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THE RELATIONSHIP OF REWARDS TO EMPLOYEE'S PERFORMANCE IN THE E-BANKING ENVIRONMENT AMONG LOCAL BANKS IN KUALA LUMPUR



MASTER OF SCIENCE (BANKING)
UNIVERSITY UTARA MALAYSIA
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THE RELATIONSHIP OF REWARDS TO EMPLOYEE'S PERFORMANCE IN THE E-BANKING ENVIRONMENT AMONG LOCAL BANKS IN KUALA LUMPUR



Dissertation Submitted to the
Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia,
in Fulfillment of the Requirement for the Degree of
Master of Science (Banking)



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ABSTRACT

The purpose of this study is to examine the relationship between reward system (monetary and non-monetary rewards) and employee's performances in the e-banking environments among local bank in Kuala Lumpur. A survey involving 150 banking staff which involved in the e-banking environments. Three monetary rewards factors (salary, merit paid and bonus) and five non-monetary rewards factors (recognition, learning opportunity, challenging work, career advancement and work autonomy) were tested. The data was analyzed using SPSS. Pearson Correlation Coefficient and Regression analysis was run to examine the effect of rewards on the employee performances in the e-banking environments. The result revealed that there is a positive significant relationship between rewards system (monetary and non-monetary) and employee's performances. The result of this of this study is able to assist an organisation to understand the sentiment of the employee's views towards the rewards.

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Keywords: Rewards, employee performances, e-banking and local bank.

. . .

ABSTRAK

Kajian ini bertujuan untuk mengenal pasti hubungan antara ganjaran (ganjaran kewangan dan bukan kewangan) kepada prestasi pekerja dalam persekitaran e-perbankan di Kuala Lumpur. Satu kaji selidik melibatkan 150 pekerja perbankan yang terlibat dalam persekitaran eperbankan. Tiga faktor ganjaran kewangan (gaji, merit bayaran dan bonus) dan lima faktor ganjaran bukan kewangan (penghargaan, peluang belajar, tugas mencabar, peluang kerjaya dan kerja autonomi) telah diuji. Data dianalisis menggunakan SPSS. Analisis "Pearson Correlation Coefficient and Regression" dijalankan untuk mengkaji keberkesanan sistem ganjaran terhadap prestasi perkerja dalam persekitaran e-perbankan. Keputusan daripada analisis in menunjukkan bahawa terdapat hubungan positif yang kukuh antara ganjaran (ganjaran kewangan dan bukan kewangan) dengan prestasi pekerja. Hasil dari kajian ini dapat membantu organisasi untuk memahami sentimen pandangan pekerja terhadap ganjaran.

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Kata Kunci: Ganjaran, prestasi pekerja, e-perbankan dan perbankan tempatan.

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I declare that this project of study is my own product except any summaries and quotation that are listed in the reference. The process towards the accomplishment of this paper consists of challenges and hardships which allows the enhancement of my knowledge and experience to a higher level. Herein, I would like attend my appreciation to those related persons who have support me give a valuable guidance in order to finish this project paper.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

The Malaysian financial institution has played the significant role to develop economic growth and development through the various periods of monetary improvement. Satisfaction of the employees is the major component to the achievement of the banking sector in any nation of the world. In the banking institution the employer more concern on employee performance due to strong influences of this variable to overall bank performances

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Employee performances also the main aspect to guarantee the organisation to run efficiently and productively. Organisation performances improve by the excellent employee performances and proper performance management system is required to maintain the excellent performance.

Based on Aguinis (2009), performance management is classified as an ongoing procedure of recognising, measuring and enhance the productivity & groups and adjusting productivity to the fundamental objectives of the organisation.

1

The contents of the thesis is for internal user only

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QUESTIONNAIRE

Dear Valued Respondents,

I am Sivakumar Perumal, Master in Science (Banking) final student in University Utara Malaysia, Kuala Lumpur undertaking research in the area of the influence of rewards on employee's performance in the e-banking environments among local banks in Kuala Lumpur.

This survey will take about 15 minutes to complete. These questionnaires have been divided into 4 sections, Section A (Demographic profile), Section B (Monetary rewards), Section C (Non-monetary rewards), Section D (Employee's Performance).

Your answers to this questionnaire will therefore be in valuable, as it will allow me to ensure the data collection is served to my research requirement for PROJECT PAPER (BPMZ 69912), UNIVERSITY UTARA MALAYSIA. All the information provided will be used purely for academic purposes only and will be treated with utmost confidentiality.

