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**Research Paper on**

# **Reward Management System**

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## **International Journal Of Core Engineering & Management (IJCEM)**

**Volume 2, Issue 2, May 2015**

### **I. Abstracts:**

*Human resources are the most important among all the resources an organization owns. To retain efficient and experienced workforce in an organization is very crucial in overall performance of an organization. Motivated employees can help make an organization competitively more value added and profitable. The present study is an attempt to find out the major factors that motivate employees and it tells what is the relationship among reward, recognition and motivation while working within an organization. The data were collected from employees of diverse type of organizations to gain wide representation of sectoral composition. In all, 150 self administered questionnaires were distributed among the employees of different sectors and they returned 130 completed useable questionnaires for response rate of 86.67%. The participation in survey was voluntary and confidentiality of responses was ensured. The statistical analysis showed that different dimensions of work motivation and satisfaction are significantly correlated and reward and recognition have great impact on motivation of the employees. Implications of the study for managers and policy makers in the context of human resource practices have been discussed. Limitations and guidelines for future research are also provided.*

*Keywords: Work motivation, Job satisfaction, Reward, Recognition.*

### **II. Introduction:**

Reward Management is concerned with the formulation and implementations of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. Reward Management consists of analysing and controlling employee remuneration, compensation and all of the other benefits for the employees. Reward management aims to create and efficiently operate a reward structure for an organization. Reward structure usually consists of pay policy and practices, salary and payroll administration, total reward, minimum wage, executive pay and team reward.



ISSN: 2348 9510

## **International Journal Of Core Engineering & Management (IJCEM)**

### **Volume 2, Issue 2, May 2015**

Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocate of compensation and benefits to employees in exchange for their contribution to the organization. Motivation is such a factor that exerts a driving force on our actions and work. According to Baron (1983, p. 123), motivation is an accumulation of different processes which influence and direct our behaviour to achieve some specific goal. As the employees engage in their working activities purposely for owns sake then they will feel intrinsic motivation in their behaviours as their activities will essentially be enjoyable and satisfactory the factors like incentives and rewards are the most preferred factors for employee motivation programs. This paper is an attempt that focuses on how incentives, rewards and recognitions impact employee motivation.

In Order for an organization to meet its obligations to shareholders, employees and society, its top management must develop a relationship between the organization and employees that will fulfil the continually changing needs of both parties. At a minimum the organization expects employees to perform reliably the tasks assigned to them and at the standards set for them, and to follow the rules that have been established to govern the workplace. Management often expects more: that employees take initiative, supervise themselves, continue to learn new skills, and be responsive to business needs. At a minimum, employees expect their organization to provide fair pay, safe working conditions, and fair treatment. Like management, employees often expect more, depending on the strength of their needs for security, status, involvement, challenge, power, and responsibility. Just how ambitious the expectations of each party are, vary from organization to organization. For organizations to address these expectations an understanding of employee motivation is required.

### **III. Literature Review:**

Organizations in today's environment seek to determine the reasonable balance between employee commitment and performance of the organization. The reward and recognition programs serve as the

## **International Journal Of Core Engineering & Management (IJCEM)**

### **Volume 2, Issue 2, May 2015**

most contingent factor in keeping employees' self esteem high and passionate. La Motta (1995) is of the view that performance at job is the result of ability and motivation. Ability formulated through education, equipment, training, experience, ease in task and two types of capacities i.e. mental and physical. According to Wilson (1994), the process of performance management is one among the key elements of total reward system. According to Sufyan Mehmood (2013) any organization's performance system should take into consideration the level of the service, which directly affects by employee benefits policy and the sustainability of the service.

Vroom (1964), supported the assumption that workers tend to perform more effectively if their wages are related to performance which is not based on personal bias or prejudice, but on objective evaluation of an employee's merit. According to Bahaudin G Mujtaba, (Coaching and Performance management: developing and inspiring leaders, pp 261, Para 2), "Reward system should be linked with goal-setting, employee development, competency measures, and team performance. This will decentralized the decision-making down the hierarchy to empower those performing the tasks.

Flynn (1998) argued that rewards and recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee's job satisfaction. Ali and Ahmed (2009) confirmed that there is a statistically significant relationship between reward and recognition respectively, also motivation and satisfaction. 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.

#### **IV. Objectives of the research:**

This research is intended to achieve the following objectives:

- To determine if there is a relationship between reward and employee motivation and job satisfaction.

## **International Journal Of Core Engineering & Management (IJCEM)**

### **Volume 2, Issue 2, May 2015**

- To determine which factors contribute to work motivation.
- To determine the impact of rewards on motivation and Job satisfaction.

#### **IV. Hypothesis:**

Based on the assumed casual relationship given in the conceptual model the following hypotheses were developed for testing.

- H1: Higher/Lower the employee rewards lead to higher/lower the Employee Motivation
- H2: Higher/Lower the employee rewards lead to higher/lower the Job Satisfaction.

