

## **Performance Related Pay and its Impact on Organizational development: A Study of Banking Sector of Pakistan**

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### **Abstract**

The study deals with the impact of performance related pay (PRP) as part of an employee reward system on the development of an organization. This is a highly debated research topic in academia and corporate sector. This research work attempts to study PRP implementation among business development and professional staff of Allied Bank and Bank Alfalah, one of the leading Banking service companies in Pakistan, and a subsidiary of Ibrahim Leasing Limited and Abu Dhabi Group, one of the leading companies in the developing world and a multi-million-dollar conglomerates. The survey questionnaires and interviews are used to solicit the responses of business development (BD) and operation staff at different levels to different issues on PRP implementation and processes. The findings of the survey indicate that the business development and professional staff of Allied Bank Limited (ABL) and Bank Alfalah are satisfied and feel positively towards PRP and its implementation, and that they hold PRP to be the prime motivator for their performance improvement as is evident from the remarkable market performance of both Banks in Pakistan.

**Keywords:** Reward System, Performance-Related-Pay, Reward Management, Human Resource Management, Organizational Development

Employee Reward is a much-debated topic in academic circles and is a rich source of innovations and experiments in the corporate world. Virtually all organizations, including established public sector corporations, government departments, and multi-national corporations around the world have been affected by the sweep of economic reforms in the past three decades (Conroy, et al. 2016).

All establishments have been forced to make changes - big or small - in order to cope with the forces of globalization, liberalization, and free-market economic reforms that are the order of the day. The failure of communism as an alternative economic model and the embracing of capitalist reforms by even erstwhile state-sponsored economies like China have inspired institutes in both sectors i.e. public and private sectors to become more competitive and efficient. Improved productivity and performance is seen as the most efficient way to achieve competitive advantage, and many organizations have adopted various methods to realize this objective. In keeping with the global shift towards a knowledge-economy model where human resources are considered a firm's most valuable capital asset; many organizations are experimenting with various measures to improve human performance and productivity (Naz et al. 2013).

Establishing and maintaining a reward-oriented work culture is one of them. Employees feel justified in demanding rewards in return for their superior performance which results in the organization capitalizing on their skills and knowledge, while for their part, organizations feel that it is only fair and just for employees to be rewarded for their contribution (Bushra et al. 2011). Employee Reward systems have been studied in the past for their supposed impact on employee motivation (Baeten et al. 2015). From the different monetary and non-monetary reward systems, the most debated one is the Performance-Related-Pay (PRP), a variable progressive system of payment that links pay to individual performance and results achieved. This topic has been the subject of much debate in corporate and academic circles, and arguments for and against the subject has been explored in much detail (Conroy, et al. 2016).

Much has been written and studied about PRP implementation in Western economies, particularly in traditional industries; very little literature is available about similar schemes in South

Asia, particularly in emerging economies and service industries. The aim of the study has thus been to identify a corporate organization that has implemented PRP schemes and to study its relative success (Sufian, 2012). In the real world scenario, the dynamics and dimensions of the performance management system offer great opportunities for applied research in the field of performance management, in particular, and human resource management, in general. The rest of the paper is organized as follows: a brief discussion of the theoretical foundation is presented followed by explanation of research hypotheses, methodology for the study, findings and analysis, and discussion on the findings and their implications.

### **Research Objectives**

The research work consists of the following objectives:

- To assess relationship between employee demeanor and organization development.
- To explore how job satisfaction and organization development are related.
- To find out the relationship between attitude and organization development
- To investigate the relationship between degree of motivation and organization development.
- To study whether there is a significant relationship between performance related pay and organization development in the banking sector of Pakistan.

### **Literature Review**

#### **Organization Development**

For a nation to be successful and affluent, human capital is considered to be very essential and influential resource. For the maximum utilization of all other assets and reserves of the nation like financial and natural reserves etc., heavily rely on the talents and capabilities of human capital. Human resource plays a considerable part in the dynamics of a business environment. Organization is a place where people get together to achieve certain goals in a particular fashion. Such organizations are major sources of social interaction and help in developing relations among the employees. Organizations are goal oriented, where individuals work in a coordinated manner with defined boundaries (Mullen, 2010). These individuals intend to fulfill their requirements which require more power and coordination. This means that the goals can be achieved only if we work in a collaborative working environment (Mullen, Frank, & Rosenthal, 2010).