Subjects are required to read all directions on each side before starting to answer. Please answer all of the questions and make sure every question has answered.

Kindly contact me in case of any queries or clarification on any of the questions. It is highly appreciated for your contribution to spend some time and participate in this survey

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Thank you for your support

Yours sincerely,

Sivakumar Perumal

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THE RELATIONSHIP OF REWARDS TO EMPLOYEE'S PERFORMANCE IN THE E-BANKING ENVIRONMENTS AMONG LOCAL BANK IN KUALA LUMPUR

SECTION A: DEMOGRAPHIC PROFILE

This Section of the questionnaire contains 9 statements of the respondent profile relating to the employee and employer profile. The respondents are required to answer this question by placing a mark in the relevant box below:

1.	Gender			
	Male		Female	
2.	Age (Years)			
	20 – Below		41 – 50	
	21 – 30		50 – Above	
	31 – 40			
3.	Respondent income lev	el (RM)		
	2000 – Below		4001 – 6000	
	2001 – 4000	Univers	6001 – Above	aysia
4.	Education level			
	Master/ PhD.		Skill Certificate	
	Degree		SPM	
	Diploma/STPM			
5.	Marital status			
	Single		Married	
	Divorce / Widow			
6.	Working Experience			

	Less than 2 Years		5-10 Years	
	2 – 5 Years		More than 10 Years	s
7.	Employment Status			
	Permenent		Contract	
8.	Position Level			
	Executive		Senior Executive	
	Manager		Senior Manager	
	Non- Executive			
9.	Department			
	Human Resources Depa	artment		
	Operation Department			
	Accounts & Finance De	epartment	ersiti Utara M	alaysia
	Sales and Marketing De	epartment		
	Facilities Department			
	Administration Departm	nent		
	Others:		(Please speci	ify)

SECTION B: MONETARY REWARDS

Please answer each of the following questions according to the scale provided. Give your own honest opinions.

No	Question	Strongly	Disagree	Uncertain	Agree	Strongly
		Disagree				Agree
1	I receive a worth basic salary.		\square_2	\square_3	\square_4	\square_5
2	I feel my current salary is equivalent to my job.				\square_4	 5
3	My current salary reflects the market trend.				\square_4	 5
4	My take home pay is reasonable.		\square_2	\square_3	\square_4	\square_5
5	My performances bonus reflects my productivity in organization.				\square_4	 5
6	My performances bonus reflects my job quality in organization.			\square_3	\square_4	 5
7	I receive a fair salary given from organization			\square_3		\square_5
8	I receive merit/ increment reflect my productivity in organization			\square_3		
9	I receive a fair increment from my organization.	ersiti (\square_2	\square_3	la □4	 5
10	There are many type of performances bonuses offered by my organization that motivate my productivity.				\square_4	
11	The benefits are provided according to my entitlement.			\square_3	\square_4	 5
12	I really enjoy with benefits received.				\square_4	

SECTION C: NON- MONETARY REWARDS

Please answer each of the following questions according to the scale provided. Give your own honest opinions.

No	Question	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	I get the recognition I deserve when I do a great job.		\square_2	\square_3	\square_4	
2	I received recognition for my job accomplishment.				\square_4	 5
3	I feel that I have chances of getting ahead on this job.				\square_4	 5
4	Promotion and transfer are made fairly.		\square_2	\square_3	\square_4	
5	Good exposure of the challenging of the job.			\square_3	\square_4	 5
6	6 Good potential career advancement in my organization.				1 4	 5
7	Possibility of grow in my organization.		\square_2	\square_3	\square_4	
8	Opportunity to grow through learning new things and skills.				\square_4	 5
9	Good learning opportunities.		\square_2	\square_3	\square_4	
10	Opportunity for advancement to higher level jobs.		\square_2		\square_4	 5
11	Challenging task given by organization can improve my job quality.				\square_4	 5
12	Recognition improves my productivity.		\square_2	\square_3	\square_4	\square_5
13	1 enjoys doing my current job.		\square_2	\square_3	\square_4	
14	I have a job on which there is a great deal of day-today learning.				\square_4	 5
15	I received reasonable freedom with minimal supervision in the work place.		\square_2	\square_3	\square_4	
16	I enjoy with flexible time work.				\square_4	
17	I feel that I have work autonomy to make own suggestion/decision and influences department & organization.	 1	\square_2	\square_3	\square_4	

SECTION D: EMPLOYEE PERFORMANCE'S

Please answer each of the following questions according to the scale provided. Give your own honest opinions.

