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### Reward Management of Employees in the Banking Sector

Enver Daci

*University for Business and Technology*, [enverdaci@dukagjinicollege.eu](mailto:enverdaci@dukagjinicollege.eu)

Lirim Lani

*University for Business and Technology*, [lirimlani@dukagjinicollege.eu](mailto:lirimlani@dukagjinicollege.eu)

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# Reward management of employees in the banking sector

Dr.sc.Lirim Lani<sup>1</sup> , Dr.sc.Enver Daci<sup>2</sup>

<sup>1</sup> UBT – Higher Education Institution, Lagjja Kalabria, 10000 p.n.,  
Pristina, Kosovo,

[lirim.lani@ubt-uni.net](mailto:lirim.lani@ubt-uni.net) , [enver.daci@ubt-uni.net](mailto:enver.daci@ubt-uni.net)

**Abstract.** A reward system is like the biggest management principle in the world. Organizations around the world, the rural banking industry are no exception, use some form of reward system; whether it is open or not, it exists. The belief that: "Reward behavior is repeated" is a statement, which is generally accepted. Rewards are therefore tools of operational control used to link employee goals. To be able to touch employees who use rewards reward must be perceived as meaningful and meaningful. Rewards are described in two different types; it can be in the form of motivational motivation (internal) or personal motivation of growth (external). External rewards can be monetary, usually a variable compensation, divided by salary or non-monetary. Employees may have difficulty seeing how their efforts translate into results and may be demotivated if they see a team member being rewarded for not contributing enough to the end result. She argues for a reward based on equality in a given team and not on a basis based on balance, where everyone gets the same. Therefore designing team-based rewards is vital if you are to avoid negative effects on motivation, which will eventually lead to bigger problems for your organization if allowed to promote. The data of the paper are primary, with a sample of 53 employees of 4 commercial banks in Peja, where the econometric results of the paper show that external, internal bonuses and other factors have an impact on the performance of employees in the banking sector.

**Keywords:** Reward, Kosovo, Banking sector

## Introduction

Rewards are one of the important elements to motivate employees to contribute to their best efforts to generate innovative ideas that lead to better business functionality and to further improvise the company's performance both financially and non-financially. Some of these include the assessment that employees are able to get from their managers, the opportunity to take on important projects or tasks, and even the attention of managers[2]. Many studies on leadership power have found that the supervisor's rewarding power will be positively associated with performance of employee duties, productivity, satisfaction, turnover and organizational citizenship behaviors. The employee will give the maximum when they have a feeling or belief that their efforts will be rewarded by management[4]. There are many factors that affect employee performance such as working conditions, employee-employer relationships, training and development opportunities, job security, and general

company remuneration policies and procedures. Among all those factors that affect performance of employees, which comes with bonuses is of paramount importance. Motivation is a collection of different processes that influence and direct our behavior to achieve a specific goal. Rewards can be extraordinary or internal, external rewards are tangible rewards and these rewards are out of the function or task performed by the employee. According to Luthans [5], there are two basic types of rewards, financial and non-financial, and both can be used positively to improve employee performance behaviors. Financial rewards are not monetary / and are a social recognition such as recognition, certificates, and real valuation etc. Non-financial rewards are also called the price of materials.

Banks offer rival bank employees nice pay and extra benefits, keeping in mind competitive trends. In the current scenario, this is the requirement of the time, for banks for their survival, to keep their skilled employees intact through bonuses.

To enhance individual performance, the reward system plays a key role. An employee's skill can be increased if a work organization implements its employees with rewards. Management expects from its employees that they must abide by the rules and bring about revolutionary change and improvement in order to add new skills to their work. Employees, on the other hand, expect their organization to provide them with a fair salary, a better and safer work environment. In this situation, the organization must create a system that must ensure balance and create a balance.

According to Ivancevich, et al. Job satisfaction is an individual's sense of his or her work and how he or she should feel comfortable and satisfied in an organization. A mentally and physically satisfied employee does the best customer service.

The reward consists of two types: internal and external. If an organization effectively addresses these limitations, it would be fruitful for the organization and its employees as well. The organization introduces many reward programs to motivate its workforce. Reward does not only mean financial benefits that some organizations offer to its employees, instead Praise of words and attention from the manager also works as reward and turns out to be more favorable for financial benefits in certain situations.

## **1.2. Working hypotheses**

The working hypotheses are:

**Hypotheses H 1: "Internal rewards have a statistically significant impact on employee performance in the banking sector"**

**Hypotheses H 2: "Additional bonuses have a statistically significant impact on employee performance in the banking sector"**

**Hypotheses H 3: "Other factors have a statistically significant impact on employee performance in the banking sector."**

## **Literature review**

According to the CIPD's there has been ever time on the good to be done specialist of the management of awards . This approach is based on evidence of learned by studying the annual the awards to the year 2005 the Institute, of which revealed that the demand for the expertise of this is growing, where the many organizations employ practicing specialists rewards[7]. For as interesting as can be seem this trend , for those who wish to develop a career in this field, meaning the truth of the report lies in the way in the which he sheds light on the forces and pressures that affect practices of remuneration and the challenges that face managers in the way in the which they the answer to these pressures .