The development of an organization is based on the internal and external factors. Internal factors include communication system, organizational structure, employee's morale and cultural changes while external factors comprises of technological changes, economic conditions, environmental change and competitors. These factors may have a productive or destructive effect on the overall progress of the developing organization. All these mentioned factors have a strong influence on the performance and level of satisfaction of the workforces. For an organization to be effective it must focus on job-satisfaction which leads to more productive results (Millward, Stevens, Smart, & Hawes, 1992).

Employee's response towards the organization remains constructive when they perceive that they are treated with equity and equality. As organizations grow bigger, it creates distances between top level and general employees. Such conditions foster mistrust and ambiguities among employees in general, therefore the purpose of studying organization development is to unfold its effect on job satisfaction. Teachers who facilitate students in their studies for a better future need a higher degree of justice in their working environment. Fairness in the workplace is the main source of satisfaction, motivation and commitment to properly guide and teach their students. Furtado, Aquino, and Meira, (2012) suggested that employees demonstrates more loyalty and quality performance when they are satisfied with the justice system of the organization

The increasing emphasis placed by organizations on managing overall employee productivity and performance with a view to achieve individual and organizational objectives – either past or anticipated – has given rise to a whole new system of business practice called Performance Management (PM). An effective performance management process is the foundation for alignment of individual efforts with organization's goals. Performance has been defined in more than one way for ages. Most commonly, it is merely defined as the quality of outcome. When we talk about an individual, performance is the name of achievements one has in his/her life. Kane (1996) defines performance as a lasting phenomenon that effects encompass a greater purpose'. Bernadine et.al.,

(1995) says that performance is the name given to the beauty of effective results and these effective results are defined as a harmony among organization, its employees and its customers.

### **Performance Related Pay and Organizational Development**

Most of Human resource practitioners are researchers are agreed that in order to achieve the whole commitment of the employees and achieve the HRM goals commitment, flexibility and quality, excellent reward management policy is the way (Bratton & Gold, 1999). The overall aim of reward management is to support the attainment of the organization's strategic and shorter-term objectives by helping to ensure that it has the skilled, competent, committed and well-motivated workforce it needs (Armstrong, 2001). Job satisfaction of employees is one of the key issues in this competitive world for organizations. Therefore, many ways should be adopted for the job satisfaction of employees these elements include job design, friendly work environment, appreciation and reward system (Aziri, et al, 2011).

In the UK and North America, performance-related pay is part of almost every organization. A survey of 316 Canadian companies found that 74 per cent of employers offered performance-related pay arrangements (Globe and Mail, August 26, 1997, p.312) The current research revolves around whether performance-linked pay practices are a qualitative change from past management strategies representing a more proactive and strategic HR approach as opposed to an ad hoc, reactive response (Kessler, 1995).

Reward and creativity relationship was researched by Mathis et al. (2014) and found that reward and creativity depend upon the individual differences and there is no direct relationship. A comparative analysis was carried out by Khan et al. (2010) in commercial banks of Pakistan and more accurately in the Kohat city. They found that promotion is most important in employees' motivation as compared to the reward system. A case study was carried out in commercial banks of Pakistan by Shafiq and Naseem, (2011) which also concluded that there is a positive relationship between reward and employee motivation. The value of the relationship is 0.543 of these two variables. Internationally, a study is carried out in Oil Company of and found that a fair reward system is the main factor of employee's motivation (Agwu, 2013).

Millward et.al. (1992) report that during the late 1980s, most of the firms (around 50%) were practicing employee ownership programs in order to motivate them and to tie their interest and commitment to the company. They created the feel in their employees that the success of the company is their success. This concept got so popular that the number of firms to follow this practice increased drastically. Inland Revenue Statistics, (1996) reports that in 1995, 10% of the employed force was engaged in the process of PRP. Pendleton (1997) suggests that the latest studies have identified the negative impact of privatization. They are of the view that privatization not only reduces labor pay rate but it also focuses only on this aspect rather than productivity. They want to save through pay cuts rather than expand.