No	Question	Strongly	Disagree	Uncertain	Agree	Strongly
		Disagree				Agree
1	My accomplishments and good work are recognized by the organization.		\square_2	\square_3	\square_4	 5
2	I believe that there is a constant striving for greater accomplishment to organization.				□4	 5
3	Rewards that I receive less than my job accomplishment.				\square_4	 5
4	Rewards that I receive reflect my job quality.		\square_2	\square_3	\square_4	
5	Rewards that I receive are equal with my job quality.		\square_2	\square_3		
6	My organization rewards inspired me to improved my job quality.		\square_2	\square_3	\square_4	\square_5
7	I believe that better reward will give a better productivity.		\square_2			
8	My productivity influences my growth in the organization.		\square_2	\square_3		
9	Rewards help a lot in improving my productivity.		\square_2	\square_3	\square_4	\square_5

END OF QUESTION

APPENDIX B

Respondents' Profile & Descriptive Analysis

Statistics

	_	Gender	Age	Income Level	Education Level	Marital Status	Working Experience	Employment Status	Position Level	Department
N	Valid	150	150	150	150	150	150	150	150	150
	Missing	0	0	0	0	0	0	0	0	0
	Mean	1.57	2.50	2.57	2.52	1.70	2.33	1.13	2.63	3.60
1	Median	2.00	2.00	2.50	2.00	2.00	2.00	1.00	2.50	4.00
	Mode	2	2	2	2	2	2	1	1	4
	Sum	235	375	385	378	255	350	170	395	540

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	65	43.3	43.3	43.3
	female	85	56.7	56.7	100.0
	Total	150	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-Below	25	16.7	16.7	16.7
	21-30	60	40.0	40.0	56.7
	31-40	40	26.7	26.7	83.3
	41-50	15	10.0	10.0	93.3
	50-above	10	6.7	6.7	100.0
	Total	150	100.0	100.0	

Income Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2000-below	15	10.0	10.0	10.0
	2001-4000	60	40.0	40.0	50.0
	4001-6000	50	33.3	33.3	83.3
	6001-Above	25	16.7	16.7	100.0
	Total	150	100.0	100.0	

Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Master/PhD	20	13.3	13.3	13.3
	Degree	71	47.3	47.3	60.7
	Diploma/STPM	39	26.0	26.0	86.7
	Skill Certificate	1	.7	.7	87.3
	SPM	19	12.7	12.7	100.0
	Total	150	100.0	100.0	

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	55	36.7	36.7	36.7
	Married	85	56.7	56.7	93.3
	Divorce/Widow	10	6.7	6.7	100.0
	Total	150	100.0	100.0	

Working Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 years	30	20.0	20.0	20.0
	2-5 years	65	43.3	43.3	63.3
	5-10 years	30	20.0	20.0	83.3
	more than 10 years	U 125 vers	16.7	16.7	100.0
	Total	150	100.0	100.0	

Employment Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Permanent	130	86.7	86.7	86.7
	Contract	20	13.3	13.3	100.0
	Total	150	100.0	100.0	

Position Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Executive	45	30.0	30.0	30.0
	Senior Executive	30	20.0	20.0	50.0
	Manager	30	20.0	20.0	70.0
	Senior Manager	25	16.7	16.7	86.7
	Non-Executive	20	13.3	13.3	100.0
	Total	150	100.0	100.0	Į.

Department

-		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Human Resources Department	15	10.0	10.0	10.0
	Operation Department	29	19.3	19.3	29.3
	Accounts & Finance Department	20	13.3	13.3	42.7
	Sales and Marketing Department	50	33.3	33.3	76.0
	Facilities Department	10	6.7	6.7	82.7
	Administration Department	25	16.7	16.7	99.3
	Others	1	.7	.7	100.0
	Total	150	100.0	100.0	



APPENDIX C

Reliability Test by Grouping

Monetary Rewards

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.979	.980	12

Non-Monetary Rewards

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.973	.974	17

Employee Performances

Cronbach's Alpha	Cronbach's Alpha Based o	on Standardized Items	N of Items
.926	.9	34	9
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Reliability Test by Items