But why are the rewards and the way in the which managed and experienced them at work , a part so the important of management of resources human ? A starting point of rewarding is to know that awards are element based on the relationship of employment and have an impact crucial to the satisfaction and commitment of employees . Organizations that do not manage to understand this relationship basic has the likely to be the least competitive and most bit of success than those that the understand this and provide policy and practice reward consistently effective[6]. Plenty of simple , employees who are the twisted and the unsatisfied with the rewards you receive will to express this by means of the way to behave and to perform the work ; in ways that do not have the likely to be in the interest of the organization . Organizations that are wrong in the way as manage bonuses almost with certainty will be experiencing consequences detrimental , in the forms of productivity to low , turnover on the largest of employees and lack of general the commitment of employees . As most of the largest to be error , as most of the higher is the cost that will be experiencing organizations.

It is equally 's important to recognize that the way in the which managed the re-wards will be affect also , directly or indirectly , in aspects of other of BNJof . For example , feelings of injustice and dissatisfaction with the payment of more opportunities will be no effect on the form and level of conflict industry and the willingness of employees to be taking part in management with an approach more cooperative towards relations of work . As observed Paul Bissell- of Arkin[5]:

Organizations are of understand what leverage the powerful is the re-ward and as required it to be completed strategies the other of business, but historically people are inclined to see it in isolation to excellent.

It will be said that the management of rewards do not have to do simply with issues based on the payment of people in order to right the relationship with the norms of the market, work to do and the best performing on the job, but extends to the im-pact of the decision to award the Choice, retention, training, flexibility and performance, in addition to their effect on morale and dedication[1]. It 's obvious that no bonuses be satisfactory, the organization is not going to be in the state or to attract or to retain the caliber of staff that requires, with abilities and powers the right to be given the contributions that there need organizations to be the successful and competitive. In fact, it would not be an exaggeration to suggest that bonuses have a meaning that describes almost every aspect of employment and work. Therefore, there is the strange that interest in managing the rewards are increased.

But while the issue of payment and the reward is fundamental to the beha-vior and performance of employees, in order to controversial it is one of the areas on the controversial and most difficult to BNJ- 's to be managed. Perhaps this is the reason that

packs the payment to specialists of the awards tend to be more on the larger than those of joyful by majority of generalists to BNJ- 's. The level of recognition of the role and contribution of important, to play by the specialists of the awards is partly due to the scale and range of issues of remuneration. By managing the payroll, the pensions and the benefits of other contractual, men 's involved take the decisions critically on the levels of salaries and the salaries, the growth of wages and settle discussions and dis-putes the continuing for payments of bonuses[9]. Costs of payment and packages total of awards comprise, for the majori-ty of organizations, a part of important the budget total and these costs must be managed effectively to be guaranteed to remain within the limits of the acceptable. Specialists of rewards not only the need to ensure that employees are paid straight and in order to appropriate (to both more subjective), but should also to avoid overpayments of large, in the context of what you can afford to pay the organization for the remaining competitive and in business[10].

### Research methodology

Data collection is the systematic collection of data using a specified scientific process. This study uses a structured questionnaire for primary data collection. Saunders , Lewis and Thornhill note that a questionnaire is a research tool that contains structured questions on which data or information is collected. The study questionnaire was divided into five sections. Section I consisted of demographic questions; Section II had questions about internal rewards; Section III contained questions on external rewards, section IV focused on other factors affecting employee performance , while section V deals with the dependent variable ; employee performance . A five-level Likert Scale (disagree, agree, neutralize, strongly agree and agree) has been adopted[11].

### Statistical Analysis

A correlation analysis was done to determine if the study variables had any significant relationships. The findings found that the relationship between internal rewards and employee performance was stronger,  $r (0.722)$ ;  $p < 0.01$ ; followed by the relationship between external rewards and employee performance ,  $r (0.522)$ ;  $p < 0.05$ ; then the relationship between other factors and employee performance ,  $r (0.468)$ ;  $p < 0.01$ . Other important relationships included the relationship between other factors and external rewards,  $r (0.402)$ ;  $p < 0.05$ ; followed by the relationship between external and internal rewards  $r (0.364)$ ;  $p < 0.05$ , and finally the relationship between internal rewards and other factors,  $r (0.227)$ ;  $p < 0.01$ . Table 6 shows that all variables were statistically significant.