Kessler (1995) argues that in the current era, cultural differences in the organization are inevitable. A diverse workforce is the part of every organization. In order to cope with all the issues arising from a diverse workforce, alternative pay systems have been introduced that modify according to the needs of the workforce.

Smith (1992) talks about contingent rewards system. Such a reward system has solutions for emergency or as the need may arise. These contingent reward systems come under the context of contingency planning. Performance-related pay covers the foregoing contingency in a better way, as the characteristic of being contingent is automatically integrated into PRP. Furthermore, Smith (1992) claims the changes in PRP and says that it has moved on from the traditional reward system and focuses on the achievement of the near future results by improving performance through the dictation of employees' demeanor.

Robbins (1990) is of the view that the PRP's characteristic of being highly individually customized leads to a specific culture in the organization—a culture of growth and learning. Bacon and Storey (1993) have also supported the same idea.

Various case studies have also been conducted that emphasize and study the impact of variable pay system on the health of the organization. Performance-related pay plays a pivotal role in designing and defining the demeanour of not only individuals but also of the group and the organization, both private and Public (Kessler, 2000).

### **Rewards and Performance Management**

Reward management is a part of performance management, which in turn is a pivotal part of human resource management. Brown (1989, p.25) is of the view that employees get

satisfaction when their reward is satisfactory and conversely. Therefore, he implies that reward management is related to other aspects of human resource management. For example, while hiring, the pay package is an important factor to consider by the candidate who is talented. When pay is high, the employees will not leave the organization and thus turnover cost gets very low. PRP also motivates employees to excel more. As the employees know that they will be rewarded for the performance they exhibit, they will be more willing to enhance their performance and will wish to undergo the process of training (if required). Finally yet importantly in this context, a biased free appraisal system must be there in function in order to successfully run the PRP (Bratton & Gold, 1999).

Regardless of its impact on all features of HRM strategy and policy, the reward management looks to affect payment methods most as monetary rewards are the most observable and discussed aspects of reward management. Hegewisch, (1991, p.28) highlights the importance of the pay package. He claims that pay package is not only the deciding factor for an applicant to join the organization but it also serves as a liaison between the employee and the employer. It is also a depiction of the value of work by the employee as it is derived from the market rate, labour market situation, and the importance of the required job for the organization.

Stredwick (2000) feels that employees have come to accept, expect and mostly approve of pay systems, which differentiate between different levels of performance as the capitalist, free-enterprise society now dominates most of the world's economies. Among various performance management practices, Performance-Related Pay (PRP) is one of the most highly discussed and most visible one. Harris (1999) states PRP as "a generic term used to describe a variety of payment systems that link employee pay to some measurement of performance of individuals, workgroups or the organization to which they belong" (Harris, 2000). On the other hand, Armstrong and Murlis (2007) define PRP as "the explicit link of financial reward to individual, group or company performance".

Swabe (1989) defines it as "a system in which an individual's increase in salary is solely or mainly depending on his/her appraisal or merit rating" (p.17).

Bevan and Thomson (1992) classify PRP schemes in four broad areas:

**Individual Performance-Related Pay (IPRP):** is the assessment of individual performance linked to a bonus or additions to basic pay, decided based on an appraisal or review. (The term PRP frequently refers to this.)

**Merit Payment:** has no links to performance appraisal and may be awarded in general recognition of certain positive employment traits.

**Team or Group Performance Payment:** is when pay is distributed among members of a team depending on the outcome of team performance results.

**Financial Participation:** makes stakeholders out of employees by rewarding them with cash or share options relating to company profits.

Many researchers agreed with the fact that the degree of satisfaction and turnover rate of employees are inversely related to each other. It means that when the essential requirements of employees are accomplished within an organization, they will surely work their without any intention to leave their job. According to the research. (2016), the top contributors regarding job satisfaction include respect and honour that are given to all employees, rewards/benefits, compensation and security of job. These contributors act as a baseline for gaining high satisfaction level. Ensuring these elements can lead to a more stable and well established organization.

