

Effects of Non-Monetary Rewards on Employee Job Performance in Banking Sector of Pakistan

A Case Study of Leading Commercial Banks

Bilal Ahmed, Tahir Ali
Karachi University Business School, University of Karachi, Pakistan

bilalahmed2594@gamil.com

Abstract

The purpose of the study is determining and exploring the connection and linkage between non-monetary reward and employee performance in the banking sector of Pakistan. Employee performance is considered as the key factor to meet the company profitability. Most of the banks are not capable to standby the specific amount for the satisfaction and security to encourage human resource in order to perform well due to financial uncertainty and turbulence in the banking sector of Pakistan while non-monetary incentives are also important for the employee to motivate or increase performance within the company which leads to organization profitability. Banking industry is one of the flourishing and healthy sectors of Pakistan is chosen to conduct the research in which different banks were random bank are surveyed to collect the data. The primary data collection is done using structured questionnaire as an instrument. 100 number of employees were randomly selected from the region of Karachi who are currently full time employed in banking sector.

Key words: Employee performance, non-monetary rewards, training and development, career development.

Effects of Non-Monetary Rewards on Employee Job Performance

Overview of Industry:

About the Introduction, in which the study's context helps to explain the research's premise. The problem statement will discuss the problem posed by the incentive scheme in the banking sector of Pakistan. In addition, this paper will address brief description of variables and the purpose of the study. This paper starts by highlighting the investigation targets and goals and significance of the research, which will also be addressed later at the end of the paper.

The origins of the contemporary banking system may be found in Italy throughout the Middle Ages and the Renaissance, namely in the wealthy towns of Florence, Venice, and Genoa. In Florence in the fourteenth century. Banks progressed from Italy to the Holy Roman Empire, and then to Europe in the 15 and sixteenth centuries. This was followed by a series of notable advancements in Holland as during Dutch Republic in the late 1700s, and in London during the 18th century. As during 20th century. Pakistan's financial system is a profitable business in this country, with a highly competitive atmosphere. Bank sustainability in a world of global competition necessitates extensive employee training programmes to ensure that employees are well-suited to current and future banking activity. Human resources make a significant contribution in this area; the supply of skilled labor is critical to a business survival. Therefore, human capital advancement is an important duty of the HR department. A highly strong team can help an organization improve and flourish. Every firm need well enough and years of expertise people to accomplish duties in a timely and efficient manner. Because today's corporate environment is rather competitive and operations are quite tough, the importance of education and training has risen shockingly high. Skills help significantly not only to an owner's progress in experience and competencies, but also to a significant change in his or her behaviour. Training is an expenditure that yields quality work, staff morale, and increased customer happiness. In other terms, education is a new lesson that results in a substantial change in a worker through improving his or her ability to do tasks. Hence, training is nothing more than a change in abilities, an increase in information, or a change in attitude or conduct. Furthermore, staff development is typically focused on future employment within the firm. As your profession and profession advance, you will need new talents and abilities to thrive in this competitive age. Consequently, development contributes significantly to the increase of an individual's abilities by satisfying present employment demands while also prepping him to meet growth plans. Increasing rivalry in the banking industry has provides individuals with a number of options for selecting banks that provide higher quality goods or services. As a result, banks invest more in staff development and training so that personnel are more prepared and educated to fulfill the requirements of customers and service them superior to competitors. SBP reports that advances increased by a robust 21% YoY to Rs10.89 trillion during the last month of FY22 as opposed to Rs8.99 trillion during the same time in FY21. When compared to the Rs10.82 trillion reported in May 2022, advances showed a

minor gain of only 0.6% on a monthly basis. The banking sector in Pakistan is facing a competitive market and increased pressure to improve performance and productivity. In light of this, the present study aims to investigate the link between development and training and staff job performance in Pakistan's financial sector. The study's goal is to gain a better knowledge of the influence of training on employee work contentment and to help build training programmes that can increase employee's performance throughout this industry.

Literature review:

Among the most of is indeed the crucial aspects of study review of literature. It evaluates preliminary studies, the job of other scientists, firm findings, papers, etc. that are intrinsically related to the ground.