Monetary Rewards

Salary

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.961	.964	6

Merit Paid

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.911	.911	3

Bonus

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.959	.961	3

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Non- Monetary Rewards

Recognition/praise

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.915	.915	5

Learning opportunity

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.917	.920	4

Challenging Work

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.797	.802	2

Career Advancement

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.940	.945	3

Work Autonomy

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.882	.883	3

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APPENDIX D

Pearson Correlation

		Salary	Employee Performances
Salary	Pearson Correlation	1	.908**
	Sig. (2-tailed)		.000
	N	150	150
Employee Performances	Pearson Correlation	.908**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

		Employee Performances	Bonus
Employee Performances	Pearson Correlation	1	.791**
	Sig. (2-tailed)		.000
	N	150	150
Bonus	Pearson Correlation	.791**	1
	Sig. (2-tailed)	.000	
	Nyorsiti	150	150

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

-		Employee Performances	Merit Paid
Employee Performances	Pearson Correlation	1	.849**
	Sig. (2-tailed)		.000
	N	150	150
Merit Paid	Pearson Correlation	.849**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

		Employee Performances	Recognition
Employee Performances	Pearson Correlation	1	.900**
	Sig. (2-tailed)		.000
	N	150	150
Recognition	Pearson Correlation	.900**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

		Employee Performances	Learning Opportunity
Employee Performances	Pearson Correlation	1	.812**
	Sig. (2-tailed)		.000
	N	150	150
Learning Opportunity	Pearson Correlation	.812**	1
66	Sig. (2-tailed)	.000	
	N	150	150

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

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BUDI		Employee Performances	Challenging Work
Employee Performances	Pearson Correlation	1	.790**
	Sig. (2-tailed)		.000
	N	150	150
Challenging Work	Pearson Correlation	.790**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

-		Employee Performances	Career Advancement
Employee Performances	Pearson Correlation	1	.886**
	Sig. (2-tailed)		.000
	N	150	150
Career Advancement	Pearson Correlation	.886**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

		Employee Performances	Work Autonomy
Employee Performances	Pearson Correlation	1	.837**
	Sig. (2-tailed)	r.	.000
	N	150	150
Work Autonomy	Pearson Correlation	.837**	1
A UTA	Sig. (2-tailed)	.000	
2/	N	150	150

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

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APPENDIX E

Regression Analysis

Monetary rewards to Employee Performances

Model Summary^b

	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
I	1	.891ª	.793	.792	.23481

a. Predictors: (Constant), Monetary

b. Dependent Variable: Employee Performances

ANOVA^b

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.310	1	31.310	567.869	.000ª
	Residual	8.160	148	.055		4
	Total	39.470	149			

a. Predictors: (Constant), Monetary

b. Dependent Variable: Employee Performances

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
	Model	В	Std. Error	Beta	t	Sig.
1	(Constant)	1.598	.097		16.395	.000
	Monetary	.621	.026	.891	23.830	.000

a. Dependent Variable: Employee Performances

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915 ^a	.837	.836	.20851

a. Predictors: (Constant), Non-Monetary

b. Dependent Variable: Employee Performances

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.036	1	33.036	759.867	.000 ^a
	Residual	6.434	148	.043		li
	Total	39.470	149			

a. Predictors: (Constant), Non-Monetary

b. Dependent Variable: Employee Performances

Coefficients^a

	BUDI B	Unstandardized Coefficients		Standardized Coefficients	alaysi	а
	Model	В	Std. Error	Beta	t	Sig.
1	(Constant)	.785	.113		6.925	.000
	Non-Monetary	.811	.029	.915	27.566	.000

a. Dependent Variable: Employee Performances

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.914 ^a	.835	.834	.20979

a. Predictors: (Constant), Rewards (Monetary & Non-Monetary)

b. Dependent Variable: Employee Performances

$ANOVA^b$

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.956	1	32.956	748.791	.000 ^a
	Residual	6.514	148	.044		
	Total	39.470	149			

a. Predictors: (Constant), Rewards (Monetary & Non-Monetary)

b. Dependent Variable: Employee Performances

Coefficients^a

	Unstandardized Coefficients		Standardized Coefficients		
Model	В	Std. Error	Beta	t	Sig.
1 (Constant)	1.113	.102		10.863	.000
rewardmean2	.737	.027	.914	27.364	.000

a. Dependent Variable: Employee Performances