

# “Employee Reward System And Its Relationship With Employee Motivation”

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## **ABSTRACT**

In the age of globalization organizations have realized the importance of their human resources and become increasingly interested in managing employees in such a way that can enhance business performance. To ensure competitive advantage, people who are working for the organization should be motivated by providing a well-balanced reward and benefit system. The purpose of this study is to identify the relationship between rewards (monetary and non monetary) and their impact on employee performance and actions to motivate the employees of higher education industry. The data was collected from 50 employees from higher education industry and was analyzed using mean values and frequency percentage tables. The result concludes that, with the advancement in the career path, income level and age monetary rewards become the vital factor for the employee motivation. However, organizations should consider for a more structured reward system that considers both monetary and non monetary rewards which in turn prospers high performance culture in the higher education industry.

**Keywords:** Rewards, Motivation, Higher Education Sector

## **INTRODUCTION**

Human resource is considered as the most important asset of every organization. In the age of global competition, acquiring right workforce and retaining it becomes the most important challenge of all organizations. To get the maximum from these resources, employees must have to be motivated. Baron (1983) describes motivation as, “an accumulation of different processes which influence and direct our behavior to achieve some specific goal”. The factors those act as motivators and affect employee performance are job security, working conditions, employer-employee relationship, autonomy, relationship with colleagues, training and development opportunities, employee recognition and company’s overall policies and procedures for rewarding employees. Among all these factors, motivation that comes with rewards becomes important factor which increases the exceptional contribution by employees. Rewards can be monetary or non monetary, monetary rewards are tangible rewards and these rewards are external to the job or task performed by the employee. Monetary rewards can be in terms of salary/pay, incentives, bonuses, promotions, job security, etc. Non monetary rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal.

Motivation is a factor that exercises a powerful force on our activities and exertion. According to Baron (1983), motivation is an accretion of diverse practices which effects and directs our behavior to accomplish certain particular goal. It is like a vigorous in the current environment that clearly produces and incorporates an optimistic influence on job. Motivation relay on a certain intrinsic and extrinsic features that are collaborated with positive results in abundantly devoted employees. Tangible incentives are functioning in growing performance for assignment that not completed earlier, to in spire as thinking smarter and support both quality and quantity to accomplish organizational goals (Board, 2007). Moreover, incentives and rewards factors are the most favoured factors for the employee motivation.

Business strategy associated with rewards and motivation towards job satisfaction has resilient effect on success of the organization (Devanna et al. 1984). The connections between rewards, motivation and job satisfaction of employees are strategically significant to the success of public and private organizations (Schuler and Jackson1996).According to an analysis of 14 national surveys, Crews on (1997) concluded that economic rewards are most important to private sector employees. Only limited researchers have found no significant differences in the opposite direction. Gabris and Simo (1995) found no significant differences for 20 motivational needs, containing the need for monetary rewards.And Crewson (1997) establish related outcomes when data was restricted to one occupational group, i.e. engineers. Maidani (1991) even concludes that public sector employees rate extrinsic factors, such as pay, as more important than the private sector employees. “Motivation is the desire to achieve beyond expectations, being driven by internal rather than external factors, and to be involved in a continuous striving for improvement”. (Torrington, Hall, Taylor & Atkinson, 2009, p. 276).

Motivation, in the context of work, is a psychological process that results from the interaction between an employee and the work environment and it is characterized by a certain level of willingness. The employees are willing to increase their work effort in order to obtain a specific need or desire that they hold (Beardwell & Claydon, 2007, p. 491).

Motivation is defined as the process that accounts for an individual’s intensity, direction and persistence of effort toward attaining a goal (Page, 2008). According to Tosi, Mero and Rizzo(2000), motivation has both psychological and managerial meaning.

. Managers have to play different functions but motivating employees is arguably the most complex. This is due, in part, to the fact that what motivates employees changes constantly (Bowen & Radhakrishna, 1991) [10]. Organizations can motivate the workforce most through introducing appropriate reward and recognition programs and other benefits. Maire and Nick (2002) referred that, compensation systems deliver other objectives such as legal compliance, labour cost control, perceived fairness towards employees and enhancement of employee performance to achieve high level of productivity and customer satisfaction.