The study incorporated different parameters to know the training and development results in firm innovation, employee competence, and loyalty or vice versa. Findings are supported by several hypotheses which have been tested using regression analysis and slope analysis. Firms' investment in training and development, employee performance with firm innovation, Employee competence with Training and development and firm innovation, employee commitment with Training and development and innovation, and voluntary participation with Training and development and firms' innovation has been brought under consideration. Upon analyses it has been observed, an employee who is serving voluntarily to undertake training has a significant impact on the innovation of the firm rather than the employees on which it is made compulsory. Some of these may use it negatively like it was done earlier (Ployhart, Call, and McFarland (2017) as it results in employee mobility and not paying back the expected results, on the other hand, the study supports positively in every manner after conducting longitudinal analysis by using stratified random data.

Another study undertakes students and tests from fascinating videotaped speeches to know how students perform afterward. It was seen that charismatic speeches influence the performance of students in a positive way. According to (Howell & Frost, 1989; Kirkpatrick & Locke, 1996), charismatic training influences the performance of employees indirectly which in turn shows an increment in their efficacy level. It was also observed by Barling et al. (1996) that intellectual stimulation is way easier than charismatic training as they tested it on a number of managers and concluded the previously mentioned statement. This study influences charismatic knowledge which

as a result created declarative knowledge in the trainees which can be applied in multiple situations. Observation also includes more transformational behavior of managers with their teammates andordinates than those who had not received any training. There are two phases made in this study to elaborate on the main point and also to investigate the parameters in a better way. To find the results there were different tests undertaken. This training included presentation skills, gestures, eye movement, and involvement Program accuracy, Commitment to the vision, Measure of extra effort, and much more. Upon testing with a different hypothesis, training became favorable. All who underwent dynamic impact training outperformed those who got presenting training opportunities or no training on a declarative written exam and demonstrated greater charisma persuasion behaviors. According to the findings of this study, charismatic influence training has a favorable impact on a variety of mindsets and success factors.

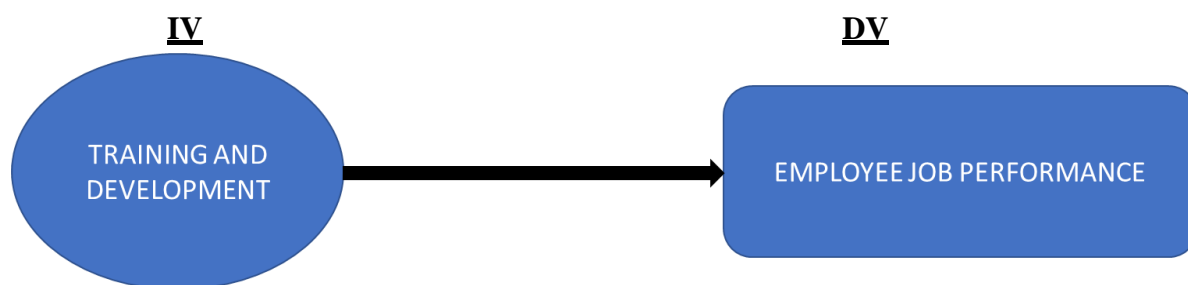
The case study undertakes data from the Italian Institute for the Development of Vocational Training to know the effect of training on EU economic growth. This study shows the micro and macro level of impact attained by the training on corporate and their performance by considering macro-level productivity. It will conclude what on-job employees will pay off after training as well as intense observation will be made on the productivity of the corporate, whether it will increase or decrease. Several parameters can be brought under consideration. For example, training, wages, productivity, and several corporate characteristics. One of the authors Conti (2005) undertook all and tested, as the productivity level of Italy was low as compared to other countries. Both Conti (2005) and Brunello (2007) tested their hypothesis with the aid of econometric models and reached at a positive conclusion. The study concluded based upon the model testing that employee aged between 17-24 are less productive than those of older age because of the absence of experience similar to this, sector or unit having a large number of males will create greater productivity as compared to those units where women ratio is high whereas, it is positively related with research and development although many authors argued that research and development are interlinked with the cost and financing.