#### **V. Methodology:**

##### **1. Data Collection**

Sample of 130 respondents from different sector including both Manufacturing sector and Service Sector have been taken to discern the role of Reward Management system in Employee motivation and satisfaction.. Data for this study is acquired mainly from primary sources but secondary sources are also well thought-out. Primary sources include employees of different organizations who filled up the questionnaire geared up for the study. The data is also collected from the secondary sources including internet, websites of various organization etc. By means of survey and interviews, and SPSS statistical package (used for analyzing data), this research paper aims at exploring the role of Rewards Management System in an organization.



ISSN: 2348 9510

## International Journal Of Core Engineering & Management (IJCEM)

Volume 2, Issue 2, May 2015

### 2. Demographics Characteristics:

The demographic section of the questionnaire shows the information about the age, gender, sector, industrial composition, establishment size, job tenure and position of employees to have a better understanding of their responses and resulting conclusion for the research. In the current sample, the number of male respondents are more than female respondents, as there are N=104, (80%) males and (20%), N= 26 are females.

**Table 1: Reliability of Data**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.908	.912	38

**International Journal Of Core Engineering & Management (IJCEM)**

**Volume 2, Issue 2, May 2015**

**Table 2: Total Variance Matrix**

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.482	24.952	24.952	9.482	24.952	24.952	3.760	9.894	9.894
2	3.222	8.480	33.432	3.222	8.480	33.432	2.887	7.597	17.491
3	2.068	5.442	38.874	2.068	5.442	38.874	2.779	7.314	24.804
4	1.799	4.735	43.609	1.799	4.735	43.609	2.643	6.955	31.760
5	1.783	4.691	48.300	1.783	4.691	48.300	2.640	6.948	38.708
6	1.489	3.918	52.218	1.489	3.918	52.218	2.170	5.710	44.418
7	1.423	3.744	55.962	1.423	3.744	55.962	2.080	5.474	49.892
8	1.232	3.241	59.203	1.232	3.241	59.203	1.877	4.939	54.831
9	1.216	3.201	62.404	1.216	3.201	62.404	1.758	4.626	59.457
10	1.124	2.958	65.362	1.124	2.958	65.362	1.727	4.544	64.001
11	1.004	2.643	68.005	1.004	2.643	68.005	1.522	4.004	68.005
12	.986	2.596	70.601						
13	.910	2.393	72.994						
14	.860	2.264	75.259						
15	.782	2.058	77.316						
16	.757	1.992	79.309						
17	.689	1.814	81.123						
18	.662	1.742	82.865						
19	.622	1.636	84.501						
20	.588	1.546	86.047						
21	.554	1.458	87.505						
22	.504	1.326	88.831						
23	.468	1.231	90.062						
24	.443	1.166	91.228						
25	.423	1.113	92.341						
26	.367	.966	93.307						
27	.346	.911	94.218						
28	.320	.842	95.060						
29	.289	.762	95.822						
30	.260	.684	96.506						
31	.230	.604	97.110						
32	.214	.563	97.673						
33	.198	.522	98.195						
34	.192	.504	98.699						
35	.164	.432	99.131						
36	.131	.345	99.476						
37	.102	.269	99.745						
38	.097	.255	100.000						

Extraction Method: Principal Component Analysis.

**International Journal Of Core Engineering & Management (IJCEM)**

**Volume 2, Issue 2, May 2015**

**Table 3: Rotated Component Matrix**

	Components										
	1	2	3	4	5	6	7	8	9	10	11
VAR00008	.757										
VAR00016	.661										
VAR00003	.588										
VAR00012	.579										
VAR00006	.542										
VAR00001	.542										
VAR00018											
VAR00004											
VAR00002											
VAR00033		.654									
VAR00019		.651									
VAR00021		.594									
VAR00028											
VAR00026											
VAR00020			.721								
VAR00037			.654								
VAR00035			.638								
VAR00032											
VAR00015				.741							
VAR00005				.584							
VAR00010				.545							
VAR00029					.728						
VAR00031					.718						
VAR00022											
VAR00013						.758					
VAR00011						.634					
VAR00009											
VAR00034							.731				
VAR00036							.707				
VAR00027								.785			
VAR00024											
VAR00025									.766		
VAR00023									.565		
VAR00014										.783	
VAR00007										.661	
VAR00017										.500	





**International Journal Of Core Engineering & Management (IJCEM)**

**Volume 2, Issue 2, May 2015**

			The criteria for the recognition program have been clearly explained.	0.594
3	2.779 of 7.314	Employee Award	Providing material and tools to perform work right.	0.721
			Employee of the month Award.	0.654
			Nomination of a employee for an award.	0.638
4	2.643 of 6.955	Extra Benefits	Free Medical Service.	0.741
			Extra Day Off.	0.584
			Car Benefit	0.545
5	2.640 of 6.948	Team Spirit and Outstanding Attendance	Building a spirit of teamwork and cooperation.	0.728
			Appreciating outstanding attendance.	0.718
6	2.170 of 5.710	Accommodations	Private Office Room.	0.758
			House Benefit	0.634
7	2.080 of 5.474	Awareness about Reward System	Awareness of the procedures for nominating an employee for an award.	0.731
			Awareness of the gifts and awards associated with the program.	0.707

