

Human resources and nations trust bank

[Business](#), [Human Resources](#)



Human resource management is a combination of theories and practices. Many strategies and concepts have been generated in various periods to ensure the development of Human resource management in broader way. Nations Trust Bank is a good Human resource management practitioner who has broader ideas and techniques from a wide range of theories and practical ways to influence human behavior at work place.

Nations Trust Bank was established in July 1999 when it acquired the Colombo Branch of Overseas Trust Bank Ltd. Although bank is young to the industry, bank has 40 branches, 9 leasing centers, 43 ATMs, 6 personal banking centers as well as Internet Banking. Most important thing is comparing to the other competitive bank Nations Trust Bank is more customer oriented by providing a tailored service for contemporary lifestyles. This Bank offer a wide range of great value financial products ranging from tailor-made Treasury products, to retail products, from leasing to American Express credit cards. According to the annual report of Nations Trust Bank 2009, the human capital has grown up to 1532, because the prospect of business expansion in Sri Lanka's North and East.

Human resource department of Nations Trust Bank has to play significant role to give ideal leadership and guidance each and every individuals to perform their job within a wide environmental context, because developing individual performance is improving organizational performance in a systematic way. So it is important to emphasize on performance management system and as well as reward management system since improving and developing performance is a part of reward system in its most general sense.

When reward system is poor the level of performance can be negative, because those two factors have direct influence on each other. Performance management can influence not only capacity of employees to achieve expected level of target, but also it provides the basis for personal development, continuing review of achievement against objective and requirements.

Nations Trust Bank is customer oriented and it is a must to maintain little complaint level when competing with other banks. According to the Herzberg two factor theory if a particular company can maintain high hygiene factors and high motivator factors they are able obtain the ideal situation where employees are highly motivated and have few complaints. So when this research carry out it is very important to talk about the Herzberg two factor theory.

Research Issue

The research strongly focuses on the impact of reward management strategies on employee performance of credit operations department at Nations Trust Bank. According to the employee feedback, research can identify certain areas to be improved and the gap between employees' expected reward management system and existing reward management system.

As companies tend to spend large amount from yearly budget on performance improvement, there is a need to identify the effort of organization how successfully (positively) impact on employee performance, because ultimately final result will be benefited to the organization

Research objectives

* To identify current level of employee performance and reward management system
* To determine the relationship between employee performance and reward management
* To propose appropriate strategies to improve employee performance and conduct most suitable reward management system

Literature Review

Reward or compensation management is an aspect of HRM that focuses pay and other benefits on the achievements of objectives. Typically, it incorporates other changes in pay administration and policy, including decentralization of responsibility for setting pay levels, uniform appraisal schemes, flexible working practice and performance-related pay.

Wolf (1999) argues that compensation programs have been structures to meet three primary design criteria. 1. Internally equitable and pay people in proportion to the relative value of the job. 2. Externally competitive and pay people in proportion to the market price of the job. 3. Personally motivating to employees.

Source: Alan Price (2006) Human Resource Management in a Business Context (3rd ed). p. 468.

Lawler III and Worley (2006) argues that some of the reward systems there is little the organization can do to change someone's reward level if that person is unwilling to support a change effort or performs poorly. According to the research Merit-based salary increases typically are small and become

a permanent part of an individual's pay and as a result, the relationship pay and performance is weak and not particularly motivating

Lawler III and Worley (2006) examined that the Organizations need reward systems that motivate performance, reward change, and encourage the development of individual and organizational capabilities and competencies. According to the findings of research paying the person instead of the job and using variable pay and stock are perhaps the most powerful changes an organization can make in moving its reward system toward one that supports performance and change. Locke and Bartol (2001) have argued that the motives that drive one to focus on money are more relevant than the intensity of the focus itself, and they subsequently differentiate between instrumental materialism and terminal materialism.

At the organizational level, three pay system that potentially link pay and performance are gain sharing, profit- sharing and stock options. Gain sharing is a compensation plan in which an organization shares with employees a portion of the added earnings obtained through their collective increase in productivity Henderson (1997) Gerhart and Trevor (1996) provide evidence that variable pay plans lessen organizational employments variability, allowing for greater employment stability for employees and their organizations.