



## IMPACT OF MOTIVATION ON PERFORMANCE OF EMPLOYEES IN PRIVATE BANKING SECTOR OF PAKISTAN

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### Abstract

This paper will thoroughly inspect the impact of motivation on the performance of employees working in private commercial banks located in Karachi, Pakistan. Without motivation it is hard to attain employees' satisfaction and efficient performance towards organizational objectives. Usually banks like other organizations consider motivation as unimportant and expensive activity. By ignoring its significances banks allocate the finance on other areas but it has been observed that employees cannot achieve quality in their performance and productivity, if they are not motivated towards the effective and successful accomplishment of their specific tasks and fulfillment of objectives and goals set by the bank. The most important target of the bank is to satisfy their customers by providing them with services and financial products of high quality. Hence, in this regard motivated and skilled personnel can play pivotal role. To respond to the research queries a questionnaire has been formulated to retrieve data from a sample of employees of private banks. This study will provide guidance to the banks for pursuing motivation vigorously. Sample has been taken from private banks located in Karachi, Pakistan.

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### Introduction

The organizations all over the world are developing from national to transnational and multinational in nature. As the business is expanding, companies are facing multidimensional challenges so in order to meet the challenges of the environment, organizations are required to be stronger in all aspects, which mean that performance of the organizational assets either human or non-human must be efficient and fruitful. In this regard, motivation plays a crucial role because it strengthens the organization by boosting the morale of its employees. Employees when motivated have been noted to perform their tasks in a more efficient manner than those employees who are not motivated. Importance of employees' motivation cannot be ignored or underestimated to enhance the performance of individuals and financial institutions of Pakistan. Motivation influences the performance of an employee if motivation is overlooked then the organizations may lose their valuable employees.

### Background of the study

The financial institutions are playing a distinct and major role in widening the scope of economies with their personnel who are exercising their best efforts in delivering financial goods and services to their customers. The performance of employees builds ever lasting image in the eyes of bank's customers. Due to their devotion and constant endeavor, the bank's employees are commanding respect of the customers. The objective of this research is to highlight the role of motivation in determining the efficient performance of employees in the form of high level of output, quality services and productivity of banks. It is important to find out the relationship of motivation with performance of employees working in different private banks of Pakistan. In order to accomplish the objective of



this research, we have taken samples from different private banks. Through the satisfaction, devotion, commitment, and motivation of bank's employees in Pakistan the customers' satisfaction can be achieved.

## Literature review

### The concept of performance

According to Ilgen (1991) Performance pertains to all those activities which are related to individuals and systems. It is based on a performer's degree of involvement and behavior in a situation to attain outcomes as described by Mohrman et. al (1989). Performance is not only concerned with what employees attain but it also considers the mode of attainment. High level of performance can be achieved through appropriate motivation or with efficient utilization of knowledge, skills, and abilities to compete. Effectiveness refers to the appraisal of the outcome of performance. Performance is the record of outcomes which are produced on a particular job activity or during a particular period of time. Businesses are focusing mainly on three areas for high level of performance.

- (i) Quality of their production
- (ii) Cost of production, and
- (iii) Degree of introduction of new product with differential advantages as mentioned by Lawler (1995).

In order to maximize the performance level of the organization, it is mandatory to establish an efficient performance management system because it supports objectives of the organization by establishing a relationship with work and individuals as discussed by Costello (1994). According to Mohrman (1995) Performance management refers to efficient management of individuals and groups in order to attain high degree of organizational performance as a whole. Performance management is a systematic approach of enhancing employees' performance to attain the objectives of the Corporations as described by Hendry (1997). It directs and supports workers to perform efficiently by considering the requirements of the Corporations as mentioned by Walters (1995). Performance measurement evaluates the performance with the established standard and has three kinds.

- (i) Measurement the rate of production, sales volume in a given period, production by group of workers under a specific supervisor.
- (ii) Measurement of individual's performance by grading it with someone instead of the one whose performance has been well throughout.
- (iii) Self rating and appraisal which enables an employee to participate in establishing his or her own objectives.

Human resources are recognized as opportunity and strength for the various businesses but unfortunately this resource is the least allocated one. It is realized that only a very little part of human potential has been tapped. According to behavioral scientist, man and woman are very complex creatures and therefore for achieving high performance level from them, management must provide proper environment and level of motivation to them.

Campbell (1993) described major performance components as

- (i) Job's specific task proficiency,
- (ii) Non-job specific task proficiency,
- (iii) Written and oral communication task proficiency
- (iv) Demonstrating effort,
- (v) Observance and maintenance of personal discipline,
- (vi) Facilitation of peer & team performance,
- (vii) Supervision / leadership and



(viii) Administration.

