

Effectiveness of Monetary Reward System on the Employee's performance Level

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Abstract

Monetary rewards can be defined as money or hard cash rewards given to the employees for their extraordinary work or for the attainment of goals of the organisation. The main purpose of the study is to see how monetary rewards have an effect on the performance level of the employees and how it motivates them. The aim of the study is to find out whether the employees will increase their work or not. This study will help the employers understand which combination of rewards can boost the commitment level of the employees towards the company and it will help the employees find out whether rewards are given fairly them and whether all the employees are treated in the same way. From the results collected from the employees it can be said that monetary rewards have positive impact in the organisation and it makes an employee more loyal towards the organisation.

Keywords: Motivation, Reward management, Monetary incentives, Performance, Effectiveness, Organisation

Introduction

Employees are the life of the organisation. So, to survive and compete successfully in today's economy, employees need to be motivated by the organisation as the results are also highly dependent on the work motivation of the employees. Motivation can be defined as a tool which influences a person to work more efficiently and in a better way. It is therefore important for a company to identify what motivates the employees and they should try to connect the personal goals of the employees with that of the organisations goal. When it comes to motivating the employees, employers think of rewards as their main tool. Rewards can be defined as a thing given to someone in return for their services or effort etc. The primary aim of the organizations in giving rewards is to captivate and hold on to efficient, productive and motivated employees. The right combination of rewards can help the employers boost the commitment level of the employees in the organisation.

The management of rewards was practiced from the early 1900's. When psychologists started studying behaviour, they understood the importance of rewards and the benefits of it and also came up with many ways to award them. Now a day's organizations are coming up with extensive range of rewards, combining both monetary and non-monetary rewards to improve the productivity of the employees. This can sometimes come off as a very difficult task as every employee has a different opinion on rewards, some may prefer monetary rewards and some may prefer non-monetary rewards, for someone reward might be motivational and for some it might not be motivational. So, the organisations should be very careful when coming up with rewards for

the employees, they should take into consideration the employees needs and interest and also the goal of the organisation.

Statement of Problem

The reason why monetary incentives are given in an organisation will be to help the employees feel more engaged and to give them a sense of belonging. Monetary rewards are often recommended as a method for boosting the performance level of the employees and also to motivate them. If rewards are not given to the employees, they might feel that their hard work is of no use and they will not give their best in whatever they do and they might feel discouraged. It is a tough decision for the company to come up with effective reward system because for some employees, some rewards maybe motivating and for others it might not be motivating. Since, all the organisations attempt to use their resources in the best possible way, it is very important for the company to study more about the effectiveness of monetary rewards and how they can come up with better reward system.

Review of Literature

Fatma and Firdouse (2017) revealed in her study that salary and on-duty allowance are the monetary rewards that motivates the employees of Shinas College of Technology among all the other monetary incentives. The study also revealed that employee’s motivation and monetary incentives have positive correlation.

Serena, et al (2012) stated that if the employees hard work is recognised and rewarded then only, they will do their best. Their research looks into the association between employee performance and rewards and also to find out the relation between extrinsic and intrinsic rewards. The study determined the elements governing extrinsic and intrinsic rewards and their effect on employee performance and how employee’s performance would result in higher performance.

Danish and Usman (2010) said that their current study is to find out the important elements that motivate the employees and to find out what is the association between reward recognition and motivation in the working environment of

an organization. The statistical result revealed that different elements of work motivation and satisfaction are outstandingly correlated, and reward and recognition have great influence on motivation of the employees.

Bates (2003) said that the best way to increase productivity and to secure supremacy in its potentially profit-making market is by rewarding good workers. The payments will act as a recognition to the workers and make them understand that better employee performance will earn them more compensation.

Lopez (2002) in his study revealed that most of the time respondents found salary as an element they find satisfactory with their current position. It also hold the top rank as the component most likely to be used to assess whether or not they will accept a future position. In his study, he also stated that forty percent of the respondent think that they are not paid the market value and it the same percentage that showed that an increase in salary will increase their job satisfaction.

Objective of the Study

- To understand the effects of monetary reward system employee’s performance level.
- To analyse which aspects of monetary reward function, perform well.
- To investigate whether monetary rewards are rewarded based on gender.

Research Methodology

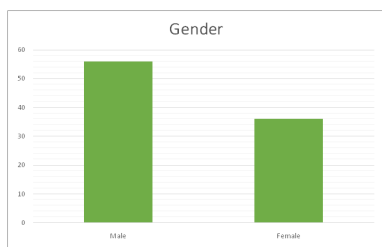
For my study I have used questionnaire as the research instrument. Questionnaire can be defined as the set of questions that is asked to the respondents to gather information. The sample size of the study is 90. Both primary and secondary data is used for this study and I have used convenience sampling method to collect data.

Data Analysis and Interpretation

Gender of the Respondents

S No	Particulars	No. of Respondents	Percentage
1	Male	54	60
2	Female	36	40
Total		90	100

Source: Primary Data



Interpretation: From the above table it is interpreted that 60% of the respondents are male and 40% of the respondents are female.

Are the Monetary Rewards Awarded Fairly to Employees

S No	Particulars	No. of Respondents	Percentage
1	Strongly disagree	4	4.4
2	Disagree	16	17.8
3	Neutral	46	51.1
4	Agree	22	24.4
5	Strongly agree	2	2.2
Total		90	100

Source: Primary Data



Interpretation: From the above chart it is interpreted that, 4.4% of the respondents strongly disagree, 17.8% of the respondents disagree, 51.1% of the respondents opted for neutral, 24.4% of the respondents agree and 2.2% of the respondents strongly agree.

One-way ANOVA

Table showing the association between the gender of the employees and whether the monetary rewards awarded fairly to the employees.

Null Hypothesis (H_0): There is no association between the gender of the employees and whether the monetary rewards awarded fairly to the employees.

Alternative Hypothesis (H_1): There is association between the gender of the employees and whether the monetary rewards awarded fairly to the employees.

ANOVA					
How strongly do you agree that the monetary rewards are awarded fairly to the employees?					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.424	1	3.424	3.244	.075
Within Groups	92.898	88	1.056		
Total	96.322	89			

Source: Primary Data

Interpretation: Since p value is more than 0.05, we accept the null hypothesis and reject the alternative hypothesis. Therefore, there is no association between the gender of the employees and the rewards being awarded fairly.

Suggestions

- The organisations can put more efforts in those areas where the employees are willing to improve themselves.
- The organisations can focus on efficient ways to give the rewards.
- The organisations can include the employees more in the decision-making process, by giving the employees an opportunity to frequently give feedback.

Conclusion

In today's world a firm is highly dependent on its workers or employees work motivation. An organisation should continuously research about what rewards motivate the employees the most and also should come up with different ways to give out the rewards. From the results of the study, it can be said that the distribution of rewards does not depend on the gender of the employees. The findings state that the employees are happy with the monetary rewards that are given to them employees also agreed that monetary rewards bring positive impact in the organisation.

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