

IMPACT OF SALARY ON EMPLOYEE PERFORMANCE EMPIRICAL EVIDENCE FROM PUBLIC AND PRIVATE SECTOR BANKS OF KARNATAKA

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ABSTRACT

Salary is very important for the performance of the employees. Therefore they are very important for the organization too. The purpose of this research is to measure the impact of salary on employee performance. A questionnaire was designed to collect the data on the factors related to rewards like salary and employee performance. The present study has been carried out by analyzing the data collected from 150 employees working in different public and private sector banks to ascertain whether the responses differ significantly or not. The data collected were analyzed in SPSS. Different analytical and descriptive techniques were used to analyze the data. It is founded from different results that salary has positive impact on employee performance. There is a positive impact on employee performance. ANOVA results reveal that salary has impact on employee performance.

Key words: organizational climate, salary, public sector, private sector, employee's performance.

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1. INTRODUCTION

The theory of Human Resource Management is growing day by day and the banking sector is one of the most rapidly growing service sectors in India. Banks play a vital role in economic development of a country. Now a days in Indian banks brought a new spirit in the banking sector which was based on performance based rewards. Rewards are a vital instrument in employee performance. Rewards help management to hold experienced and efficient workforce in the organization. Employee feels motivated and encouraged if they know that

they will be rewarded by their employer .In today's competitive environment if an organization wants to get success then its employees must be motivated. Researchers explained that there are several ways to motivate employees in order to get better performance from them. No organization can succeed without motivated employees.

2. CONCEPT OF REWARD AND EMPLOYEE PERFORMANCE

Reward and benefits packages impacts on the value of employee efficiency and increases the performance outcomes .It increases the performance, satisfaction and productivity. The perception of employee about the organization benefits policy, if pay is good the employee performance will be good, quality and quantity of work will also increases (Ivancevch and Glueck, 1989).Organization pay directly influences on employee voluntary turnover and compare their pay with other organization (Henman and Schwab, et.al. 1987). People stay or leave the company for reasons they satisfied with their job promotional opportunity and work environment (Mitchall and Holton et.al.1993).

3. LITERATURE REVIEW

Lazear (1986) Performance related pay directly impact the workers performance creating the output through pay and workers are able to give more pay structure according to the performance.

Dee prose (1994) says that motivation of employee productivity can be enhance provide effective recognition which provide the result improve the performance of organization.

Suesi (2002) The rewards may be cash, recognition both to be acceptable that to achieve the forgets they are performance is well rewards is the key motive to increase the employee performance to expected well

Millvier and newman (2005) research accomplished that may be form of individual and may be form of multiple performance pay plan different, qualities can consider the efficiency of degree to perform merit pay to performance and bonus long incentives ,first of all merit pay is form of reward and individual function of their individuals performance and rating.

Heneman (2005) there are several factors that have influence on employee performance such as working conditions, job security, relationship between employer and worker, training and development, employees rewarding policies, etc.

Bandied et al (2007) the relation of pay and performance is directly Connecting worker has a fixed pay in a period of time and give incentive for their good performance, the pay for shorter term incentive give the power job shorter oriented

Charity Tinofirei (2009), Performance means the degree of completion of an employee's task or given objective. "Performance is associated with quantity of output, quality of output, and timeliness of output, presence / attendance on the job, efficiency of the work completed and effectiveness of work completed"

Dewhurst et al (2010) Reward is the most important element to eliminate employee for paying their best efforts to generate the innovation and the new ideas in cress the company performance financial and non-financial.

4. NEED FOR THE STUDY

The purpose of this research is to examine the relationship between Rewards & Recognition and employee's performance with respect to salary of public and private sector bank employees. It has been Observed that monetary incentives are mandatory for getting the fruitful results from employees. This analysis is made to investigate and to understand the employee's point of view towards rewards and salary whether it enhance employee's performance level or not. This research will also point out the importance of rewards and salary and its long term benefits for an organization in form of more interest of employees in organization operations for building strong relationship between organization and its employee's.

5. OBJECTIVES OF THE STUDY

The main objective of the study has been to explore the employees' perception of the organizational climate prevailing in public and private sector banks. The incidental objectives of the study were as under:

1. To analyze the relationship of employees' salary on organizational climate prevailing in public and private sector banks.
2. To examine the employees' perceptual differences on organizational climate in public and private sector banks with respect to their salary.

6. HYPOTHESIS OF THE STUDY

Based upon the following objectives the following hypotheses have been drawn for further testing:

H0: There is no significant relationship of employee's salary on organizational climate prevailing in public and private sector banks.

H1: There is a significant relationship of employee's salary on organizational climate prevailing in public and private sector banks

H0: There is no significant employee's perceptual differences on organizational climate in public and private sector banks with respect to their salary.

H1: There is no significant employee's perceptual differences on organizational climate in public and private sector banks with respect to their salary.

7. METHODOLOGY

In the present study data has been collected from 150 employees working in public and private sector banks. Simple random sampling method was used for the selection of the employees from each bank for data collection. 92 respondents were from public sector bank and 58 were from private sector bank.