## LITERATURE REVIEW

According to **Ayesha Binte Safiullah(2014)**, it can be inferred that it is not just one factor, for example it is not just monetary rewards which motivate an employee, though monetary compensation is the physiological factor to the employees. It is important to link pay to performance as it is an effective motivator when people know what they are going to get in return for certain efforts or achievements, and when they feel that what they may get is worth having.

According to **Khawaja Jehanzeb & Anwar Rasheed (2012)**, the degree of rewards, motivation and job satisfaction of employees has a strong relationship in the banking sector of Saudi Arabia. From different research, it has been found that employees in banking sector give more importance to economic or financial rewards (Karl and Sutton 1998, Houston 2000).

According to **Cynthia Eshun & Frank K. Duah(2011)**, The analysis of the **twenty (20)** interviews suggests that while the use of rewards is vital in motivating employees, there is the need for management and employers to have a clear understanding of the human nature and what actually motivates employees.

According to **Puwanenthiren Pratheepkanth (2011)**, the employees who get recognized tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative. The results also revealed that staff, and employees from non-white racial backgrounds experienced lower levels of rewards, and motivation..

According to **Elizabeth Boye Kuranchie-Mensah (2015)**, the study showed that employees of the four large scale mining companies are motivated by both intrinsic and extrinsic factors with particular emphasis on pay or remuneration. Good pay was identified to be the best motivating factor for employees at the mining industry.

According to **Alexander Dahlqvist & Andreas Matsson (2013)**, the study has provided implications that extrinsic rewards are to some extent old-fashioned and employees are nowadays searching for rewards beyond solely monetary rewards. This study indicates that organizations should attempt to set the extrinsic rewards on an accepted level and then shift their attention to intrinsic rewards.

According to **Reena Ali & M.Shakil Ahmed(2009)**, the study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction.

According to **Rebecca Hewett**, the study found that high bonuses did not undermine autonomous motivation but did predict increased external motivation. The implication of this is that external motivation, in turn, predicted poorer subjective wellbeing.

According to **Malik Muhammad Shafiq & Mohammad Akram Naseem**, In the research Significant information was achieved that rewards and employee motivation have positive and relationship and chi-square results shows that there is association between motivation factors .

According to **Sajjad Nazir & Dr. Wang Qun & Dr. Deng Yulin Fahim Afzal Li Hui (2014)**,. from the findings for women, satisfaction is positively related to intrinsic rewards, but also for men, satisfaction tends to be positively related to extrinsic rewards.

According to **Marlisa Abdul Rahim & Wan Norhayate Wan Daud(2013)**, the administrators of UniZA do appear to be motivated by both extrinsic and intrinsic rewards.

According to **Emily R. Lai April (2011)**, the motivation can be manipulated through certain instructional practices, although studies demonstrate both positive and negative effects. The use of rewards may either encourage or diminish motivation, depending on the type of rewards and the context in which they are given..

According to **Roshan Levina Roberts(2005)**, organisations are realising that they have to establish an equitable balance between the employee's contribution to the organisation and the organisation's contribution to the employee.

According to **Lori Kay Baranek(1996)**, The use of extrinsic rewards should be gradually decreased as student motivation and learning increases. **Deeproose (1994)** says that positive correlation between reward system and motivation and also described that effective reward system is very important for company because effective rewards can help to achieve the business objectives by attracting and retaining effective employees.

According to **Paarsch and Shearer (2000)**, there was a positive relationship between work outcomes, public employees' motivation and performance-related pay designs.

According to **Hafiza et al. (2011)** revealed that there was a positive relationship between extrinsic rewards and employee motivation in non-profit organization of Pakistan.

## **OBJECTIVES**

- To explore the various financial and non financial rewards provided to employees in selected higher education in Dehradun
- To determine which type of benefits has greater effect on employee motivation.

