

The Role of Financial Compensation in Employee Motivation and Performance in the Financial Services Industry

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Abstract

This study undertook an examination of the potential role that money plays on employee motivation and performance. The aim of this research is to find the impact of financial compensation on employee motivation and performance. In the data gathering phase, surveys were conducted with a sample of employees in the financial services industry in conjunction with two structured interviews held with Branch Managers from two banks. Based on the results of the surveys and the two structured interviews, this research concludes with an evaluation of the importance of money on employee motivation and performance to a certain extent, while at the same time recognizing that money cannot be the only motivator. Money can be effective as a motivator to some extent, but this will only happen if it is perceived as a reasonably certain means of achieving a goal, there has link between effort and reward. This is why money is such an important factor in attracting people to join an organisation and, to a lesser extent, in dissuading them from leaving. It is sometimes easier for people to find out what they are worth by making the effort to join another company than for them to learn how their pay is likely to progress in relation to their performance within the organization.

Keywords: Employee Motivation, Performance.

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