Aziri et. al., (2011) posits that satisfaction of employees from job is one of the major issues organizations are facing today. There are several elements that must be fulfilled to achieve the job satisfaction level of workforces. These elements include job design, manager concern for his employees, working environment, appreciation and rewards, and social relationships. Kumari and Pandey (2011) posit that satisfaction of job varies from person to person based on their attitude and behavior towards their work. It may be affected by social and cultural values, management style, and involvement of labors, work position and empowerment. Moyes, Shao and Newsome (2011) argue that the perception of employees varies about level of satisfaction. There may be an organization that provides same facilities to all employees, but it will give rise to different results regarding satisfaction. Some employees will be satisfied while others may be dissatisfied from their job.

## Theoretical Framework

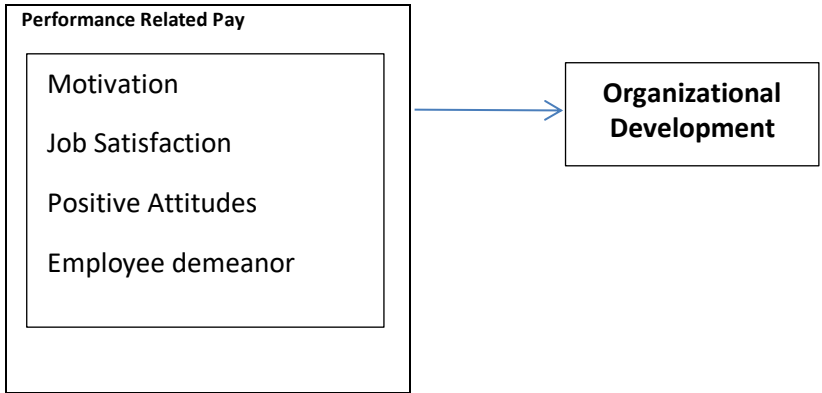


Figure 1. Theoretical framework

### Hypotheses

The following hypotheses have been tested:

H<sub>1</sub>: There is a significant relationship between performance related pay and organization development in the banking sector of Pakistan.

H<sub>1a</sub>: There is a significant relationship between degree of motivation and organization development.

H<sub>1b</sub>: There is a significant relationship between job satisfaction and organization development.

H<sub>1c</sub>: There is a significant relationship between positive attitude and organization development.

H<sub>1d</sub>: There is a significant relationship between employee demeanour and organization development.

### Research Methodology

#### Research Design

This research is based on qualitative data. The purpose of analyzing quality data is to study the meaning and symbolic content that is found within. The method used for this particular research work was a survey of staff in branches and managers of branches spread over their regional offices in Peshawar, Pakistan.

#### Population and Sampling

This study picked two major banks in South Asia, Allied Bank (ABL) and Bank Al-Falah private Corporations. These two banks were chosen because of their high visibility and profile in the Pakistan banking sector. These banks have a known system of PRP in place; its reward systems are a big draw in talent recruitment. Therefore, it would be appropriate to examine the effects of its existing pay and reward systems as a factor in motivating this talent to higher productivity as is reflected by the market performance of the company.

A survey of staff in branches and managers of branches spread over their regional offices in Peshawar was conducted. These regional offices were located across the capital cities of Pakistan's four major provinces; the cities were Islamabad, Lahore, Karachi, Quetta, and Peshawar, the Lahore being the Head Office of Allied Bank while the Head office of Bank Al-Falah is situated in Karachi. The survey covered 100 Officers and staff in Peshawar region of each bank – 20 respondents each bank, and 10 Branch Managers in the region from ABL– 5 respondents each per region. Face-to-face interviews were conducted with two Regional Managers at Peshawar at ABL, which is 25% of the whole population. Similarly, 33 staff and officer are chosen from Area-I and 3 Managers of the same Area including 2 Area managers from Bank Al-Falah.