**DATA ANALYSIS AND DISCUSSION****Regression****Descriptive Statistics****Mean and Standard Deviation of Monetary Benefits**

	Reliability	Mean	Std. Deviation
Salary is in accordance with the requirements of the job.	0.747	2.82	.825
Salary ensures satisfactory standard of living.		2.56	.972
Differences in salaries among employees are in line with the job differences.		2.20	.881
Salary is satisfactory in relation to salaries for similar jobs in other organizations		1.84	1.113
I can count on the stability of my regular monthly pay		2.84	1.419
Overtime and additional efforts at work are paid appropriately		2.14	.857



Bonuses are paid for extra work and achievements	2.28	.730
I can count on sufficient retirement pension in the future	1.94	.652
I have life insurance cover as one of the benefit	1.48	.505
I don't have to spend money on conveyance as I use cab facility.	1.30	.505
Valid N (listwise)		

**Interpretation:** In above Table, we can see that Cronbach's alpha is **0.747**, which indicates a high level of internal consistency for our scale with this specific sample. Thus the data is reliable enough for further test.

With respect to the dimensions of work motivation assessed by the reward and satisfaction questionnaire, Table above indicates that the means for the stability of regular monthly pay is 2.84 which is highest and Standard Deviation is also highest for the same that is 1.419

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.413 <sup>a</sup>	.171	.153	.39323

a. Predictors: (Constant), Monetary\_Benefits

**Interpretation:** Table above describes how perfectly the model fits for the analysis. R shows the degree of correlation between the Monetary And Non Monetary Rewards And Employees Motivation as the value of R is .413 that means there is moderate degree of relationship between both sets of data.  $R^2$  states the strength of association, the value of  $R^2$  ranges from 0 to 1 value closer to the 1 shows high degree of association. In the model the value of  $R^2$  is .171 which means the strength of association between two set of data is 17%. That means the monetary benefits and employee motivation are moderately associated with each other. Thus the rewards have significant impact on Employees Motivation.

#### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.527	1	1.527	9.874	.003 <sup>b</sup>
	Residual	7.422	48	.155		
	Total	8.949	49			

A. Dependent Variable: Employee Motivation

B. Predictors: (Constant), Monetary Benefits

**Interpretation:** The above table indicates that the regression model predicts the dependent variable significantly well. We have to look at the "**Regression**" row and go to the "**Sig.**" column. This indicates the statistical significance of the regression model that was run. Here,  $p < 0.0005$ , which is less than 0.05, and indicates that, overall, the regression model statistically significantly predicts the outcome variable (i.e., it is a good fit for the data).

From the above table above the value of Significance is .000 which means it is less than .05 indicating that the null hypothesis is rejected . Hence there is a significant impact of monetary benefits on employee motivation.

**Coefficients<sup>a</sup>**

Model	95.0% Confidence Interval for B	
	Lower Bound	Upper Bound
1 (Constant)	1.516	2.528
Monetary Benefits	.130	.591

a. Dependent Variable: Employee Motivation

**Interpretation:** From the above table, the regression equation can be equated as

$$\text{Employee motivation} = 1.516 + .130(\text{Monetary Benefits})$$

Thus it is concluded that monetary benefits has positive impact on employee motivation. It indicated that increase in monetary benefits will help in improving employee motivation.

**CONCLUSION**

It can be concluded that a good reward (monetary and non monetary) system can contribute to people's satisfaction and their willingness and desire to learn and improve their skills and can lead to greater retention. The types of rewards that people receive are a major contributing factor to their level of motivation. The more highly rewarded (monetary and non monetary) people are, the more satisfied they tend to be with their job and with their life. This implies that satisfied employees are less likely to quit, change jobs, join unions, or be absent.. It is also seen in the study that monetary benefits motivated more than the non monetary benefits. Employee want to feel secured from monetary benefits.

It is evident from the study that a variety of factors such as salary, bonus , working environment, etc influence employee motivation. It was also significant to discover that there is a direct and positive relationship between rewards employee motivation. Hence, if rewards are offered to employees were to be altered, then there would be a corresponding change in work motivation. The direct translation of this could be that the better the rewards(monetary and non monetary), the higher the levels of motivation, and possibly therefore, the greater the levels of performance and productivity.



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