



**UNIVERSITI PUTRA MALAYSIA**

**"THE PERCEPTION OF STANDARD CHARTERED BANK  
MALAYSIA BERHAD'S CLERK ON THE MOTIVATIONAL  
IMPACT OF THE SALES INCENTIVE SCHEME ON THEIR  
EFFORT, PARTICIPATION, TEAMWORK, EMOTION AND  
COMMITMENT"**

**HUSSAIN BIN TAIBAN**

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**By**

**HUSSAIN BIN TAIBAN**

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## **LIST of ABBREVIATIONS**

<b>SCBMB</b>	Standard Chartered Bank Malaysia Berhad
<b>CBD</b>	Consumer Banking Division
<b>MBO</b>	Management by Objectives

## **ABSTRACT**

### **The Perception of the Standard Chartered Bank Malaysia Berhad's Clerk on the Motivational Impact of the Sales Incentive Scheme on their Effort, Participation, Teamwork, Emotion and Commitment.**

This study examines the perception of the clerk on the motivational impact of the Sales Incentive Scheme. Specifically it intend (i) to identify the clerk's perception regarding the motivational impact of the Sales Incentive Scheme on their effort, participation, teamwork, emotion and commitment, (ii) to examine the inter-relationship of these motivational impact areas base on the clerical perception, and finally (iii) to rank the identified impact areas.

The respondents for this study comprised of sixty-one clerical staff from all the six branches of the Standard Chartered Bank Malaysia Berhad, Consumer Banking Division in the Sarawak Region. Questionnaires were used in collecting the data for the study. Five impact areas were identified for this study, which are effort, staff participation, teamwork, emotion and commitment. Descriptive statistics (frequency and mean) and inferential statistics (correlation and Anova) were used to analyse the data. -

The major findings of this study are: (i) that the Sales Incentive Scheme has motivate the clerical to put an effort to perform sales, but (ii) it does not push them to participate; (iii) did not create a healthy working relationship,(iv) was not perceived as a source of happiness; and (v) has not been able to generate the level of commitment that the bank want. There is a negative inter-relationship between all the impact areas except for the relationship between teamwork with participation, and emotion with effort. Effort is perceived as the most important area in term of ranking, followed by participation, teamwork, commitment and emotion.

This study provides several suggestions to the bank top management for consideration. The recommendation put forwards are, to incorporates other form of motivation in additions to money, to reward team, making sales as part and parcel of all the staff job duties and to make the sales incentive scheme more flexible friendly.

Recommendations for future research were also proposed such as to include a wider and larger samples, to utilise interview and observation in collecting the data, to include other impact areas in the study, and also to gather responses from the managers and supervisors.

## **ABSTRAK**

### **Persepsi Kerani Standard Chartered Bank Malaysia Berhad Terhadap Impak Motivasi Skim Insentif Jualan Ke Atas Usaha, Penyertaan, Kerja Berpasukan, Emosi dan Komitmen Mereka.**

Kajian ini bertujuan mengkaji persepsi kerani Standard Chartered Bank mengenai impak motivasi Skim Insentif Jualan. Khususnya kajian ini bertujuan (i) mengenalpasti persepsi kerani tentang impak motivasi Skim Insentif Jualan ke atas usaha, penyertaan, kerja berpasukan, emosi dan komitmen mereka, (ii) meninjau hubungan di antara bidang impak yang tersebut di atas berdasarkan persepsi kerani, dan (iii) melihat susunan keutamaan bidang impak yang di pilih.

Responden kajian terdiri daripada enam puluh satu orang kerani dari ke semua enam cawangan Standard Chartered Bank, Bahagian Perbankan Pelanggan di Wilayah Sarawak. Soal selidik digunakan untuk pengumpulan data kajian ini. Lima bidang impak yang telah dikenal pasti untuk kajian ini, ialah usaha, penyertaan, kerja berpasukan, emosi dan komitmen. Kaedah deskriptif (kekerapan dan min) dan kaedah inferensi (korelasi dan Anova) digunakan untuk menganalisis data.

Dapatan utama kajian ini ialah, (i) Skim Insentif Jualan telah memotivasikan kerani untuk berusaha melakukan kerja jualan bagaimana pun, (ii) ianya tidak mendorong penyertaan, (iii) tidak menimbulkan hubungan kerja yang sihat, (iv) bukan unsur kebahagiaan, dan (v) telah tidak dapat menjana aras komitmen yang dimahukan oleh bank. Terdapat hubungan negatif di antara kesemua bidang impak kecuali di antara kerja berpasukan dengan penyertaan dan emosi dengan usaha. Usaha di anggap sebagai bidang impak yang paling penting dalam susunan keutamaan diikuti oleh, penyertaan, kerja berpasukan, komitmen dan emosi.