#### Measurement and Instrumentation

The research study was conducted within the context of the ABL and Bank Al-Falah in Pakistan. It was taken up with the aim of testing the validity of the two hypotheses – that PRP is a strong motivational factor in improving organizational performance and employee productivity, and

both staff and line managers are positive towards the implementation of PRP. Since both hypotheses were correlated, it was decided to integrate the test measures of both within the same research framework and research method. The research study focused on the implementation of PRP for business development (BD) & services staff within ABL and Bank Al-Falah; hence it was decided to obtain **data** from the business development & services staff alone to validate the hypotheses

The research work examines the implementation of Performance-Related Pay practices as part of Employee Reward Systems for staff members of the Services & Business Development staff at ABL and Bank Al-Falah the leading banks in Pakistan. The research work was conducted as a survey comprising of both questionnaires and semi-structured interviews among chosen Services Officers, Branch Managers and Regional/Area Managers, representing the department hierarchy. The Services Staff and Branch Managers were given a three-part questionnaire to complete, in which they had to record their responses to both a series of statements regarding PRP on an agreeability scale and provide short answers to some questions posed about the issues raised by PRP. The Regional/Area Managers were required to respond to a series of questions in interviews conducted with them, covering a range of PRP issues.

The period involved was Jan 10 – March 10, 2015, which coincided with the closing of the financial year. Since most staff performances were measured against quantitative targets, the year-end would be the most appropriate for conducting the research work. This would also precede the performance review process that will be conducted during the months of April 2015 for the allocation of pay rewards. A proportion of the population framework was chosen as the study sample; their responses were considered to be an indicator of the general responses of the entire population sample. Very often, criticisms of PRP state that staffs are not interviewed about their perceptions of schemes that affect them. Therefore, a conscious effort was made to focus the questionnaire on them. The line managers were also interviewed and questioned to obtain the management perception of the scheme implementation.

The design of the performance pay part questionnaire was a modification of that constructed by Thompson (1993), the coefficient alpha values ranged from 0.74 to 0.92 Vanberg and Lance (1992). The Organizational Commitment by Cook and Wall (1980) to describe an employee's overall organizational commitment. The alpha values ranged from 0.71 to 0.87. The job satisfaction part of the questionnaire was a modification of the Psychometric Assessment of a reduced version of INDSALES for job satisfaction by Comer et al. (1989) used numerous times by various researchers to measure employee's level of job satisfaction.

### Data Analysis and Results

The survey managed to test the responses of line managers of Allied Bank and Bank Al-Falah to the existing PRP schemes in the company. It was done by means of a questionnaire distributed among the Managers which shows the satisfaction of the line Managers with PRP scheme.

### Descriptive Analysis

**Table 1**

*Descriptive Statistics of Study Variables (N=145)*

	Minimum	Maximum	Mean	S D	S E	Skewness
Performance Related Pay	47.00	184.00	118.51	22.71	.08	-.35
Degree of Motivation	12.00	54.00	35.79	7.31	.04	-.28
Job Satisfaction	28.00	131.00	83.74	17.21	.12	-.34
Positive Attitude	6.00	31.00	15.42	4.20	.04	-.09
Employee Demeanor	5.00	31.00	20.38	4.49	.03	-.41
Organizational Development	6.00	26.00	16.23	4.06	.03	-.37

As the standard deviation values of the variables were not showing a high trend, which means the data was symmetric.

### Reliability of Scales

The value of Cronbach's Alpha, used to assess the internal reliability of the extracted factors demonstrated adequate intensities, which is a sign that the instrument has a high exactitude in measurement.

**Table 2**  
*Reliability of Scales (N=145)*

Scale	No. of Statements	Cronbach's Alpha
Performance Related Pay	38	0.92
Degree of Motivation	12	0.76
Job Satisfaction	25	0.92
Positive Attitude	04	0.70
Employee Demeanor	05	0.70
Organizational Development	06	0.75

Source: Survey

### Validity Analysis of Instruments

Pearson inter-item correlation matrix (item-to-total correlation) method applied to measure construct validity. Correlation of every constituent estimated with respect to the aggregate of the residual constituents found to be significant as revealed in Table. Moreover, for predictive validity the substantial amount of inter-item correlations and indication of internal reliability (refer to Cronbach's alpha for all scales in Table 2) verify to the steadiness of this measure in terms of predictive validity. Accordingly, all the elements recognized are statistically significant.