The purpose of other study is to analyze the post-training behavior of the employees keeping some consideration including training transfer and operational performance of the employees. There was a total number of 126 employees, with the aid of which this study brought to light. Different observers have given us different

definitions of the post-training behaviors of employees. Starting to Ford and Weissbein (1997), it is necessary to implement the information gained from the training to know how much one has learned. Implementation of the acquired knowledge is important. In addition to that, according to Olsen (1998), an employee needs to keep the acquired knowledge implemented in daily routine working life and task, according to him action taken and implemented in the workplace is the strongest trait. Based upon the first hypothesis according to Holding (1965) if the training material includes similar activities as their daily routine task and assignment there would be more chances that the implementation will be quick and strong. Whereas self-efficacy reflects the individual strength of doing work assigned to them. As an extract of this study, it had been concluded that it is positively related and employees having greater self-efficacy tends to be a quick learner and reflect good post-training behavior which well is reflected by their work.

This study emphasizes the utility and the impact of different pieces of training on the economic level. According to this study, there are different types of training that a corporate can provide for example sales, marketing, financial, etc., and calculate their impact because there is some organizational cost associated with it. This study is quasi-experimental i.e., typically based upon cause-and-effect relationship and typically focused upon managerial training and sales training. Moreover, Research shows that author expected managerial training to bring smaller results effective than sales and technical training. It had observed that sales or technical training have been more effective as compared to managerial training because it involves long-term goal achievement. Proper and authentic evaluation of training programs can be done by considering the number of tasks that an individual performs in a workplace. Variations inside the amplitude of impact size from alternate laboratory techniques, as established by Arvey, Cole, Hazucha, and Hartanto (1985), can be explained in terms of the correlations here between pre- and following-test measurements. However, the criteria for aspects and characteristics may not include all aspects of employee productivity (i.e., there may be insufficient criteria).

Conceptual Model:



Research Methodology:

The data and details were gathered using the rational approach by the researcher. The study conducted strategies in the methodological approach that aided in data collecting, reporting, compilation, and analysis procedures that were used in the review of the literature.

Problem Statement:

The problem statement for this research topic on the effects of training and development on employee job performance in the banking sector of Pakistan could be formulated as Despite the significant investments made by banks in Pakistan in training and development programs for their employees, there is a lack of understanding of the impact of these programs on employee job performance. The banking sector in Pakistan is facing a competitive market and increased pressure to improve performance and productivity. There is a need to identify the specific training needs of employees in the banking sector of Pakistan and design training programs that meet those needs.

Previous research has confirmed that non-monetary incentives increase the motivation and satisfaction of employees in the workplace. It is really difficult to find out what exactly motivates and helps in increasing the employees' performance, but generally money has always been considered as one of the widely accepted motivators. Researchers identified it difficult that, representative should be spurred to give their greatest profitability. The current research will provide insight to banking managers, trainers, and policy makers on how to improve their training and development programs, in order to enhance the employee's job performance and productivity which will ultimately lead to Pakistan's organisation and financial sector are expanding.

A study by Ahmed and Qureshi (2019) found that training and development programs are positively associated with employee job performance in the banking sector of Pakistan. The study found that employees who

received regular training and development opportunities had increased level of work engagement, motivation, and conviction, which contributed to improved performance on the job.

According to a study by Khurshid and Siddiqui (2017), training and development programs can lead to improved employee job performance in the banking sector of Pakistan. The study found that employees who received regular training and development opportunities had higher levels of job satisfaction and motivation, which led to improved performance on the job. A study by Ali and Raza (2016) found that training and development programs have a positive impact on employee job performance. The study found that employees who received regular training and development opportunities had increased level of work engagement, motivation, and conviction, which contributed to improved performance on the job.

Hypothesis:

In the lights of above literature review that has been discussed by different scholars in their previous studies and we have identified below hypothesis have been determined.

H1: There is a significant and positive relationship between training and development and employee performance in the Banking sector.

Training and Development

Training is the methodical growth of an individual 's thoughts, abilities, and dispositions needed to execute effectively a particular job or assignment. (Armstrong, 1977, 1988).

