

A study of Effectiveness of Performance-Based Promotional Strategies in Cooperative Banks

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Abstract:-

This study investigates the effects of performance based promotional strategies on employee within cooperative banks. Here quantitative and qualitative data is utilized for data collection and analysis. The findings reveal that performance based promotional strategies has a significant positive effect on employee retention and help build trust among them. This paper explores the effectiveness of performance-based promotional strategies in cooperative banks. It examines how merit-based promotions influence employee motivation, job satisfaction, and organizational performance. Through a detailed survey of cooperative bank employees, the paper aims to identify the key factors contributing to the success or failure of these strategies.

Key Words: - effectiveness, performance , Strategies of promotion, training

Introduction

In today's highly competitive business environment, organizations understand the critical importance of investing in their workforce. One effective method to achieve this is by implementing promotional strategies that foster employee growth, development, and retention. Promoting employees not only acknowledges their hard work and commitment but also motivates them to maintain high performance levels.

Promotions typically include benefits such as salary increases and enhanced perks. They carry significant meaning for employees because they: Acknowledge and reward past achievements, Prepare employees for future challenges and opportunities, Cultivate a culture of excellence, inspiring employees to strive for exceptional performance, Boost employee engagement and motivation, encouraging them to continuously improve in their roles, Help retain top-performing employees, ensuring they continue to contribute to the organization's growth and success.

The concept of employee promotion emerged from the recognition of the need for employee retention. Employee promotion refers to moving an employee to a higher position within an organization.

Typically, promotions are based on performance, merit, and the employee's ability to take on greater responsibilities. Promotions usually include a salary increase and enhanced benefits. They are highly valued by employees because they:

- Recognize and reward past achievements
- Prepare employees for future challenges and opportunities
- Foster a culture of excellence, motivating employees to perform exceptionally
- Enhance employee engagement and motivation, encouraging continuous improvement
- Ensure that high-performing employees are retained, allowing them to continue contributing to the organization's growth and success.

The success of any organization is largely driven by effective human resource management and development, and this is especially true for banks. In the banking sector, the direct interactions between employees and customers play a vital role in shaping the overall performance of the bank. Employee satisfaction and well-being are fundamental to achieving high levels of performance. A well-trained, skilled, and efficient workforce is essential for providing exceptional banking services.

Employee productivity is a key factor in the success of any organization, particularly in the service industry such as banking. While measuring output in banking can be complex, evaluating employee input and efficiency is a practical way to assess productivity and ensure that employees are performing at their best.

Cooperative banks are financial institutions that function on a cooperative model, where the bank is owned and managed by its members. These banks primarily serve their members, often focusing on rural and semi-urban areas. The primary goal of cooperative banks is to foster economic development and promote financial inclusion within these communities. They typically offer loans and other financial services at competitive rates, making them accessible to a wider range of individuals. By pooling their resources and collaborating, members of cooperative banks can access essential financial services that they might otherwise be unable to obtain through traditional financial institutions.

The primary objective of this research is to examine the effectiveness of performance-based promotional strategies in cooperative banks and their impact on employee motivation, job satisfaction, and retention. By focusing on performance as the key criterion for promotions, cooperative banks aim to create a workforce that is both highly skilled and committed to the organization's long-term success. However, the success of these strategies is dependent on several factors, including the clarity and transparency of performance metrics, the training and development opportunities provided to employees, and the overall organizational culture.

This study will explore how performance-based promotions are implemented in cooperative banks, the perceptions of employees regarding these promotional strategies, and the resulting impact on employee turnover and retention rates. By analyzing these factors, the research seeks to offer valuable insights into how cooperative banks can refine their promotional strategies to retain top talent, boost employee morale, and achieve their business objectives more effectively.

Through this study, we aim to contribute to the existing body of knowledge on human resource management in cooperative banks and provide recommendations for improving performance-based

promotion practices to foster a motivated, loyal, and high-performing workforce.

Key Concept /Definition

1. Campbell (1990)
"Performance is the behavior or actions relevant to the organization's goals, which can be measured in terms of output, efficiency, and effectiveness."
2. Borman & Motowidlo (1993)
"Job performance is defined as the observable behavior that is relevant to the goals of the organization and can be evaluated against predetermined criteria."
3. Robinson (2000)
"Performance is the outcome of an employee's ability, effort, and task-related behavior, which is assessed through the achievement of specific organizational goals."
4. Milkovich & Newman (2008)*:
"Promotion is the advancement of an employee to a position with increased responsibility, status, and compensation, usually based on merit and job performance."
5. Dessler (2005)*:
"Promotion is the advancement of an employee to a higher position within the organization, typically offering more authority, responsibility, and pay."
6. Armstrong (2006)
"Promotion is the process of moving employees to higher levels of responsibility and pay, often reflecting their demonstrated ability to perform at a higher level."
7. Schermerhorn (2010)
"A promotion is a transfer to a more prestigious position with greater responsibility and usually a higher salary. Promotions are often used to reward employees for their performance and to motivate them."
8. Porter (1980)
"Strategy is the creation of a unique and valuable position, involving a different set of activities. It requires making trade-offs in competing—choosing what not to do."
9. Mintzberg (1994)

“Strategy is a pattern in a stream of decisions. It is not just a plan or a set of decisions but also involves actions that emerge over time as a result of decisions.”