**Table 1. Correlation**

correlations	

Performanca_punonjesve	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	53	3		
Shperblimet_brendshme	Pearson Correlation	.722**	1		
	Sig. (2-tailed)	.000			
	N	53	53		
Shperblimet_jashtme	Pearson Correlation	.551**	.364**	1	
	Sig. (2-tailed)	.000	.000		
	N	53	53	53	
Faktoret_tjere	Pearson Correlation	.468**	.227**	.402**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	53	53	53	53
**. Correlation is significant at the 0.01 level (2-tailed).					

To calculate the econometric model data, we used the statistical program SPSS. According to calculations made model econometric results obtained from the model data show that variables dependent is strongly correlated with varia blat explanatory level of .619, respectively 71.9 percent. While  $R^2$  in our analysis is .683, which shows that 68.3% of the variable dependent explained by variables independent. Adjusted  $R^2$  is equal to .652, which shows that 65.2 percent of the variance of the dependent variable is explained by the variation of the independent variables. Serial correlation was used in our analysis to verify the stability of the model. The value of the Durbin - Watson correlation can be in the range of 0 to 4. If the value of Durbin - Watson is close to zero, then the serial correlation indicates that the data in the model have a high positive impact between the residual value. If the DurbinWatson correlation is given the value four (4), it indicates that the data have a negative serial correlation. The model can be considered stable when the Durbin - Watson results are close to the value range two (2). The Durbin - Watson test is considered to have no serial correlation within the range of 1.5 to 2.5, which indicates that the residual value has no serial correlation or there is no autocorrelation between the residual value. Therefore, based on this interval, the findings of our study indicate that the Durbin - Watson is in the amount of 1.508, which is within the value range, that from this derives that the model is stable. The summary is illustrated in Table 1.

**Table 2. Regression analysis**

Model Summary									
p atter n	R	R Squa re	Adj usted R Square	Std. Error of the Estimat e	Change Statistics				
					R Squar e Chan ge	F Chan ge	F 1	f 2	D urbin Wats on
1	.719 <sup>a</sup>	.683	.652	.366	.831	12.3015	2	0	1.508

Also, analysis of variance (ANOVA) found that the combined variables were statistically significant,  $F(3, 61) = 12.603$ ;  $p < 0.000$  as illustrated in Table 8

**Table 3. Anova**

ANOVA <sup>a</sup>						
pattern		Sum of Squares	d f	Mea n Square	F	S ig.
1	regre ssion	1115	3	.372	12.603	.000 <sup>b</sup>
	resid ual	1799	61	.029		
	total	2913	64			

When all variables were combined, the study found that they were statistically significant. The regression coefficient for internal rewards was  $\beta$  (0.598);  $p < 0.00$ ; the regression coefficient for external rewards was  $\beta$  (0.492);  $p < 0.000$ ; the regression coefficient for other factors was  $\beta$  (0.526);  $p < 0.000$  as illustrated in Table 9

**Table 4. Regression coefficient**

Coefficients <sup>a</sup>						
pattern		Unstandardized Coefficients		Standar dized Coefficient s Beta	t	S ig.
		B	Std. error			
1	(Constant)	6098	.855		7131	.000
	Shperblimet_brends hme	.534	.090	.598	5.917	.000

e	Shperblimet_jashtme	.414	.127	.492	3900	.00
	Faktoret_tjere	.514	.092	.526	4235	.00
a. Dependent Variable: Employee_Performance						

The regression model is:

$$gPP_t = C + \beta_1 ShB_t + \beta_2 ShJ_t + \beta_3 FT_t + \varepsilon$$

Employee performance = 6,098 + 0.534 Internal rewards + 0.414 External rewards + 0.514 Other factors

Based on the regression results we reject all hypotheses  $H_0$ , while all other hypotheses  $H_1$  are approved, so external, internal and other factors affect the performance of employees in the banking sector, so the regression results confirm all hypotheses. affecting performance .

## Conclusions

Rewards are one of the important elements to motivate employees to contribute to their best efforts to generate innovative ideas that lead to better business functionality and to further improve the company's performance both financially and non-financially. Some of these include the assessment that employees are able to get from their managers, the opportunity to take on important projects or tasks, and even the attention of managers. More research on leading power have found that the power of the remuneration of supervisors will positively associated with performance of duties of workers, productivity, satisfaction, turnover and organizational citizenship behaviors. The employee will give the maximum when they have a feeling or belief that their efforts will be rewarded by management . There are many factors that affect employee performance such as working conditions, employee-employer relationships, training and development opportunities, job security, and general company remuneration policies and procedures.

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The reward consists of two types: internal and external. If an organization effectively addresses these limitations, it would be fruitful for the organization and its employees as well. The organization introduces many reward programs to motivate its workforce. Reward does not only mean financial benefits that some organizations offer



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