

**HOW EMPLOYEES' PERFORMANCE REWARDS AND
INCENTIVES PAY CAN BE USED TO ACHIVE
ORGANIZATIONAL GOALS AS WELL AS INDIVIDUALS
IN ASKARI ISLAMIC BANK OF PAKISTAN**

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Presented to
The Faculty of
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**In Partial Fulfillment
Of the Requirements for the
Degree of Master of Business Administration**

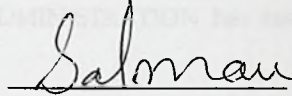
By

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RECOMMENDATION FOR THE ORAL EXAMINATION

This Project/thesis hereto attached, entitled, "How Employees' Performance Rewards And Incentives Pay Can Be Used To Achive Organizational Goals As Well As Individuals In Askari Islamic Bank of Pakistan" " Prepared and submitted by TAZEEN FATIMA ANSARI , in partial fulfillment of the requirements for the degree MASTER IN BUSINESS ADMINISTRATION, is hereby recommended for appropriate action.

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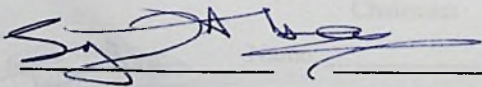
PROJECT/THESIS COMMITTEE

In partial fulfillment of the requirement for the MASTER IN BUSINESS ADMINISTRATION, this thesis entitles, "How Employees' Performance Rewards And Incentives Pay Can Be Used To Achive Organizational Goals As Well As Individuals In Askari Islamic Bank of Pakistan " "is hereby recommended for

Oral Examination.

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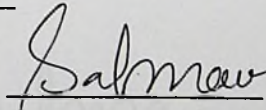


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ABSTRACT

The bank which I chose to research study was Islamic branch of the *Askari Bank* formally known as "*Askari Islamic Bank*". *Askari Islamic Bank* open the doors for **Halal Banking Solution**, has objective to put in place an efficient banking system support to economic justice and welfare of society in line with **Shariah** standards. All Islamic Banking Products are approved by the Shariah Advisor of the Bank. As per Shariah requirements, funds and products of Islamic Banking are managed separately from the Conventional banking side. All funds obtained, invested and shared in Halal Modes & Investments, under the supervision of Shariah Advisor. *Askari Bank* was incorporated on October 09, 1991 and listed on Karachi, Lahore and Islamabad Stock exchange. There are 203 branches of Askari bank, 69 in north region, 66 in center region and 68 in south region while the 31 total Islamic branches network 9 branches in north region, 12 branches in center region and 10 branches in south region where in Karachi total main Islamic branches are 6 and only 1 is sub branch and 1 Off-Shore Banking unit in Bahrain.

This research tried to find the results of the question, "**How the employees' performance rewards and incentives pay can be used to achieve organizational goals as well as individuals**". Further also try to find out the reason of hurdles behind of the employees and AIB goals accomplishment. Why employees don't achieved their targets. Investigate the factor helping in the achievements of goals. Why ATM of AIB was not being started yet? Why some employees didn't get the promotion speedily as well other employees got? How sticky rules and regulation effect to employee performance, of customer interest pay not decrease from 5% as other banks do?

This research was limited to the Karachi and based on the only those employees who working in the **Askari Islamic Bank**. Purpose of this research was to investigate the factors behind helping to achieve the **Askari Islamic Bank** goal as well as individuals working in **Askari Islamic Bank**. This research was the exploratory and quantitative survey research. The sample size of this research was chosen to be 25. The Source of data collections based on two types of data Primary data collection which mainly collected through Interviews, Questionnaires and Observation and Secondary data

collection was taken from Annual report of AIB, Brochures/ Manuals, Internship Reports and Internet /Websites and it would be put into tabulate form and analyzed data by editing and coding, eliminating unanswered response, counting of response, eliminating irrelevant alternatives, explaining the result.

Organizations use many ways to attract and motivate the employees to be high productive and give better performance. Therefore mostly all organizations made an incentives program that gives rewards to their employees based on performance and productivity.

