



# Reward System and Its Impact on Employee Performance

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## **Abstract:**

Compensation systems, consisting of monetary and non-monetary rewards, have become essential for organizations to manage employee performance. Motivated employees are a key factor in a company's success. When employees are motivated to work at higher levels of productivity, the entire organization operates more efficiently and achieves its goals more effectively. A literature review of previous studies has demonstrated that reward systems can increase employee motivation and forms, including intrinsic and extrinsic rewards. Organizations therefore need to critically understand what kinds of rewards systems can improve employee job performance. Is to examine that impact on the performance of variables tested in this study followed a quantitative approach and distributed to sets of questionnaires to selected participants using convenient sampling. The results show that all variables have a significant impact on employee performance. The results of this study can be used by organizations to improve their reward systems and ensure that they help improve employee performance.

**Keywords:** : Reward System, Employee Performance, Monetary and Non-Monetary reward

## **INTRODUCTION:**

The main purpose of this study is to analyze the impact of intrinsic rewards on employee performance. It also highlights the role of employee motivation as an influencing factor. The main results of this study showed that intrinsic reward has a positive and significant impact on employee performance. In particular, this study shows that employee motivation helps mediate the relationship between intrinsic reward and employee performance. Its impli-

cations are outlined in light of the results. Employee motivation is widely believed to play a key role in improving productivity and performance. Optimal employee performance is essential to achieving top performance in an organization. There is unanimous consensus that the more motivated an employee is, the better their work will be. Recognition of their achievements can translate into intrinsic rewards. Through these rewards, employees are motivated and able to perform to their best potential. Previous literature has shown a positive association between employee motivation and job performance. Kvass et al. (2017) discussed employee roles, intrinsic and extrinsic motivation, financial and performance as branch managers (Norway). Their study concluded that intrinsic and extrinsic rewards are considered to be the main motivators of employees. Previously, Grant (2008) stated that motivation is directly linked to employee performance and productivity, and that motivation enables employees to act autonomously. All organizations need financial, material, and human resources to achieve their desired goals. This is only possible if motivated employees are working to their full potential. Kuvaas and Dysvik (2009) argued that highly engaged and motivated employees are more motivated and responsible employees. Motives are not clearly understood and practiced. Understanding human nature is very important in understanding motivation, but it is not so easy to understand because human nature is different for each person. Compensation management systems and employee participation in decision-making are common methods organizations use to achieve their goals (Güngör, 2011).

Compensation management systems include intrinsic and extrinsic rewards such as salaries, bonuses, appraisals, praise, flexible working hours and social entitlements (Skaggs et al., 1991). With the help of compensation management systems, companies can attract, retain, and motivate employees and achieve high employee performance (Liu et al., 2008). Gabriel et al. (2016) examined the relationship between effective compensation management and civil servant performance in Anambra State, Nigeria. They concluded that intrinsic rewards such as employee development, appraisals and salaries have a significant and positive impact on the performance of Anambra's public sector employees.

## **Literature Review**

### **Impact of Compensation Systems on Employee Performance: Case Study by Normet Ltd.**

Author: Yulia Emelianova

Publication Title: Impact of Compensation Systems on Employee Performance: Case Study of Normet Ltd. Grade Literature An overview chapter contains the results of significant research studies from the areas of employee motivation, job satisfaction, employee performance, and reward system structure and characteristics. The information used in the research comes from a variety of academic papers, research papers, journals, electronic libraries, and publications that provide knowledge and description of a variety of rewarding methods that can be used to improve employee performance in your organization. Collected from references. The study included not only

the primary variables explored in detail, but also sub-variables such as job satisfaction and employee motivation necessary to maintain employee performance and organizational productivity. I'm here.

### **Impact of Reward Schemes on Employee Performance at Some Manufacturing Companies in Coastal Cameroon:**

Reward schemes have played a key role in this scientific management philosophy of success and implementation. This study examines the impact of reward systems on the performance of employees in selected manufacturing firms in coastal areas of Cameroon. Specifically, the study assesses the extent to which profit sharing affects employee engagement at manufacturing companies. Determine the impact of a flat rate on the value of a manufacturing company's employees' jobs. It also assesses the impact of collective wage agreements on employee cohesion in manufacturing firms. Rewards can be used to improve performance by setting goals related to work completed. Exceeded sales target slightly. If employees exceed their targets, they can receive an additional amount in addition to their salary. This makes them strive to achieve more (Perry et al., 2006). Studies have proven that people tend to perform better when they are valued and admired

### **The Role of Incentives and Rewards in Improving Employee Performance**

#### **“The Case of Travel and Tourism Organizations in Jordan”:**

The Social Science Package (SPSS) program was used for the descriptive analysis, and Jordanian travel and tourism organizations ranked compensation first and promotion last in terms of impact on employee performance. was ranked in Muhsen (2004) investigated the job satisfaction of his UNRWA employees in Amman and sought to identify the most effective factors contributing to achieving job satisfaction and effective performance. found relatively low percentages of job satisfaction n. reached 58.82%. The study also showed statistically proven differences in job satisfaction based on variables such as salary, age, and work experience..

