the cooperative banking

i. State cooperative bank at the apex level.
ii. Central cooperative banks at the district level.
iii. Primary cooperative banks and the base or local level.

a. Scheduled and Non-Scheduled banks

A bank is said to be a scheduled bank when it has a paid up capital and reserves as per the prescription of RBI and included in the second schedule of RBI Act 1934. Non-scheduled bank are those commercial banks, which are not included in the second schedule of RBI Act 1934.

Development banks and other financial institutions

A development bank is a financial institution, which provides a long term funds to the industries for development purpose. This organization includes banks like IDBI, ICICI, and IFCI etc. State level institutions like SFC's SIDC's etc. It also includes investment institutions like UTI, LIC, and GIC etc.

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