Literature review

Borman and Motowidlo (1993) argue that when employees perceive promotional opportunities as fair and merit-based, they are more likely to stay with the organization and feel a greater sense of job security. For cooperative banks, which typically operate in close-knit communities, employee retention is particularly valuable, as it ensures continuity in service quality and customer relationships.

While performance-based promotional strategies have clear advantages, several studies have also pointed out the challenges involved in their implementation. **Porter (1980)** argues that performance evaluations must be objective and transparent to prevent bias and ensure that employees perceive the promotional process as fair. In the cooperative banking context, where resources may be limited and subjective judgment can sometimes cloud decision-making, **Chandler (1962)** emphasizes the need for robust evaluation systems to ensure that promotions are truly performance-based and not influenced by factors such as favoritism or seniority.

Ansoff (1965) cautions that performance-based promotions may not be effective in all organizational cultures. In cooperative banks, which are often focused on community development and member service, the emphasis on individual performance might conflict with the cooperative values of teamwork and collective effort. Therefore, a balance between individual recognition and collective achievement is essential for the success of performance-based promotional strategies in this sector.

Grant (2002) suggests that cooperative banks often face challenges in aligning competitive promotional strategies with the collaborative ethos of their workforce. However, cooperative banks that effectively integrate performance-based promotions into their human resource management systems have shown positive outcomes in terms of employee morale, job satisfaction, and customer service.

Research Scope

The scope of this study focuses on examining the effectiveness of performance-based promotional strategies within the context of cooperative banks, specifically looking at their impact on employee motivation, retention, and organizational performance. While performance-based promotions are widely discussed in organizational management literature, the application of such strategies within cooperative banks presents unique challenges and opportunities that are not fully explored in existing research. This study aims to bridge this gap by focusing on cooperative banks, which have distinct organizational structures and cultural values compared to other types of financial institutions.

Geographical Scope

The study will be conducted within the cooperative banks operating in Latur district, Maharashtra. Cooperative banks in rural and semi-urban areas, such as those in Latur, often serve as critical financial institutions for local communities. These banks offer a range of financial services, with an emphasis on supporting agriculture, small businesses, and local economies. By focusing on this geographical region, the research will provide insights into how performance-based promotional strategies are implemented in cooperative banks in rural areas and their unique challenges and outcomes.

Organizational Scope

This study will focus on *cooperative banks* that operate under the cooperative model, which involves banks that are owned and controlled by their members. The study will assess how *performance-based promotion strategies* are integrated into the human resource management systems of these banks and how these strategies impact employee satisfaction, retention, and productivity. The study will include an analysis of *employee perceptions* regarding the fairness and effectiveness of performance-based promotions within these banks.

Time Scope

The research paper employs a mixed-methods approach, combining both quantitative and qualitative data collection and analysis methods. A survey questionnaire is administered to a sample of employees in Cooperative Banks, while in-depth interviews are conducted with HR managers and senior executives. The study uses statistical analysis

to identify the relationships between promotional strategies and employee outcomes, while thematic analysis is used to explore the qualitative data. The findings of this study contribute to the existing literature on employee retention and turnover, providing new insights into the role of promotional strategies in shaping employee outcomes in Cooperative Banks.

Object of the research

1. To evaluate the impact of performance-based promotional strategies on employee motivation and job satisfaction in cooperative banks
2. To assess whether such strategies help reduce turnover rates and enhance the long-term commitment of employees to the organization.
3. To study the contribution of in improving customer service, operational efficiency, and overall growth of the bank.
4. To identify the challenges and best practices in implementing performance-based promotional strategies* within cooperative banks

Research Methodology:-

The information obtained from private and public sector bank’s employees situated in Latur district and surrounding areas. Population of research is bank employees work on permanent and contractual basis with the number of employees as many as 50 employees. This sampling uses simple random method.

To accomplish this study data is collected by primary and secondary data source .A structured questionnaire is used to collect the responses from the employees of the bank in the city.

- Primary Data –Filled up questionnaire from 50 respondents.
- Secondary data –Research papers, internet based data of working people, books and thoughts of thinkers in HRM, Newspaper article are used.

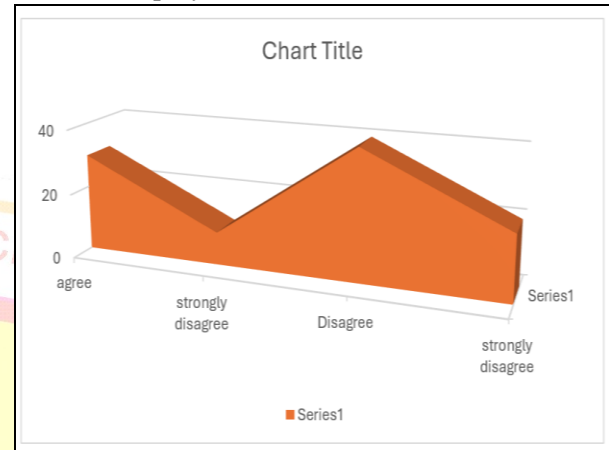
Hypothesis of the study:-

H1- Performance-based promotional strategies have a significant positive impact on employee motivation and job satisfaction in cooperative banks.*