Kajian ini mengemukakan beberapa cadangan kepada pihak pengurusan atasan bank untuk dipertimbangkan. Cadangan yang dikemukakan ialah; (i) mengadakan motivator alternatif selain wang, (ii) memberi galakan kepada pasukan, (iii) menjadikan Jualan sebagai sebahagian tugas kerani dan (iv) menjadikan skim jualan ini mudah dan flrksibel.

Kajian ini juga mengemukakan beberapa cadangan untuk kajian lanjut masa hadapan, seperti perlunya sampel yang lebih luas dan besar, menggunakan temu bual dan pemerhatian sebagai metodologi tambahan pengumpulan data, selain melibatkan pengurus dan penyelia sebagai responden kajian.

# **CHAPTER I**

## **INTRODUCTION**

### **Introduction**

This chapter will examine the following areas of study; the background of Standard Chartered Bank Malaysia Berhad (SCBMB), the Sales Incentive Scheme of the Consumer Banking Division (CBD), the problem statement, the relevant research questions and the objectives of the research, the scope, its significant and finally the operational definition of the relevant concepts related to this study.

### **Background of Standard Chartered Bank Malaysia Berhad**

#### **Introduction**

Standard Chartered Bank Malaysia Berhad (SCBMB) is one of the oldest banking institutions in the country. It was first set up more than 100 years ago in Penang. Today SCBMB is regarded as one of the leading foreign bank in the country with 35 branches operating throughout out Malaysia. In SCBMB the banking operations are divided into four major divisions, which are Corporate and Institutional Banking, Treasury, Trade Services and the Consumer Banking Division. For the purpose of this study the focus is on the Consumer Banking Division (CBD).



## **Consumer Banking Division**

Consumer Banking Division (CBD) is one of the biggest and the largest division in the bank, which control more than half of the total bank's staff population. Being an independent division within the bank, CBD has it owns vision that is "to be the international bank In Malaysia, providing world class Consumer Banking's products and services to the middle and up market customers" (Sales & Service Guide)

In support of the above vision, a new value system was introduced as the guiding principles of the division to achieve its vision. The values chosen as outlined in CBD Sales and Service guides are: -

1. **Reliable** – In the way the staffs handle customers' cash, investment and keep commitments.
2. **Efficient** - By doing business quickly and accurately.
3. **Knowledgeable** – Be experts in their customers' market, products and business, not just in their own products and services.
4. **Personal** – Creates a friendly, professional environment and make customers feel more confident that they are looking after their interest.
5. **Helpful** – Take initiatives and offer customers their help and suggestions without waiting to be asked.
6. **Responsive** – Stay alert to changes and keep one step ahead, so that they can give customers the best possible advice and support.

The above vision and values, reflect the Division's desire to be the bank of choice to its selected customers, in this regard the middle and up-market customers or segment. In fulfilling this ambition, the CBD has listed five strategies, which are to;

- Build a distinctive presence in the market place.
- Identify competencies in their people.
- Manage risk and rewards effectively.
- Install efficient operational processes, and
- Service customers needs

These ambitions, desires and missions to be what it wanted to be will not be enough without a change in the division's way of doing things or its work culture. As a result the division saw a dire and urgent need to change the way business is being done. It was felt that to achieve all these and to challenge the competition head on, drastic change must be introduced. The most immediate need is to shift its business approach from a 'Service Oriented to the 'Sales and Service' oriented.

One of the crucial factors that CBD believes that will determine the success of the division in adopting this new approach is its 'people'. Like any organisations, people are being regarded as the most important assets. For this reasons the CBD division place special emphasis and attention on this resource by developing plan and strategies that will enhance the staff

participation, commitment and performance. One of the strategies adopted is the introduction of the sales incentive scheme, which is intended to encourage and facilitate the approach change.

The underlying reasons for introducing and instituting the sales incentive scheme is to support the creation of this new 'Sales and Service' approach. Prior to the implementation of the above strategy, intensive as well as extensive training was given to all staff in the CBD to ensure that they ready to accept the new Sales and Service culture.