To collect data standardized questionnaire developed same has been used for the data collection for the same study. Data was collected through structured questionnaire on a five point Likert Scale as "Strongly disagree" to "strongly agree" and rating given as 1 to 5 respectively. The questionnaire used consist of two categories i.e. the demographic description of the employees working in different organizations (which includes gender, experience, qualification, salary, managerial cadre etc.) and the second category includes Organizational Climate factors. The collected data has been analyzed by applying relevant statistical techniques i.e. mean score, standard deviations, and F-test (ANOVA). The F-test

i.e. has been used to ascertain whether the employees' perception on different aspects of the study as mentioned in the objectives of the study differ significantly or not

8. ANALYSIS AND INTERPRETATIONS

8.1. Influence of Rewards and recognition and salary

ANOVA

		N	Mean	Std. Deviation
Financial rewards (salary, bonus, incentives) increases the motivation of employees.	10000-20000	12	3.5833	.90034
	20000-30000	47	3.7660	1.00461
	35000 and above	95	4.3263	.75007
	Total	154	4.0974	.89128

		Sum of Squares	df	Mean Square	F	Sig.
Financial rewards (salary, bonus, incentives) increases the motivation of employees.	Between Groups	13.313	2	6.656	9.287	.000
	Within Groups	108.226	151	.717		
	Total	121.539	153			

For the statement 'Financial rewards (salary, bonus, and incentives) increases the motivation of employees' with a p-value of .000 shows that there is a significant difference in rewards and recognition

8.2. Rewards & recognition between sectors

Group statistics with t-test

	Sector	N	Mean	Std. Deviation
Financial rewards (salary, bonus, incentives) increases the motivation of employees.	Public sector	80	3.9625	.77040
	Private sector	74	4.2432	.99051

	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	4.402	.038	-1.971	152	.041
Equal variances not assumed			-1.952	137.710	.043

4.2432 mean value is higher in private sector for the statement 'Financial rewards (salary, bonus, incentives) increases the motivation of employees.' value of .043 showing significant difference between sectors and organizational climate for rewards and recognition.

8.3. Influence of Rewards and recognition and salary

ANOVA

		N	Mean	Std. Deviation
When performance is above expectation employee is rewarded.	10000-20000	12	3.9167	.51493
	20000-30000	47	3.7660	.69822
	35000 and above	95	4.1368	.99585
	Total	154	4.0065	.89659

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		Sum of Squares	df	Mean Square	F	Sig.
When performance is above expectation employee is rewarded.	Between Groups	4.430	2	2.215	2.821	.043
	Within Groups	118.563	151	.785		
	Total	122.994	153			

There was a significant difference in salary and organizational climate factors like rewards and recognition for the statement ‘When performance is above expectation employee is rewarded by bank.’ with a p- value of .043

8.4. Rewards & recognition between sectors

Group statistics with t-test

	Sector	N	Mean	Std. Deviation
When performance is above expectation employee is rewarded.	Public sector	80	3.8500	.92913
	Private sector	74	4.1757	.83351

		F	Sig.	t	df	Sig. (2-tailed)
When performance is above expectation employee is rewarded.	Equal variances assumed	1.421	.235	-2.283	152	.024
	Equal variances not assumed			-2.293	151.863	.023

When performance is above expectation employee is rewarded.by bank shows highest by the private sector banks with a mean value of 4.1757 with a p value of .023 showing a significant difference between sectors and organizational climate with respect to rewards and recognition.

8.5. Rewards and recognition

ANOVA

		N	Mean	Std. Deviation
Recognition appreciation of hard work of employees increases the level of belongingness towards the organization.	10000-20000	12	3.8333	.38925
	20000-30000	47	3.9574	.55000
	35000 and above	95	4.1789	.54537
	Total	154	4.0844	.54774

		Sum of Squares	df	Mean Square	F	Sig.
Recognition appreciation of hard work of employees increases the level of belongingness towards the organization.	Between Groups	2.363	2	1.182	4.098	.018
	Within Groups	43.539	151	.288		
	Total	45.903	153			

.018 p value shows that there is a significant difference between salary and organizational climate for the statement ‘Recognition appreciation of hard work of employees increases the level of belongingness towards the organization.’

8.6. Rewards & recognition between sectors

Group statistics with t-test

	Sector	N	Mean	Std. Deviation
Recognition appreciation of hard work of employees increases the level of belongingness towards the organization.	Public sector	80	3.9875	.58448
	Private sector	74	4.1892	.48753

		F	Sig.	t	df	Sig. (2-tailed)
Recognition appreciation of hard work of employees increases the level of belongingness towards the organization.	Equal variances assumed	1.238	.268	-2.315	152	.022
	Equal variances not assumed			-2.332	150.434	.021

Private sector shows more mean value of 4.1892 for 'Recognition appreciation of hard work of employees increases the level of belongingness towards the organization'. P value.021 showing a significant difference between sectors and organizational climate factors.