H2- Performance-based promotional strategies significantly reduce employee turnover and increase retention in cooperative banks.*

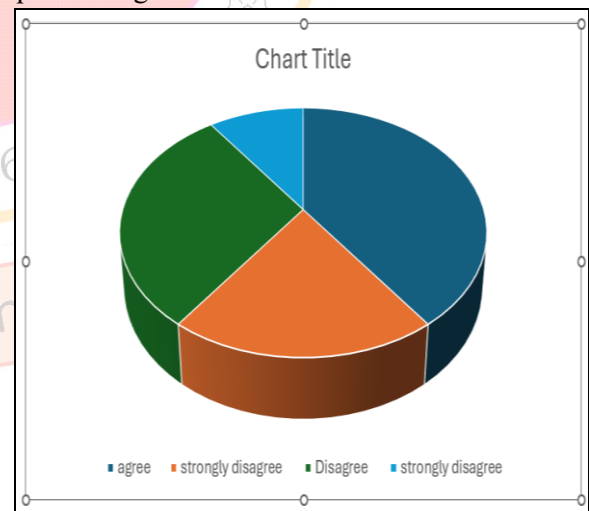
Data Analysis and Interpretation

Graph 1:- Performance based promotion doesn’t motivates employee .



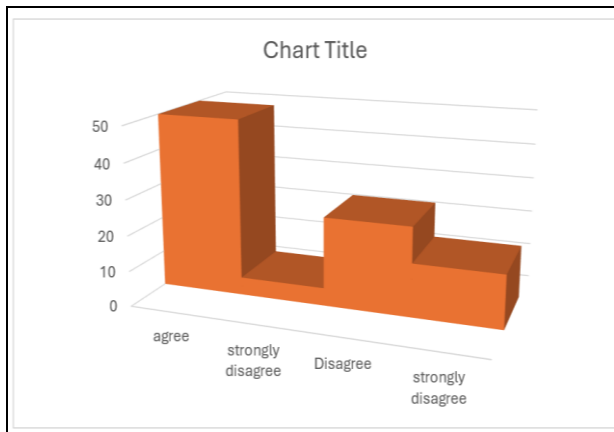
Only 40 of the respondents have stated that they disagree with the statement and 10 of the respondents have stated that strategies used are not according to their skill, at the same time 30% of them say they are agree but 20 of the total are strongly disagree.

Graph 2:- performance based promotions have impact on organisation.



40% of the respondents are agree with the above statement and 20% of the total respondents are strongly agree but 30% of total respondents are disagree and 10% of respondents are strongly disagree with the statement

Graph -3 Performance based promotions can retain employees in the organisation for long term.



50% of total respondent say that performance based promotional strategies can retain employees in the organisation and 5% said that they are strongly agree with the statement but 25% of total respondent said they are disagree with the statement and remaining 15% was strongly disagree

Table 1:- Job satisfaction get affected positively by promotional strategies used in organisation.

Sr. No	Particulars	No of Respondents (in %)
1	Strongly Agree	30
2	Agree	30
3	Disagree	15
4	Strongly Disagree	25
5	Total	100

Table-2 Promotional Methods used has strong impact on mind set on employees.

Sr. No	Particulars	No of Respondents (in %)
1	Strongly Agree	25
2	Agree	25
3	Disagree	15
4	Strongly Disagree	35
5	Total	100

Finding & Concussions

Based on the analysis of the data collected from employees of cooperative banks, the following key findings emerged Increased Employee Motivation. significant number of employees

reported that the introduction of performance-based promotional strategies has positively impacted their motivation. Employees were more driven to improve their performance, as they felt their efforts were being recognized and rewarded. Many employees expressed higher levels of job satisfaction following the implementation of performance-based promotions. Employees felt that their hard work and achievements were adequately acknowledged through promotions, which contributed to a greater sense of job fulfilment. Reduced Employee Turnover .A reduction in employee turnover was observed since the introduction of performance-based promotions. Employees indicated that the opportunity for career advancement and recognition of their efforts made them less likely to seek employment elsewhere. There was a clear correlation between performance-based promotions and higher retention rates. Employees reported feeling more loyal to the organization, as they believed that staying and performing well would lead to career growth. Banks that implemented performance-based promotional strategies saw improvements in overall performance, including customer service, operational efficiency, and employee productivity. Employees reported feeling more accountable for their work and more committed to achieving the bank’s goals.

Suggestions

Based on the findings, the following suggestions are made for improving the effectiveness of performance-based promotional strategies in cooperative banks:

1. Enhance Transparency in the Promotion Process:
2. Create detailed guidelines outlining the performance metrics and the steps involved in promotion decisions, ensuring employees are well-informed.
3. Provide Continuous Training and Development
4. Implement targeted skill development programs and leadership training to prepare employees for future promotional opportunities, enhancing their chances of success.
5. Introduce Regular Feedback Mechanisms:*

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