There are three significant determinants of individual performance (i) Knowledge and awareness related to the facts and environment which is known as declaration of knowledge which means understanding what to perform, (ii) Procedural knowledge, skill and abilities, and (iii) Motivation. This research is conducted to enhance the significance of motivation in order to improve the performance of employees. Managers must introduce high performance team comprising those employees who are having multiple skills to meet the negotiated production targets with self-managing, self-organizing and self-regulating capabilities and ability to share knowledge, experiences with commitment to high standard of performance.

### **The concept of motivation**

Motivation is an important component in the performance of employees in any organization because it is iterative process which influences the needs of an individual that energize, direct and maintain the behavior as described by Richard (1983). It is an effort that directs an individual towards the attainment of an objective. It has been realized that motivation is a significant predictor of performance. In this manner, motivation has become an important issue for the managers. There are two kinds of motivations that affect the performances of employees as well as organization. The first kind is associated with external environment and second one is the result of direct relationship between an employee and his/her task. Pay, fringe benefits and policies of the companies are the extrinsic motivational factors which are applied by the managers within a work environment. While on the other hand, intrinsic motivational factor is a relationship between worker and his/her work and therefore it is self-applied involving the emotions related to accomplishment and competence that are necessary for effective and satisfactory completion of a particular job. According to Colquitt (2000) it is the responsibility of the organization to enhance the learning level of motivation which is known as training motivation. Individual and situational factors affect the training motivation by predicting learning and training results.

Among the individual factors, personality variable is the one that identifies training motivation which is based on locus of control, achievement of motivation, anxiety and conscientiousness. Locus of control is the belief of an individual about his behavior whether his behavior is influenced and controlled by internal or external forces. Locus of control is divided into two categories; internal locus of control and external locus of control. Those individuals who think that they have a potential to control their behavior are having internal locus of control whereas those who think that external forces can influence their behavior are having external locus of control. We thereby analyze that people with internal locus of control have stronger relationship with their efforts, endeavors and their level of performance. These individuals are having high degree of training motivation. In addition, those individuals who are having high achievement motivation and conscientiousness also tend to have high training motivation. On the other hand, individual with high degree of anxiety tend to have lower training motivation. There is a positive relationship between self-efficacy and training motivation. Training motivation plays vital role in achieving organizational goals and enhancing the performance of employees because it is based on training outcomes and accordingly it improves the knowledge, skills and abilities of the workers.

### **Financial and non-financial rewards**

An individual can be motivated towards the work with two fold motivations such as grant of financial and non-financial rewards. These rewards enhance the performance of individuals.

It is assumed by most of the managers, that pay of an employee can enhance the quality and quantity of work and can reinforce the commitment towards organization but the benefits most often claimed with regard to pay performance are not granted in practice. According to some employees pay is a good motivational factor but most of the employees argue that pay is not the only motivational factor which is required by the employees to increase their performance. It does not usually happen that pay performs a major part in



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motivating workers. Another issue has arisen that inappropriate pay system can de-motivate employees towards their jobs, the significance of pay as a positive reward is greatly exaggerated. The requirement for finance may be the important motive for employees, but it is rarely enough to ensure that the job is performed well as described by Kanfer (1995). It is clear that we are required to focus on pay rewards & their benefits much more comprehensively. These rewards are salaries, fringe benefits, commission, and share options offered by company, piece rate pay, time rate pay, and pension.

There are numerous types of informal rewards which are offered to employees by the company like titles, awards, favorable mention in company's publications etc. They have freedom to perform job duties and with regard to working hours and assignment of meaningful responsibilities, they influence in formulation of goals and decision making process as discussed by Kerr (1988). But we are required to emphasize on the culture through which we can achieve high degree of performance. Nowadays, we are trying to formulate leadership styles to motivate the employees by putting up extra endeavors. So the firms need to develop a sort of culture where people will feel that they have an opportunity to grow.

## Relationship between motivation and performance

Performance and motivation have reciprocal effect on one another. Motivation not only influences performance but performance can also influence motivation. Information about one's performance on a particular job may show increase or decrease in the subsequent job motivation depending on the level of performance, representation about the reason of performance and condition of motivation as discussed by Kanfer (1995). It is quite evident that person and system factors influence the work performance and output of the organization. Most of the workers consider that their performance must be matched with the rewards which are granted by the organization. The relationship between motivation and performance influences the organizational operations. Workers maintain the level of expectations about the reward which they will receive when they will perform particular task. The relationship between motivation and performance can be defined in different stages; (a) at the first stage employees set expectations and objectives while performing a particular task, (b) at the second stage their performance is appraised by the management and feedbacks are provided to employees. (c) At the third stage rewards are awarded by organizations and employees do their self-assessment and match their performance with rewards. (d) At the fourth and last stage employees set new expectations and objectives which are based on their previous experience. In order to maintain relationship between performance and motivation, banks must provide accurate evaluation system related to performance, maintain proper performance reward system and supervisors' feedback system.