**Table 3**  
*Correlation Matrix of all Variables (N = 145)*

	Variables	I	II	III	IV	V	VI
I	Performance Related Pay	---					
II	Motivation	.724**	---				
III	Job Satisfaction	.771**	.663**	---			
IV	Positive Attitude	.653**	.829**	.510**	---		
V	Employee Demeanour	.698**	.851**	.602**	.412**	---	
VI	Organizational Development	.725**	.566**	.809**	.422**	.525**	---

\*\*  $p < .01$

As discovered in Table 14 all the variables are positively correlated with organizational development with respective values of ( $r = .711, .716, .605, \text{ and } .683, p < 0.01$ ). Hence, concluded that there were significant associations among performance related pay and organizational development, degree of motivation, job satisfaction, positive attitude, employee demeanour and organizational development ( $r = .711, .526, .716, .383, .497, .549, .605, .589 \text{ and } .683, p < 0.01$  respectively), hence hypotheses 1 through 6 were verified.

**Table 4**  
*Regression Analysis for Performance Related Pay, Motivation and Job Satisfaction with Organizational Development (N=145)*

Model	B	Std. Error	B	T	Sig.
(Constant)	1.134	.571		1.987	.000
Performance Related Pay	.131	.006	.712	27.936	.001
Motivation	.053	.018	.092	2.718	.001
Job Satisfaction	.159	.009	.656	19.478	.001
$R^2 = .501$					
$\Delta R^2 = .598$					
$F = 47.56, df 2, p < .001$					

Regression studies test the statistically significant effect of independent variables on dependent variable.

**Table 5**

*Regression Analysis for Positive Attitude and Employee Demeanour with Organizational Development (N=145)*

Model	B	Std. Error	B	T	Sig.
(Constant)	5.266	.643		1.592	.000
Positive attitude	.212	.033	.215	.035	.001
Employee Demeanour	.379	.031	.408	2.488	.001
$R^2 = .643$ $\Delta R^2 = .639$ $F = 28.48, df 2, p < .001$					

As demonstrated in Table 5 the positive attitude and employee demeanour collectively explain 64% variance in organizational development ( $R^2 = .643, F = 28.48, p < .001$ ).

**Discussion**

The research work examines the implementation of Performance-Related Pay practices as part of Employee Reward Systems for staff members of the Services & Business Development staff at ABL and Bank Al-Falah the leading banks in Pakistan. The research work was conducted as a survey comprising of both questionnaires and semi-structured interviews among chosen Services Officers, Branch Managers and Regional/Area Managers, representing the department hierarchy. The Services Staff and Branch Managers were given a three-part questionnaire to complete, in which they had to record their responses to both a series of statements regarding PRP on an agreeability scale, and provide short answers to some questions posed about the issues raised by PRP. The Regional/Area Managers were required to respond to a series of questions in interviews conducted with them, covering a range of PRP issues.

*First Hypothesis* indicated that there is a significant relationship between performance related pay and organizational development in the banking sector of Pakistan. The range of responses from all the sample members indicates a broad agreeability to both the principles of PRP and its implementation in PRP. Most also seem to agree that PRP has been a motivating factor for performance improvement.

*Second hypothesis* stated that there is a significant relationship between degree of motivation and organizational development. The strongest endorsement of PRP has of course been that almost two thirds of the respondents feel that it has been the contributing factor for motivating them towards performance improvement.

*Third hypothesis* indicates that there is a significant relationship between job satisfaction and organization development Majority of the respondents of both banks also have a positive attitude towards the way PRP systems have been managed and administered at their banks, including the performance appraisals, assessments, and their own expectations.

*Fourth Hypothesis* indicated that there exists a significant relationship between employee’s positive attitude and organization development. The respondents revealed that most of them went through initial feelings of fear and misconception about the scheme, believing that it may introduce an element of aggressive competition in the organization.

*Fifth hypothesis* indicated that employee demeanour and organizational development are significantly related. Concerns were expressed about the continuing financial commitment of the management to PRP and whether the process would stay fair and impartial or be tarnished by nepotism and self-interest. Employees feel that the monetary rewards may be taken for granted by staff who may feel that they have a right to be rewarded. With hardening banking sector conditions and the entry of newer, more powerful competitors, earning these rewards may become even more difficult.