Incentives plans are made to inspire the employees to help achieved organizational goals because incentives scheme is a process of inspiring people to action accomplishes the desire goals, Increase the productivity and efficiency of employees and level of performance of employees, Better cooperation from employees and increase friendly management relation, Decrease absenteeism and turn over, Decrease wastages, Improvement in morale of employees, Quick achievements of corporate goals and favorable corporate image.

Employees get monetary or non monetary incentive, Security of employment and other incentives due to friendly relation with the management, Job attraction and job satisfaction, Decrease the labors turn over, Better scope to increase the knowledge and skill of the employees.

Financial incentives may be considered powerful motivators if they are use properly and if they are associated companywide goals. These incentives affect people to tend to express behavior that is being awarded and other element of their performance may be ignored. Therefore rewards system should be planned carefully and attached to company's strategic goals.

Incentive system is important program by which Askari bank motivates their employees, that rewards to employees with benefit s and extra compensation when they accomplish definite benchmark. Incentive programs are design to increment an employee's existing basic salary through various methods.

There are majority of male and married worked in the Askari Islamic Bank rather than woman and unmarried with the age between 20 to 70 years in which majority of the

employees have low income employed. The employees motivation is effected by rewards and incentive to wards achieve the target because incentive and rewards can increase the level of work responsibilities, performance and enthusiasm rather than increase or more control over their income problem. The manager of the Askari Islamic Bank behaves friendly with their employees. So employees work easily in very peaceful environment. Therefore, most of the employees feel empowered because of very friendly environment and there were neither any restrictions nor lot of work, they feel happy, doesn't being force to work.

Rather than employees Askari Islamic Bank its own self satisfied with their incentives scheme as increased the merit of their employees' work and bank prevent base pay from becoming an impossible high fixed cost. Majority of the employees says that non-monetary rewards are more efficient and effective in development of motivation as cash incentives or job independent. Most of the employees prefer job security and opportunity as the motivating factor rather than others and want to go abroad or local trip to relax their mind to become more productive after getting peaceful and fresh mind. The allowance for the employees are much important for the lower level of the staff and not /less important for the upper level staff. The goals which are given to the employees are the measurable, specific and align to the banks strategic goals. The personal ATM is not started yet in Askari Islamic Bank which makes obstacle to performing best to achieve target because most of the customer going back or switch to others banks because of the ATM problem.

So many employees are unhappy with their job but no one wants to switch or leave this job so it is easy for bank to change their policy to motivate and satisfy their employees. Proper scheme of promotion and increment in salary is the best rewards for the employees of the Askari Islamic Bank.

Large number of the employees negatively affected by their incentives scheme because this incentives scheme not suitable for every level of employees they don't get any incentives after achieved their target only ¼ respondent get cash price in which mostly get training only. Employees want suitable scheme for every level of job ranked. Especially employees don't want the lucky draw system because of it except of one every employee lost this benefit. Incentives sometimes create a risky

environment that reduces the creativity. It may happen when employee's rewards may negatively affect their pay check. An incentive tends to focus employee energy to goal direct efforts and behaviors, While their restrictions.

Recommendations are listed on the bases of the respondent's response to the question:

Employees are the key to success for the company, and motivation effects employees' performance that eventually affects organizational or departmental goals. And satisfied employees only lead to satisfied customer. Manager is a most important factor in the motivation process to increase the employees' performance.

For increase the productivity of the organizations Manager should establish the environment of trust and open door communication and encourage employees to ask more questions. Gives rewards and incentives and provide the good feedback that will help the employees to improve their skills and performance in future. Give them informational feedback. Design the effective incentives system on a small budget. To motivate the employees use some awards like Plaques, Symbolic methods of recognitions, Gift cards. These awards are more effective and create the sense of commitment to the company by creating positive experiences that are attributed to the company. Rewards should be made in such a way that it recognizes and enhance performance as well as the efforts of each individual. These programs should be concerned with how the results are accomplished and result should be evaluated accordingly. Make sure the reward programs are designed and implemented properly, and managers and executives should receive training and education to deals with these issues properly. Askari Islamic Bank should concentrate on awarding lower level of employees to retain them for long time. Askari Islamic Bank should introduce profit sharing, promotion and cash based rewards which impact positively on employee's loyalty and make stronger the relation between employee and employer. Manager must have a flexible management style means he can vary the style not only the situation. Give challenges to employees and turn it to their needs in term of promotion and rewards and benefits not manager need. Manager should be a role model so, Show own motivation through behavior and attitude. Treat everyone fairly with courtesy and respect them. An incentives payment must be included in average hourly earnings when calculating overtime pay for the appropriate period.