### **Objectives of study**

The main goal of the study is to investigate and understand the impact of rewards on the performance of employees. The objectives of this research are:

1. To identify the most important rewards that motivates employees in the organization.
2. To evaluate the impact of rewards on employee performance in the organization
3. To offer recommendations on how reward system in the organization can be improved in order to improve employee performance

## Research Methodology

The study was conducted using various articles based on the reward system and considered performance by the reward system. How Compensation impacts the performance of an organization's employees at each level. An organization's compensation system has several related roles: employee motivation and employee retention. Organizational Competence retains and employs desirable people in a competitive job market. The study design used in conducting the study is the descriptive study design.

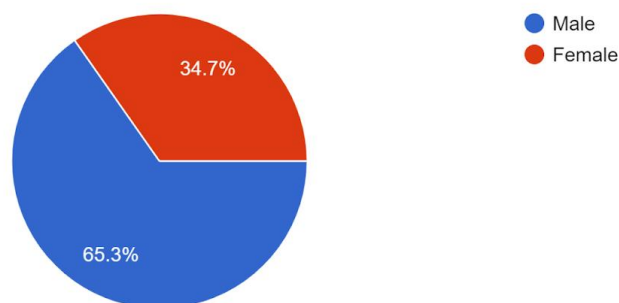
The underlying problem is that employees are not dedicated and motivated to their work, and organizations do not provide training and development plans for their employees. These problems arise because when you experience these problems, resources are underutilized, overtime is not paid and you are overloaded, demotivate your employees and underperform in the workplace. The study is

"Compensation Systems as Techniques for Improving Employee Performance in Organizations".

The primary purpose of this study is to investigate issues related to reward systems and employee performance. Specifically, this research study examines whether the low-power his element can be eliminated. Another objective is to ensure that the reward system is a key factor in performance, if improvements improve the overall performance of the organization.

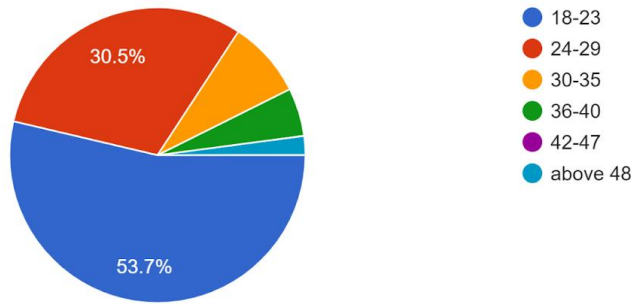
## Research Analysis

Gender of Respondent  
95 responses



From this pie chart it shows the Gender of Respondent that how many male and female are respondent in the impact of reward on the employee performance. There are 95 Responses . so here we can clearly interpret that 34.7% are female respondents and 65.3% are male respondents.

Age  
95 responses

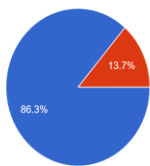


This graph shows the results of a survey in which people aged 18-23,24-29,30-35 and over were asked about the impact of reward on employee performance. More of the responses are from the age group between 18-23 and 24-29 as they show the more interest towards reward system and which makes them happier, boosting their morale to work better and deliver the desired results. It also results in lower annual turnover enabling organizations to achieve revenue targets and succeed.

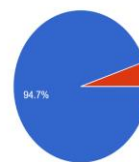
1 DO YOU KNOW ABOUT REWARD?

IF YES THEN WHAT DOES IT MEAN?

Do you know about reward?  
95 responses



If yes , then what does it mean?  
95 responses



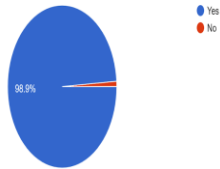
According to the survey majority of the responses are aware about the reward that is 86.3% and 13.7% are unaware about the reward.

Basically, majority are from the yes so reward is the combination of benefits, compensation, wages bonuses, recognition, workplace flexibility etc

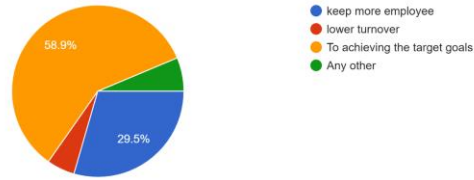
1 DOES THE REWARD BEING POSITIVE IMPACT OF EMPLOYEE PERFORMANCE?