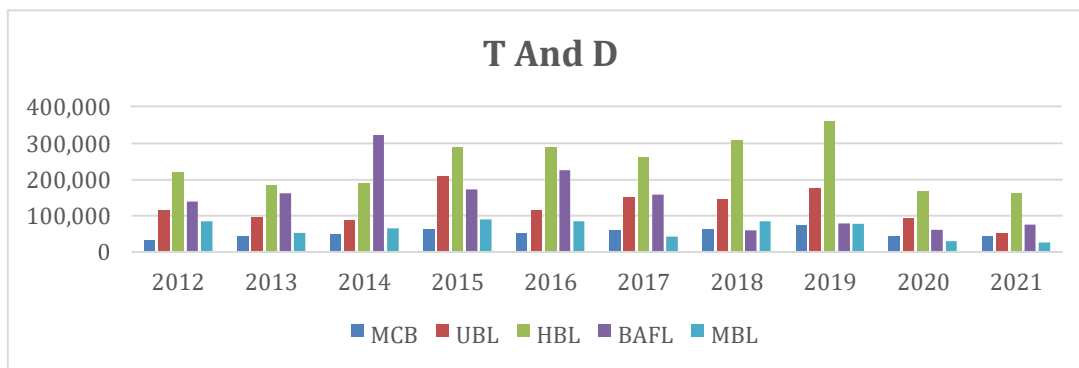
Employee performance

Employee performance can be defined in many ways, but at large employee's performance includes how well an employee execute and accomplish the primary tasks associated with his/her job description (Ngatia, 2014). It further includes the behavior, attitude, and motivation of an employee towards his/her job (Vijay & Indradevi, 2015).

Over view of industry (Secondary Analysis):

The ten-year record of five major commercial banks in Pakistan showed significant peaks and troughs in profit, with considerable investment in Training and Development that will continue to strengthen its workers' talents as well as enable them to give the highest services to their staff.

From 2012 till 2021 major advancement has been made in all below 5 banks from Physical Training till Electronic Learning and enhancement of training scope from head offices to regional offices with increase in man hours.



The ten-year performance of five major commercial banks in Pakistan. The analysis will show the changes in profit over the years, including significant peaks and troughs, and the impact of Training and Development on the performance of the banks. The data will reveal that there has been a considerable investment in employee training, from physical to electronic learning, with an aim to improve the skills and knowledge of the workforce. The study will also highlight the increase in man-hours dedicated to training and the expansion of the training scope from head offices to regional offices. This analysis will provide a comprehensive overview of the Training and Development initiatives of the banks and their impact on overall performance.

Primary Analysis:

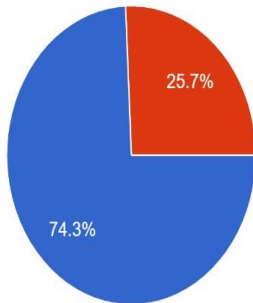
Primary data Analysis was conducted through employee questionnaire survey the research approach is first described, followed by instrument creation, sampling, and data gathering methods. The initial examination of the information gathered for a pilot study is referred to as primary data processing and for that detailed procedure is been discussed as follows:

Respondent Profile:

Prior to actually relocating forth and describing the actual conclusions of the study, it is essential to comprehend the information of the participants or target respondents' part of the sample design. Presented following table are the charts illustrating the percentages% of demography among 100 participants for each dependent profile.

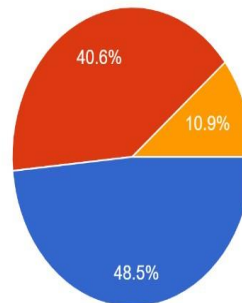
From figure below, the outcomes of the research showed that among the reached-out respondents, 74.3 were male, while female were at a rate of 25.7 %. and the economy is patriarchal in Pakistan. And From pie chart below, the research originates out that most of the respondents were at the age of between 20 to 29 years as shown by 48.5%.

Gender
101 responses



What is your age?
101 responses

● Male
● Female



● 20 - 29
● 30 - 39
● 40 - 49
● 50 - 59
● 60 years and more

Descriptive Profile Analysis:

Reliability Analysis

The Cronbach alpha, which encompasses the basic element and tests the fidelity of the statements to the particular construct, is used to test the intrinsic accuracy of the variables. As a result, we used Cronbach's alpha to determine statement reliability in this report. Cronbach alpha coefficients are a measure of reliability with values ranging from 0 to 1. Values less than 0.5, between 0.5 and 0.75, between 0.75 and 0.9, and greater than 0.90, according to the 95 percent confidence interval of the ICC calculation, represent bad, moderate, decent, and excellent reliability, respectively.