## Conclusions and Managerial Implications

The following conclusions were reached by the research process:

A good majority of the respondents are very contented with the current execution of PRP systems for their branches staff and is having very positive attitudes towards the principles and processes of the system. They consider the principles behind the implementation as a just and fair process of rewarding their professional efforts. They are also positive towards the implementation of PRP within the organization like performance assessments, appraisals and whether the assessments and pursuant rewards match their own expectations.

A strong majority of respondents also hold PRP as the major contributing element towards their performance improvement. The PRP system has made their jobs one of the most sought after and has aided the retention and recruitment of new talent into the organization. PRP has initiated the ability of staff to work in the marketing department under difficult and challenging conditions and the accruing rewards from it have motivated them to maintain their high standards of performance. A good number of respondents also have acknowledged the positive contribution of PRP towards other professional factors and work practices at both banks. PRP is credited with encouraging innovative work practices and a healthy team environment; there seems to be no strong evidence of employee opinions on the supposedly negative aspects of PRP.

The satisfaction factor extends to the current scheme of implementation and its continuation. Many employees have concerns that the scheme may not be continued in the long run and may lose managerial and financial commitment. They also fear divisive factors entering the administrative process of the PRP scheme.

Some cautionary thinking has been introduced against self-satisfaction, greed, isolation, divisiveness and instability in the benefits of the scheme.

Based on the conclusions attained at and some of the responses provided by the interviewees, the study makes following managerial recommendations:

The banks should continue with the PRP scheme in its current form but the procedures and the performance assessment systems behind the scheme should evolve along with the growth of the banks. The performance appraisal schemes should also evolve along with the growth objectives of the banks and individual career aspirations of staff.

The company should also continue with the managerial and financial commitment being offered to the PRP schemes. Although there is no indication to that effect, some employees have expressed their apprehension that the company may withdraw the financial support for PRP and the management should take up measures to strengthen employee confidence by reiterating its support for PRP.

A formal mentoring system can be introduced within the banks to coach the new, younger recruits with the working culture, rather than the informal system currently in position. This will prevent the younger recruits from taking the reward systems for granted, motivate them and create some opportunities for recreation instead to work harder.

A gradual process of extending the PRP scheme to other employees can also be explored. Although nothing can be taken away from the efforts and success of the services staff in Branches, the contribution of the other employees cannot be undermined, particularly in head office staff, I.T staff etc. This would acknowledge their efforts as well as avoid generating inter-departmental resentment.

Banks should particularly emphasize PRP systems for call-centre and customer service staff because the banking sector has in recent times come under severe pressure for the quality of customer service. In many cases, its customer response services have not kept pace with the other efforts, leading to several complaints.

### Limitations of the Study

It has been acknowledged that certain limitations are prevalent in the study. The survey has concentrated on the selected cities because of geographical and time constraints in reaching other staff. However since there is no difference in the implementation of scheme among staff, the findings of the responses were generalized to the rest of the population and the hypotheses were validated. The banks should continue with the PRP scheme in its current form but the procedures and the performance assessment systems behind the scheme should evolve along with the growth of the banks. The performance appraisal schemes should also evolve along with the growth objectives of the banks and individual career aspirations of staff.

The company should also continue with the managerial and financial commitment being offered to the PRP schemes. Although there is no indication to that effect, some employees have expressed

their apprehension that the company may withdraw the financial support for PRP and the management should take up measures to strengthen employee confidence by reiterating its support for PRP.

### Future Research Direction

Further research can however be attempted on these staff to find out if their opinions correspond to the results of this study. Attempts can also be made to research different aspects of PRP implementation in ABL and Bank Al-Falah like performance matrices and assessment procedures. Studies of the opinions of other employees who have recently been brought under PRP can also be undertaken since this would be a new dimension for the banks. Future researchers might select any other population for conducting the study where the PRP and its impact of organization development procedures and processes will be different. Future researchers could work out on different aspects of the development in organization and considering some different perception of PRP and its impact on job satisfaction

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