2 IF YES, CLARIFY FOR WHAT ASPECT

Does the reward bring positive impact of employee performance?  
94 responses



If , yes clarify for what aspect  
95 responses

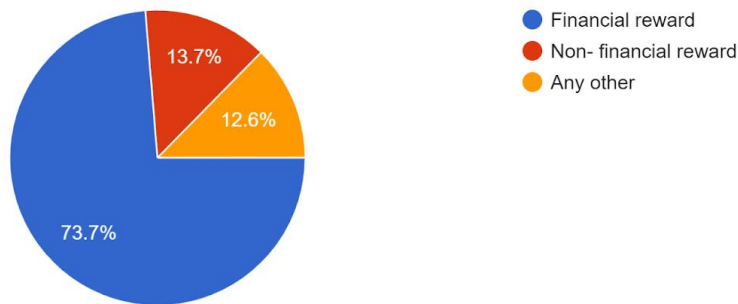


Yes, reward shows the positive impact on employee’s performance. So, it’s no surprise that driving positive feelings with a rewards programme can lead to a 44% increase in employee performance. In fact, feeling valued is so important to today’s workforce that employee would choose a job that offered lower pay but better benefits. And in the survey also 98.9% respondents thinks that. Among all we can conclude that 58.9% respondents are from to achieving the target goals and 29.5% from keep more employee and 6.3% are from any other.

### 1 WHICH TYPE OF REWARD IS MORE IMPORTANT FOR EMPLOYEE TO MOTIVATE

Which type of reward is more important for employee to motivate

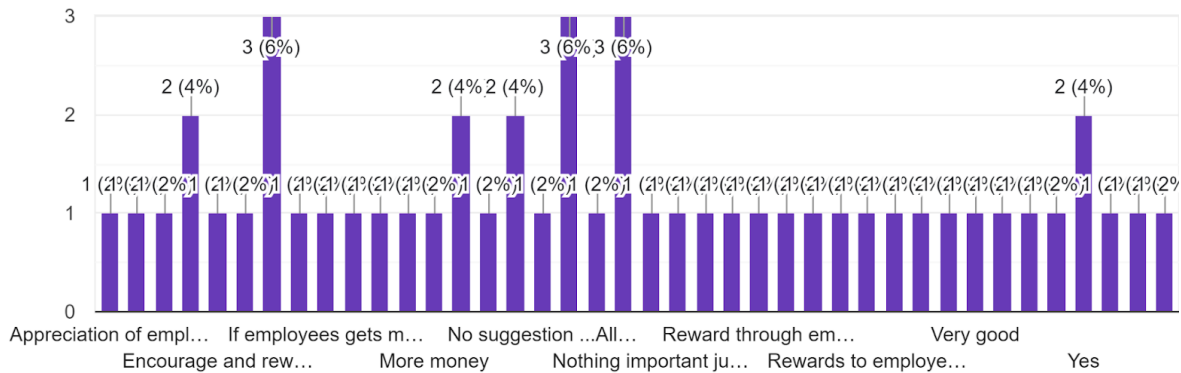
95 responses



Employee reward systems help companies recognize their employees hard work and results by encouraging them with gifts, praise, and both money and non-monetary incentives. This type of employee recognition structure allows employers and managers to reward their team in whatever way best motivates each individual. So according to the survey 73.7% employee think that they highly motivate with the financial reward system follow by 13.7% employee think that they motivate through non-financial reward and 12.6% employees want any other rewards.

### What are the suggestion regarding the reward on employee performance ?

50 responses



Management of reward systems in an organization helps to motivate and retain employees at work which is an important element of human resource management. A well-designed reward system leads an organization towards higher productivity and employee satisfaction.

### Conclusion

This study was conducted to measure reward systems as a strategy for improving employee performance within an organization. This paper identified his two types of organizational rewards: internal rewards and extrinsic rewards, a fundamental concern of reward systems being. Organizations need a way to leverage their workforce to improve their performance in the workplace, ensure employee retention, and increase productivity. It is a documented and indisputable fact that increased motivation enhances human performance of all kinds (Qureshi & et al, 2010). In many cases, it can be easily deduced from this study that workers rewarded large packages, making it a priority for both employers and workers. The paper further confirms that remuneration provided by an organization is positively related to job satisfaction. As such, it facilitates employee performance, retention, and achievement of her business goals. However, the study found that in-house reward strategies, perceived as unfair and unrealistic, demotivate employees.

### Findings:

Findings and Recommendations Compensation is known to have a positive impact on employee performance within an organization. However, one reward system is not enough, as motivation is personal and employee motivation may vary from employee to employee. There are different suggestions you can make for services within your organization. Job satisfaction has an average of , indicating that these employees are not satisfied with their jobs. Lack

of training and excessive workload also contribute to employee dissatisfaction. Employees are dissatisfied with salary packages and other inventions, resulting in poor organizational performance. This study shows that an organization's reward system should be designed with strategies that become part of the corporate culture. Organizational managers should identify workers' needs when developing compensation systems. It helps organizations design sustainable compensation policies that drive performance, productivity, and employee retention.

## **Reference**

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[https://www.researchgate.net/publication/323747331\\_The\\_Impact\\_of\\_Reward\\_on\\_Employee\\_Performance\\_with\\_Special\\_Reference\\_to\\_ElectriCo](https://www.researchgate.net/publication/323747331_The_Impact_of_Reward_on_Employee_Performance_with_Special_Reference_to_ElectriCo)