Reliability Statistics	
Cronbach's Alpha	N of Items
.689	6

Reliability analysis of the items in aspect prevailing trends

The alpha coefficient in the table 0.689 suggests that the items in the independent variable aspect Prevailing trends are reliable.

Reliability Statistics	
Cronbach's Alpha	N of Items
.825	6

Reliability analysis of the items in aspect prevailing trends

The alpha coefficient in the table 0.825 suggests that the items in the independent variable aspect Evaluation are reliable.

Analysis of research objective 1

To show the correlation between non-monetary reward and employee performance, a statistical tool Pearson correlation is used. Table of correlation test showing impact non-monetary reward on employee performance.

Correlation values measure the strength of a variable's linear relationship. The coefficient of correlation varies between -1.0 and +1.0. The nearer it is to this range the stronger the correlations, but the nearer it is to zero, the weaker the correlation. Our general objective is to determine the impact of non-monetary reward on employee performance We begin with analyzing our independent variables that are the non-monetary reward.

Correlations		IMean	PMean	EMean
IMean	Pearson Correlation	1	.326**	.207*
	Sig. (2-tailed)		.001	.038
	N	101	101	101
PMean	Pearson Correlation	.326**	1	.436**
	Sig. (2-tailed)	.001		.000
	N	101	101	101
EMean	Pearson Correlation	.207*	.436**	1
	Sig. (2-tailed)	.038	.000	
	N	101	101	101

** . Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The value of 0.326 between Employee performance and aspect Prevailing trends propose that frequency of aspect Prevailing trends and independence awarded is positively but moderately correlated with the employee job performance Whereas the frequency of Evaluation towards employee performance is weakly correlated with correlation coefficient of 0.207.

Model Summary^b

Model	R		Adjusted R		Std Error of the Estimate	Change Statistics				
	Square	Square	Change	Change		F	df1	df2	Sig.	
334 ^a	.111	.093	.046	.111	.46	6	2	9	.00	
	.111	.093	.466	.144				8	3	

a. Predictors: (Constant), EMean, PMean

b. Dependent Variable: IMean

Model Summary

The model description in the table above demonstrates how well our model matches our results. Our model's modified R² is 0.093, which means it describes 9.3 percent of the variation in the results. The model will use up to **9.3** percent of the predictions.) The higher the R, the greater the relationship between the dependent and independent variables in statistics. The squared value of the various correlation coefficients is the coefficient of decision, R Square. suggesting that the model has moderate correlation considering the fact that R square is less than 50%.

Hypothesis Assessment Summary

The relevance of all the variables in the correlation table determines whether the theory is accepted or rejected. If the level of significance is less than 0.05, it means that the alternate hypothesis was accepted as well as the null hypothesis was dismissed. If the relevance value is higher than 0.05, it means that the null hypothesis was accepted as well as the alternative hypotheses was denied.

Variable	Hypothesis	Statement	Summary
Training And Development	HO1	Training and Development has no significant impact on Employers job performance of banks in Pakistan	REJECTED
	H1	Training and Development has significant impact on Employers job performance of banks in Pakistan	ACCEPTED

Interview Analysis:

The interview was conducted with the Azmet Yaseen, Officer Learning and Development in State Bank of Pakistan and the rationale behind choosing him was that as a banking regulator he was imparted with obligations to "govern the finances and credit system in the country and also to nurture its expansion inside the best public interest. We emailed him a questionnaire, and then after receiving a response, we had a phone conversation in which we gained some insight.

According to him L&D plays a crucial role in employee retention, engagement and development in Banks, it is important to have an L&D department for ongoing learning and development of employees. Banks can incorporate interactive and engaging methods to make training sessions more interesting and provide opportunities for employees to apply what they've learned. Role-centric approaches are beneficial for employees in specialized roles, but L&D can benefit all employees. It's important to evaluate the effectiveness of L&D programs to ensure they meet the needs of the organization and its employees.