TABLE OF CONTENT

<u>CHAPTER</u>	1
<u>BACK GROUND OF THE SUBJECT/TOPIC AND STATEMENT OF THE PROBLEM</u>	1
<u>.1.1. INTRODUCTION</u>	1
<u>.1.1.1. Performance Incentives Are Motivating Factor For The Employees</u>	1
<u>.1.1.2. Performance Incentives</u>	1
<u>.1.1.3. Monetary Incentives</u>	2
<u>.1.1.4. Non-monetary Rewards Attached To Individual Performance</u>	3
<u>.1.2. STATEMENT OF PROBLEM</u>	4
<u>.1.2.1. Variables for This Research</u>	4
<u>.1.2.2. Model for This Research</u>	5
<u>.1.3. SIGNIFICANCE OF THE STUDY</u>	6
<u>.1.4. SCOPE & DELIMITATION</u>	6
<u>.1.5. DEFINITIONS</u>	6
<u>.1.5.1. MOTIVATION</u>	6
<u>.1.5.2. Performance Incentives for Employees</u>	7
<u>.1.5.3. Monetary Incentives</u>	7
<u>.1.5.4. Non-monetary Rewards Attached To Individual Performance</u>	9
<u>.1.5.5. Disadvantages</u>	10
<u>CHAPTER TWO</u>	11
<u>RESEARCH METHOD AND PROCEDURE</u>	11
<u>.2.1. RESEARCH DESIGN & METHODS</u>	11
<u>2.1.1. Purpose of the Research</u>	11
<u>2.1.2. Type of Research</u>	11
<u>2.1.3. Research Methods</u>	11
<u>2.1.4. Time Period</u>	11

2.1.5.	<u>Sample Size</u>	11
2.1.6.	<u>Environment</u>	11
.2.2.	<u>RESPONDENT OF THE STUDY</u>	12
.2.3.	<u>INSTRUMENTS</u>	12
2.3.1.	<u>Source of data collection</u>	12
.2.4.	<u>TREATMENT OF DATA</u>	13
<u>CHAPTER THREE</u>		14
<u>REVIEW OF RELATED LITERATURE & STUDIES</u>		14
.3.1.	<u>COMPANY LITERATURE</u>	14
.3.1.1.	<u>History and Back Ground of Askari Bank Limited</u>	14
.3.1.2.	<u>Introduction of Askari Islamic bank</u>	15
.3.1.3.	<u>Askari Islamic literature Provided By Bank</u>	18
.3.1.4.	<u>Hierarchy of the Askari Islamic Bank</u>	21
.3.1.5.	<u>Responsibilities of the Each Rank in Askari Islamic Bank</u>	22
.3.1.6.	<u>Salaries of the Employees in Askari Islamic Bank</u>	22
.3.2.	<u>LOCAL LITERATURE</u>	22
.3.2.1.	<u>MOTIVATING YOUR STAFF</u>	22
.3.3.	<u>FOREIGN LITERATURE</u>	24
.3.3.1.	<u>Incentives Plans Help Organizations To Achieved Goals</u>	24
.3.4.	<u>AREAS FOR FURTHER STUDIES</u>	26
.3.4.1.	<u>How to maintain the Success of Incentive Plan after Implementation</u> ..	26
<u>CHAPTER FOUR</u>		28
<u>PRESENTATION ANALYSIS</u>		28
<u>PRESENTATION OF DATA/INFORMATION AND ANALYSIS</u>		28
<u>QUESTION # 1:</u>		28
<u>QUESTION # 2:</u>		29
<u>QUESTION # 3:</u>		30