



Effectiveness of Reward System on the Employee's Performance

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Abstract

Reward system plays a vital role in the organization. The rewards may be monetary or non-monetary helps the organization to retain its employees in the organization for longer time. Effective reward systems help to achieve organizational goals, improves employee satisfaction. The study explains about: monetary rewards on employee performance, employee recognition programs on employee performance, promotion policies or schemes on employee performance. Historically different studies have proven that reward systems can improve the employee performance. Present study consists of Sample size 200 respondents, selected by using simple random sampling technique. The research design is empirical which included both qualitative and quantitative data. The data is primary, well-structured questionnaires are prepared some part of secondary data is also used for references. (Depth analysis) The study needs to be identified the relationship between monetary reward system and employee performance, with respect to employee satisfaction and retention.

Keywords: Monetary Rewards; Non-Monetary Rewards; Performance Appraisal; Recognition Program.

1. Introduction

According to "DeCenzo and Robbins: depicted the effectiveness of reward system as their capacity which encourages its employees to expose their behaviors in order to fulfill organization goals. In today's competitive world, making the employees to retain in the organization is a task for the higher officials. Employees are the important asset for the organization [1]. To make the employees retain, the organization play strategies by implementing well designed structure called "REWARD SYSTEM" Reward system is the return gift which is provided by the organization to its employees, The rewards may be monetary or non-monetary plays a vital role in employee motivation [2]. This type of systems is adopted to make the employees feel enthusiastic and perform their work on time to gain competitive advantage [3]. Rewards can be provided by the company according to the employee performance, through surveys from the employee's higher officials, managers, subordinated and other

Employees. It is an appreciation given to its employees in order to create positive work environment [4]. Reduces the absenteeism of the employees which leads to increases in the productivity. This is also a recognition program where the company can assess the high talented employees and provide more rewards according to their work performance. Its includes basic pays, bonuses, incentives. Monetary reward system helps the employees to work for longer time than the usual time. It creates a mindset of belongingness among the employees of the company [5]. Some employees may get attracted to monetary rewards, some may attract to non-monetary rewards which helps the organization to fill the gaps and make the employees satisfy. Overall, properly adopted reward system helps the organization, to bring a sense of belongingness among the employees in order to satisfy, increases productivity and overall growth of the organization. Ultimately the organizations



should mainly invest on effective reward system which not only helps for the organization, but also helps to gain competitive advantage in the market and also helps the company to bring loyalty among the employees [6].

1.1. Problem Statement

To identify the effectiveness of reward system on the employee performance to fill the gaps and to achieve organizational goals and increase employee's retention. To know how well the reward system is used by the organization for employee satisfaction [7].

1.2. Purpose

To understand the employee satisfaction levels in the organization, their performance levels, benefits provided, fulfill the gaps to reduce employee turnover [8].

2. Methodology

Methodology adopted for this study is questionnaire, as it is based on primary data. Research design is empirical which includes both qualitative and quantitative data to assess the effectiveness of reward system on the employee's performance [9]. Secondary data is used for references like case studies (In depth analysis). 200 respondents were selected by using simple random sampling technique and 5-point Likert scale is used to understand the attitudes and behaviors of the

respondents [10]. Anova and linear regression is used for hypothesis testing in Table [1-4] & Figure 1.

2.1. Tables

2.1.1. Hypothesis Testing

Table 1 H01: Monetary Rewards Have no Significant Effect on Employee Performance

employee satisfaction	monetary rewards
24	15
31	28
38	35
43	52
39	45

Table 2 Regression Statistics

Regression Statistics	
Multiple R	0.974293102
R Square	0.949247048
Adjusted R Square	0.932329398
Standard Error	3.765234541
Observations	5

Table 3 ANOVA

	Df	SS	MS	F	Significance F
Regression	1	795.4690265	795.469	56.10986	0.004929
Residual	3	42.53097345	14.17699		
Total	4	838			

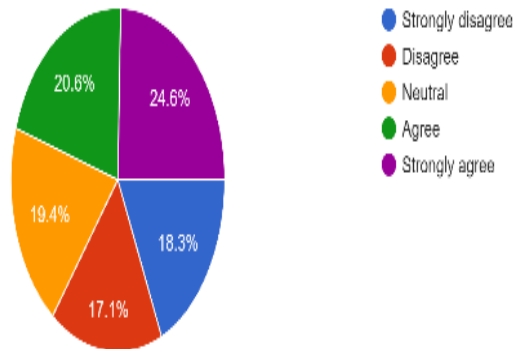
Table 4 Intercept

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95%	Upper 95%
Intercept	-30.66371681	8.926349123	-3.43519	0.041381	-59.0713	-2.25609	-59.0713	-2.25609
employee satisfaction	1.876106195	0.250459676	7.490652	0.004929	1.079032	2.673181	1.079032	2.673181

2.2. Figures

The organization effectively provide rewards to the employees for their work

175 responses



3. Results and Discussion

3.1. Results

Monetary rewards have significant impact on employee's performance. Feedback from the managers helps in filling the gaps in the organization [12]. Monetary rewards make the Employees to commit for achieve Both monetary and non-rewards have equal importance in bringing job satisfaction among the employees [11]. Performance based rewards makes the employees to retain in the organization for longer time. The organization reward system is not that much fair and transparent. Employees retention strategies have no significant impact on employee satisfaction [13].

3.2. Discussion

The summary output presents a linear regression analysis between employee satisfaction and monetary rewards. The regression model is significant ($p < 0.05$), indicating that monetary rewards effect employee satisfactions, so reject H_0 AND accept H_a . The R value is 0.949 implies that 94.9% of the variability in risk by monetary rewards. Overall, there is significant effect of monetary rewards on employee's satisfaction [14].

Conclusion

The above study aims to know the effectiveness of reward system on the employee's performance. It drawn meaning insights about the employee's attitudes towards the reward system provided by the organization. Observations revealed that monetary rewards have significant impact on employee's

performance. The major challenge of the firm is employee retention strategies which has no significance impact on employee satisfaction. Recommendations states that encouragement in all aspects make the employees to retain in the organization, efficient management of reward system give favorable result and satisfaction to the employees.

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