### **The Consumer Banking Sales Incentives Scheme**

The incentive scheme was introduced formally in October 1996 and was named the "Staff Sales Incentives Scheme" (Appendix A). It was introduced with the aims to encourage participation in sales activities among the staff, namely the clerical to ensure that the new approach is well accepted. Staff is rewarded for bringing additional sales. The incentive is also given so that they will be motivated to stretch themselves and drive for better sales result in the branch.

In essence the incentive scheme is intended to encourage staff to put an effort, participate, to improve teamwork, increase commitment and to improve staff morale.

Under this incentive scheme, monetary rewards are given to the staff who has successfully referred new accounts or customers. This incentive scheme is paid in cash regularly, every quarter, in May, August, November and February. This additional form of incentive was introduced as it was felt that basic salary, contractual bonus and Performance Related Incentive Payment has little impact in motivating the staff to participate in sales and to inculcate the new culture which the bank want the staff to adopt seriously.

The various approaches, plans and policies, as well as strategies discussed above, indicates clearly that CBD hold strong believes in the principles of Incentives Theories or the “law of Effect” especially in inducing the staff to change their behaviour. This ‘carrot’ approach according to Handy (1995) will induce individuals to work harder given specific reward or encouragement for good performance. In this sense CBD hold the believe that incentives in the form of money receive regularly is a major motivator to encourage clerk to participate, to put in effort and increase level of commitment in the activities that the bank takes pain to formulate.

### **Problem Statements**

The reason for the introduction of the ‘Staff Sales Incentive Scheme’ is to bring about a ‘Cultural Transformation’ in the CBD. A transformation from a predominantly ‘Service Oriented Approach’ to a more progressive and productive ‘Sales and Service Oriented Approach’. To facilitate this



transformation CBD provide monetary rewards to encourage participation in sales with the hope that it will eventually become an accepted culture. In other words, the main reasons for giving rewards is to induce a behaviour change, which according to Steers and Porter quoting March & Simon, (1958), can be motivated by rewards. This is the underlying reason for the introduction of this incentive scheme.

The Sales Incentive scheme is formulated with the above intention in mind. The incentive is introduced with a hoped to induce the clerk to participate actively in the sales related activities. It is to encouraged the clerk to put in efforts (extra) in the sales activities, that is out with their normal course of duties. Also it is to encourage the sales clerk to do more than their normal volume by giving out monetary rewards.

However providing rewards alone through the incentive scheme may not be an effective way of inducing a change in culture or values. Even if it could, the extent of its success may not be as expected or it could even prove to be a failure. Therefore, the level of participation, amount of efforts, and the amount of commitment that the clerk puts in needs to be studied to find out the extent of the success of the incentive scheme that is introduced.

It has also been observed that the participation level varies from clerk to clerk. Some participate actively with full of enthusiasm while some

are indifference. There are some staff who put in a lot of time and efforts but are not as successful while there are some who do not put in much time and efforts but turn out to be quite successful. Some clerk has the enthusiasm to participate while some do not. Some works as a team while others see their peers as rival. Invariably, these negatives elements do not augurs well for the branch as well to the division as a whole in the attempt to introduced this transformation.

Since the implementation of this incentive plan or scheme in 1996, there was no effort made to measure its motivational impact on the clerk. The bank's effort to bring about the new approach does not appear to be producing the desired outcome. Service staff participation was not forthcoming, sales staff performance does not show any improvement. Although additional cost incurred, the impact of the sales incentive scheme seems to have produced no profound change in term of effort, participation, teamwork and enthusiasm.

The effectiveness of this incentives scheme or plan invariably depend on the clerk acceptance of the scheme. Their acceptance of the scheme can be obtained by studying their reaction or actions towards the incentive plan, which is reflected through their participation, efforts, teamwork, commitment and emotion.

Base on the above various views and opinion of motivation, CBD's Sales Incentive Plan is without doubts an interesting subject for exploration. The study will help to determine whether the incentive scheme approach produce desired result, that is, high level of participation, efforts, strong commitments towards work, emotion and teamwork. It is also hoped that this study will provide a valuable source of reference to the banks in terms of its future planning.

### **Research Questions**

This study will attempt to find the answers to 3 questions, relating to the perception of the clerk on the motivational impact of the sales incentive scheme. Specifically the research questions are: -

- 1      What are the perception of the clerk on the motivational impact of the Sales Incentives Scheme on their effort, participation, commitment, teamwork and emotion?
- 2      What are the inter-relationships between these motivational impact area according to the clerk perception?
- 3      What is the order of importance of the motivational impact area according to the clerical perception? In other words the ranking of the motivational impacts base on the clerk perception.