8.7. Salary and organizational climate factor with respect to employee performance

ANOVA

		N	Mean	Std. Deviation
Relationship and co-operation among employees improves employee's performance.	10000-20000	12	3.7500	.45227
	20000-30000	47	4.2553	.44075
	35000 and above	95	4.3158	.58824
	Total	154	4.2532	.55497

		Sum of Squares	df	Mean Square	F	Sig.
Relationship and co-operation among employees improves employee's performance.	Between Groups	3.411	2	1.705	5.891	.003
	Within Groups	43.712	151	.289		
	Total	47.123	153			

P value of .003 for the statement 'Relationship and co-operation among employees improves employee's performance.' Shows that there is a significant difference between salary and organizational climate factors.

8.8. Employee performance between sectors

Group statistics with t-test

	Sector	N	Mean	Std. Deviation
Relationship and co-operation among employees improves employee's performance.	Public sector	80	4.4000	.51803
	Private sector	74	4.0946	.55317

		F	Sig.	t	df	Sig. (2-tailed)
Relationship and co-operation among employees improves employee's performance.	Equal variances assumed	6.849	.010	3.538	152	.001
	Equal variances not assumed			3.529	148.920	.001

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Relationship and co-operation among employees improves employee's performance has a more mean value in case of public sector 4.4000 with a p value of .001 shows that there is a significant difference between sector and organizational climate.

8.9. Influence of salary on employee performance

ANOVA

		N	Mean	Std. Deviation
Attitude of manager has a direct impact on employee job performance	10000-20000	12	3.5833	.99620
	20000-30000	47	4.2340	.63289
	35000 and above	95	4.2526	.58288
	Total	154	4.1948	.65756

		Sum of Squares	df	Mean Square	F	Sig.
Attitude of manager has a direct impact on employee job performance	Between Groups	4.877	2	2.438	6.009	.003
	Within Groups	61.279	151	.406		
	Total	66.156	153			

There was a significant difference between salary and organizational climate factors for the statement 'Attitude of manager has a direct impact on employee job performance' with a p- value of .003

8.10. Employee performance between sectors

Group statistics with t-test

	Sector	N	Mean	Std. Deviation
Attitude of manager has a direct impact on employee job performance	Public sector	80	4.3500	.61829
	Private sector	74	4.0270	.66153

		F	Sig.	t	df	Sig. (2-tailed)
Attitude of manager has a direct impact on employee job performance	Equal variances assumed	4.253	.041	3.132	152	.002
	Equal variances not assumed			3.123	148.838	.002

4.3500 mean value is higher in public sector for the statement 'Attitude of manager has a direct impact on employee job performance' p value of .002 showing significant difference between sectors and organizational climate for employee performance.

8.11. Impact of salary on employee performance

ANOVA

		N	Mean	Std. Deviation
Empowerment, involvement and commitment influences on employee performance.	10000-20000	12	4.0000	.42640
	20000-30000	47	4.3404	.47898
	35000 and above	95	4.3684	.50640
	Total	154	4.3312	.49909

		Sum of Squares	df	Mean Square	F	Sig.
Empowerment, involvement and commitment influences on employee performance.	Between Groups	1.452	2	.726	2.990	.043
	Within Groups	36.658	151	.243		
	Total	38.110	153			

For the statement 'Empowerment, involvement and commitment influences on employee performance'. Found a significant difference in salary and organizational climate factor of employee performance with a p value of .043.

8.12. Employee performance between sectors

Group statistics with t-test

	Sector	N	Mean	Std. Deviation
Empowerment, involvement and commitment influences on employee performance.	Public sector	80	4.4500	.52531
	Private sector	74	4.2027	.43729

		F	Sig.	t	df	Sig. (2-tailed)
Empowerment, involvement and commitment influences on employee performance	Equal variances assumed	25.109	.000	3.161	152	.002
	Equal variances not assumed			3.184	150.373	.002

Empowerment, involvement and commitment influences on employee performance by bank shows highest by the public sector banks with a mean value of 4.4500 with a p value of .002 showing a significant difference between sectors and organizational climate with respect to employee performance.

9. FINDINGS

The main purpose of the study was to investigate that there is significant difference between the perception of the employees of public and private sector banks with respect to their salary. The obtained data were analyzed in the light of the objectives and hypothesis proposed in the study. For this purpose ANOVA was carried out so that a comparison can be done. The summary of the ANOVA of rewards and recognition and employee performance with respect to organizational climate in public and private sector banks have a significant difference. Hence the null hypotheses is rejected stating that there is no significant difference between the employees of public and private sector banks with respect to salary and organizational climate factors.

10. CONCLUSION

It is concluded from different results that salary, rewards has positive impact on employee performance. It is proved from the above data analysis that all the independent variables have weak or moderate positive relationship to each other. Analysis shows that all the variables have insignificant and positive impact on employee performance. ANOVA results reveal that salary, rewards have not same impact on employee performance.

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