**International Journal Of Core Engineering & Management (IJCEM)**

**Volume 2, Issue 2, May 2015**

8	1.877 of 4.939	Relationship with Co-workers	Co-workers and peers recognizing employees who are making a difference.	0.785.
	1.758 of 4.626	Appreciation and Encouragement	Appreciation for progress. Encouragement for development.	0.766 0.565
10	1.727 of 4.544	Relaxation	Flexible office hours. A personal "Thank You" or Note of Appreciation from supervisor, manager or co-worker. Relaxation room for lunch breaks	0.783 0.661 0.5
11	1.522 of 4.004	Job Satisfaction	Overall satisfaction with the rewards and recognition Management System	0.755

## **International Journal Of Core Engineering & Management (IJCEM)**

**Volume 2, Issue 2, May 2015**

### **VI. Finding and Analysis:**

After this research we came to know that an organization's Reward System has an immense effect on its employees Motivation and Satisfaction. Following are some factors which affect the system a greater extent.

1. The **recognition** is a process of giving an employee a certain status within an organization. This is a very crucial factor towards an employee motivation. Recognition describes how the work of an employee is evaluated and how much the
2. **Extra Benefits** like conveyance allowance, mobile allowance, Free Medical Service, Extra Day off, Car Benefit, Overtime plays an important role for employee motivation.
3. All employees if work as a **team**, this will increase their productivity and proved to be an important factor of job satisfaction.
4. **Accomodation** if provided by the organization then it will be very motivating for the employees because if someone come from different place it is very difficult for him to search a proper and secure place to live in.
5. **Awareness about Reward System**, All the employees should be well informed about the appreciation he receives in return from the organization.
6. **Operating procedures** include all those rules, regulations, procedures and requirements of the job that have to be performed during the job. It also includes the nature of job and values of an organization that one has to be bound of while performing the job.
7. **Employee Awards** should be given on basis of attendance, target achievement; outstanding performance etc .This will encourage the employee to give his best. P

## **International Journal Of Core Engineering & Management (IJCEM)**

### **Volume 2, Issue 2, May 2015**

Procedures of reward system, what type of work is expectation from them, how will be they get rewarded etc. If they know the procedures very well then they will perform accordingly.

8. The **relationship among co workers** indicates the environment of an organization i.e. how a employee works with this or her co-workers. This explains whether an employee likes his or her co worker employees in doing job or he has good relationships with his co-workers.

9. **Appreciation and Encouragement** are the bold veins for Employee Motivation and their Job satisfaction. At every stage employee should get appreciation from his peer, Senior and juniors as well.

10. As it is known that work place is quiet stressful place therefore it becomes essential to have some relaxation. For this **Relaxation** rooms should be there for lunch break. Working hours should be flexible.

11. Job Satisfaction and Motivation are interdependent if one come second will be definitely achieved.

### **VII. Result Review:**

The results of this investigation are quite beneficial for managers and policy makers. The managers can provide recognition to employees by sitting with employees having informal talks, spending time with them in form of a combine dinner or else in other activities like asking about their families and other crucial aspects related to their personal life. Secondly operating procedures should be fairly implemented, as procedural justice is quite important for employee motivational programs. Thirdly the managers should let the employees to participate in decision making so that employees feel that their opinion is important for the organization development. Fourthly, increments in pay, allowances, compensations and fringe benefits both on periodic basis as well as on special occasions should be provided to the employees for keeping them motivated. Fifthly, HR managers should make work contents interesting, so that employees don't consider their job boring, meaningless and dull.

## **International Journal Of Core Engineering & Management (IJCEM)**

### **Volume 2, Issue 2, May 2015**

#### **VIII. Conclusion:**

The aim of the study was to explore the impact of reward and recognition on motivation and job satisfaction. Analysis has shown a close relationship between several dimensions of work motivation and satisfaction but recognition along with work itself. Employee's participation in the decision making process will made them more courageous and enthusiastic towards working in the organization. On the other side the periodically salary increments, allowances, bonuses, fringe benefits and other compensations on regular and specific periods keeps their morale high and makes them more motivated.

#### **IX. Limitations:**

1. The number of female respondents in our study is less; also the sample size selected for the study is not representative of whole of the country.
2. The technique of research used is survey design if mix method could have been used with interviews and qualitative data gathering techniques the result could be more generalizable.
3. The data has been collected on cross-sectional basis; longitudinal data may have produced different results as the level of motivation of employees may vary at certain period of time and with growing experience.

**International Journal Of Core Engineering & Management (IJCEM)**

**Volume 2, Issue 2, May 2015**

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