Conclusion:

The general objective of the study is to determine the linkage between non-monetary reward and employee performance in banking sector of Pakistan in addition the non-monetary reward includes training and development. In banking sector HR crucial concern is to retain the employee that is decrease turnover and second is to motivate the employee by providing monetary and non-monetary reward which ultimately improve employee overall performance. This study helps to increase the small literature regarding rewarding system and which technique of rewarding help to improve performance of incumbent knowledge to a continuing debate in the literature regarding potential existence of variables that intermediary in the relation between non-monetary reward and employee performance. We collect data from different banks of Pakistan which include Islamic and conventional bank around number of top 05 bank were covered. according to this our study conclude that career development and training is an effective method to increase the performance of employee within organization.

Based on the secondary data, it appears that banks in Pakistan do invest in training and development for their employees, but there may be room for improvement in terms of the type and amount of training provided.

Specifically, it seems that more investment in job-related training would be beneficial. Job-, which can be important for remaining competitive in the banking sector.

Limitations:

There are several limitations to this research topic on the effects of training and development on employee job performance in the banking sector of Pakistan. Some of these limitations include:

1. Study population: The study representative sample may be insufficient to generalize the findings to the full employee population in Pakistan's financial system.
2. Timescale: The study could have been done over a limited amount of time, which might have been sufficient to grasp the full benefits of employee training and development on their work performance.
3. The research may not have considered the specific training needs of employees in the banking sector of Pakistan, and thus may not have provided useful recommendations for improving employee job performance.

Recommendations

Based on the limitations of this research topic on the effects of training and development on employee job performance in the banking sector of Pakistan, there are several recommendations for future research:

1. Increase sample size: Conduct research with a larger sample size to generalize the findings to the entire population of employees in the banking sector of Pakistan.
2. Longitudinal study: Conduct a longitudinal study to track the effects of training and development on employee job performance over a longer period of time.
3. Use objective measures: Use objective measures to collect data on employee job performance, such as performance evaluations or productivity data, to reduce bias and increase the reliability of the findings.

By addressing these recommendations, future research can provide more comprehensive and accurate insights into the effects of training and development on employee job performance in the banking sector of Pakistan, and can inform strategies for improving employee job performance in this sector.

Areas of Further Research

Further studies on the impact of employee training and development on work performance in Pakistan's financial system could be done in a number of areas. The effect of various forms of training: the effects of various methods of training, including on-the-job instruction, electronic learning, and mentorship, on the performance of employees in financial system. We may get a better grasp of impact of training on employee work performance in Pakistan's Financial system by undertaking additional study in these areas which will assist in developing training and development programs in this sector.

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Appendix

Questionnaire

#	STATEMENTS	RATING				
IMPACT OF T&D ON ORGANIZATION’S PERFORMANCE.						
1.	Performance had increased after completing training programme	SA	A	N	D	SD
2.	Training enables you to increased your skills knowledge	SA	A	N	D	SD
3.	Training enables you to increased your capability	SA	A	N	D	SD
4.	Training received helped you to enhance quality of service	SA	A	N	D	SD
5.	Training programs give opportunities for career development	SA	A	N	D	SD
6.	Training will increase Profitability of bank	SA	A	N	D	SD
PREVAILING TRAINING AND DEVELOPMENT TRENDS AND PROGRAMS IN THE ORGANIZATION.						
1.	The organisation conducts extensive training programs for its employees in all aspects of quality	SA	A	N	D	SD
2.	Materials used for bank training are of adequate standards	SA	A	N	D	SD
3.	Based on job related problems	SA	A	N	D	SD
4.	Based on employee suggestions	SA	A	N	D	SD
5.	Personal development plans	SA	A	N	D	SD
6.	Introduce new products, programs, product orientation.	SA	A	N	D	SD
EVALUATION OF T&D OCCURS IN THE ORGANIZATION.						
1.	The organisation has set up a committee that assesses and evaluates training needs	SA	A	N	D	SD
2.	Evaluated conduct throughout the Duration	SA	A	N	D	SD
3.	Adequate standards for evaluating training	SA	A	N	D	SD
4.	The organization utilizes a tool to measure the impact of training and development	SA	A	N	D	SD
5.	Recommendation to another colleague’s	SA	A	N	D	SD
6.	The organisation interprets evaluation of results and feedbacks	SA	A	N	D	SD