## Methodology

The research is qualitative in nature whereas the data have been obtained from primary and secondary sources. We have selected descriptive design to diagnose the impacts of motivation on the performance of employees. Primary data have been collected through survey and questionnaire. There were 50 respondents who were employees of private banks. The questionnaire consisted of 13 questions which were divided into two portions. Section A discusses the profile of respondents. Out of 50 respondents 10 were female and 40 were male. Section B discusses motivation, performance, as well as financial and non-financial rewards.

## Hypothesis

There is a significant relationship between employees' work performance and motivation.



## Summary of findings

This study is focusing on two types of motivators (i) financial and (ii) non-financial motivators. It has been observed from the survey that the employees who are having work experience about less than 10 years were emphasizing on financial packages while on the other hand those employees who have work experience of more than 10 years in the banks were interested in promotions, job empowerment and recognition which are non-financial motivators. The job satisfaction of employees would maintain a favorable work environment in which they will serve their customer in the best possible manner. The best performance of the employees will influence the level of satisfaction of the customer which will ultimately enhance the efficiency and productivity of the banks. It has been discovered from the research that motivational factors enable the employees to perform their duties more effectively and efficiently. They stay longer at work, come to the work places punctually. Their rate of absenteeism is also low. It enhances the level of employees' loyalty with their organizations. All the above points contribute to the profitability of the banks.

*Table 1.1: Age*

<b>AGE IN YEAR</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
21-30	12	24%
31-40	27	54%
41-50	8	16%
51-60	3	6%
<b>Total</b>	<b>50</b>	<b>100%</b>

*Table 1.2: Gender*

<b>GENDER TYPE</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
MALE	40	80%
FEMALE	10	20%
<b>TOTAL</b>	<b>50</b>	<b>100</b>

*Table 1.3: Education*

<b>YEARS OF SCHOOLING</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
GRADUATION	12	24%
MASTERS	35	70%
M.S/M. Phil.	3	6%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>



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*Table 1.4: Marital Status*

MARITAL STATUS	FREQUENCY	PERCENTAGE
Single	17	34%
Married	33	66%
<b>TOTAL</b>	<b>50</b>	<b>100</b>

*Table 1.5: Job Experience*

EXPERIENCE IN YEARS	FREQUENCY	PERCENT
01-10	26	52%
11-20	16	32%
21-30	4	8%
31-40	4	8%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>

*Table 1.6: Questions regarding performance and motivation*

S. NO.	Questions	SA	A	UD	DA	SD	Total	Total Agree		Total Disagree		Mean
								N	%	N	%	
1	My bank focuses on performance and motivation.	12	17	0	9	12	50	29	58	21	42	3.16
2	The bank emphasis on training motivation.	4	16	0	13	17	50	20	40	30	60	2.54
3	The bank measures the performance on regular basis.	35	5	0	7	3	50	40	80	10	20	4.24
4	Rewards offered by the company are satisfactory that can boost up the morale of the employees.	7	12	0	17	14	50	19	38	31	62	2.62
5	Financial rewards are relevant and significant enough towards motivation and performance of employees.	18	15	0	9	8	50	33	66	17	34	3.52
6	Non-financial rewards are relevant and significant enough towards motivation and performance of employees.	11	10	0	18	11	50	21	42	29	58	2.84



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7	The procedure is fair to allocate the financial rewards at your bank.	18	15	0	12	5	50	33	66	17	34	3.58
8	The procedure is fair to allocate the financial rewards at your bank.	7	9	0	20	14	50	16	32	34	68	2.5

Eight questions were asked to evaluate the impact of motivation on the performance of employees. According to the responses most of the employees feel that their banks appraise the performance of their employees regularly (mean: 4.24) and employees also opine that rewards allocation procedure practices are fair enough with (mean: 3.58). Employees agree that financial rewards have a great concern and are important and essential for their motivation and effective performance (mean: 3.52). According to the employees, their banks lay emphasis on good and satisfactory performance and motivation (mean: 3.16). Majority of the employees disagree with the statement that their banks provide non-financial reward to enhance motivation and performance of employees (mean: 2.84), and consider that the rewards awarded by their banks are not up to the mark and are unable to enhance the level of motivation among their employees (mean: 2.62). Employees also do not agree that their banks conduct training motivation programs (mean: 2.54) and also disagree that banks allocates non-financial rewards with fair practices (mean: 2.5).

## Conclusion and recommendations

The findings and outcomes obtained from the survey questionnaire which were received from employees of private bank, elaborated a positive relationship between motivation and employees' performances. It has been noticed that lack of performance evaluation with unfair rewards system can arouse de-motivation among employees which will create hindrances to efficient performance of the employees. Hence the findings have proved that by providing financial and non-financial motivations to employees, managers must consider all aspects of the banks because if not handled and managed properly and fairly, these factors can de-motivate the employees.

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