### **Research Objectives**

Therefore the aim of this research is to study the perception of the clerk relating to the motivational impact of the Sales Incentive Scheme. It will focus on the motivational impact areas of participation, efforts, teamwork, emotion and commitment. Base on the problem statement and the questions presented above, the objectives of this research are as follows: -

1. To study the clerk perception on the motivational impact of the Sales Incentives Scheme on their effort, participation, commitment, teamwork and emotion.
2. To study the inter-relationship of the motivational impact areas according to the clerk's perception.
3. To determine the ranking of the motivational impact areas in order of their importance according to the respondent's perception.

### **Research Scope**

This study focuses on the clerk of Consumer Banking Division. For this exercise, the researcher confined the study on the clerk serving in the Sarawak region only. They are selected specifically because they are easily assessable and compared to clerk in other region, their achievements in sales is far from satisfactory. In this regard their views, opinion and perception are not only relevant but also very useful for this purpose.

### **Research Significant**

This research would be a useful source of reference in determining to what extent the incentive scheme is successful in motivating the clerk to participate in the sales activities. It will also be a useful tool to gauge the success of the incentive scheme as a whole. This information would be useful to the management in determining the fate of this scheme. Therefore the data collected would be helpful in making decision on whether to continue or to discontinue such scheme and to makes the changes if deemed necessary.

Whatever the decision may be, it will definitely be as a consequence of careful research. This is important so that the future incentives plan can be aligned to the staff needs to ensure its effectiveness and success. Therefore it hoped that the findings from this study would: -

- (a) Help understand the clerk's perception of the incentive scheme and
- (b) Provide some insights on how the sales incentives scheme motivate the clerk,
- (c) Provide a database to be referenced for future research.

In additions this study will be the basis for the future development of the Sales Incentive Scheme. It will also be a useful source of reference to

various parties as a guide and lesson, should they decide to implement or introduced it to their department or division.

### **Research Limitations**

As an early attempt to evaluate the motivational impact of the Sales Incentive Scheme, this study focused primarily on the 85 clerk of CBD in the Sarawak Region only. In view of the small population size and the restricted coverage, the study may or may not be reflective of the whole organisation staff opinions. Nevertheless it does served as a useful indicator of the effectiveness of the Sales Incentive Scheme in motivating the staff in general. The method for the data collection is the self-administered questionnaires, which are mailed to the Branch Manager for his distribution and collection.

### **Operational Definition**

The various relevant concepts used in this study are as follows:

#### **Motivation**

This concept refers to behaviour that force, drive, moves or encourages people to perform an activity. The term 'motivation' is characterised by three common denominators, which are the energy, the direction and maintenance of behaviour. Motivation has also been defined as a drive within a person to achieve a goal. According to Gary Johns

(1992), motivation has three characters, which are effort, persistence and direction. A motivated person is therefore some one who has an inner drive to achieve his goal.

### **Sales Incentive Plan**

The Sales Incentive Plan is a form of financial reward policy given in addition to the normal salary or wages and bonuses. This form of reward is sometimes referred to as “pay for performance”. In the case of SCBMB, it is a form of commission paid to every staff who has successfully referred a new business or account. For each account opened, a point will be given. Each point has a monetary value of one Ringgit per point collected. The incentives are paid regularly on a quarterly basis.

### **Perception**

Basically perception refers to how we see things. It is a behavioural process that involves defining and evaluations of stimuli through mental process of what we see, hear, experience or read. It normally influenced our way of behaving, feeling and conversation. Perception are influenced by needs, stress, experience, position and attribution (Desseler, 1995). In this context, perception is staff behaviour towards the stimuli or the incentives given. That is how they see, feel and react to the incentive given in terms of their participation, effort, commitment, team-work, and emotion.

### **Motivational Impact**

Impact is defined as strong impression or effect on somebody. It is about causing or creating some form of impression or change on somebody as a result of some activity or actions. In this context, the motivational impact that is of concern is the impression or effect of the incentive on the staff in relation to their efforts, participation, teamwork, emotion and commitment.

### **Effort**

Effort is the amount of energy and the commitment of time put in or invested by the clerical toward the sales activities. In this context it is the drive to do more than usual, the energy put in to perform the sales activities. Invariably effort usually leads to performance.

### **Participation**

Participation is about getting involved or taking part in the sales activity that the incentive scheme encourages. It is about commitment, which according to Handy (1976) is the result of participation. According to him participation will increase if the participant considers participation is worthwhile and legitimate.

### **Teamwork**

Teamwork refers to how the clerical works with each other in a team.