

HR Rewards System and Employees Motivation: An Analysis

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ABSTRACT

Organisations go through a lot of challenges when it comes to attracting, retaining and engaging skilled worker. This paper will examine the reward system in HR department and its impact on employee motivation. The research study has shown that managers can employ different strategies to motivate employees, but it is important that managers keep in mind that different strategies would have a different motivational impact on different people. To get optimum results from a motivational strategy, the manager must realise and understand issues, which requires recognition of everyone's unique values, beliefs and practices. The objective of this research is to understand the issues related to reward system and its impact on employee motivation. With the help of this study, some of the vital questions like whether the reward motivated employee or not? What types of reward motivate and at what degree?

Keywords: conflict, employee motivation, HR, HR analysis, motivation, performance, reward system

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INTRODUCTION

Sometimes, simply receiving a pay cheque is not enough of an incentive to keep employees dedicated and focused. Managers must think of new ways to hold an employee's attention and interest on a project, or the company. Many companies employ motivational tactics and rewards systems, both of which have advantages and disadvantages.

Motivation

Motivation technique plays a very vital role in the performance of employee in the organisation. Two types of motivation technique are used by the companies to motivate the employee to encourage the employee for quality work [1]. This also increases the performance and productivity of the employee. Companies use different techniques at different points of time to motivate employee.

Rewards

Reward is the tool of motivation that company gives to their employee. It may be tangible or intangible depending upon the criteria adopted by the company at different points of time. Some companies may give tangible things like monthly bonus, free lunch, etc., whereas some companies may recognise the hard work done by the employee just by passing "Letter of achievement" [2].

LITERATURE REVIEW

According to the research paper, it is analysed that reward system is a major factor to motivate employees. Basically, they analyse that it establishes an equitable balance between the employee's contribution to the organisation and the organisation contribution to the employee [2].

The objective of giving recognition to the employee is to motivate them and try to

increase the performance of the employee as well as the productivity of the organisation. Designing of this type of reward structure and motivating and retaining the employee are the most difficult and challenging tasks for the organisation.

This was accomplished with the assistance of following targets and its examination; to inspect the impact of reward and advantages on work fulfilment, to set up the effect of support at work fulfilment, to decide the effect of correspondence between the business and representatives on work fulfilment, and to decide impact of grievance dealing with on work fulfilment. Which organisation through a lot of challenges when it comes to attracting, retaining and engaging skilled workers. The study examined reward policies and 16 ranking factors that influence employee motivation in different organisations/sectors in Ireland. A semi-structured interview was used as well as descriptive survey method with the questionnaires as the main data collection instrument.

To get ideal outcomes from a motivational technique, the supervisor needs to acknowledge and comprehend issues, which require acknowledgment of every individual's interesting qualities, convictions, and practises to investigate how to impact on rewards in private school. The study concludes that there is a positive relationship between rewards (extrinsic and intrinsic) and employee's job performance. Most of the organisations implement reward system to increase the job performance and job satisfaction.

Rewards have motivation for employees to excel, reduce employer-employee conflicts, and ensure fair reward treatments. Diverse execution-related prize framework that might be grasped by administration to encourage work execution, what execution examination

measures should be set up and the connection between execution related reward framework and work execution. The advantages of grasping the execution-based prizes are likewise examined.

OBJECTIVE OF THE STUDY

The main objective is to understand the impact of current reward system on employee motivation in the organisation. This main objective was achieved with the help of following sub-objectives:

- To study that whether there is any impact of reward system on employee performance.
- To study that whether there is any impact of reward system in maintaining relationship with the employee and employer.
- To understand the relationship between reward system and compensation employee absenteeism.
- To understand to know how employees are influenced by the reward system.

METHODOLOGY

The face-to-face interviews were done to understand the motivation and reward system. This was the only primary mode for data collection. For this research, the data source was secondary, such as research paper, magazines, journals, newspaper, textbooks, etc. Qualitative research answers to the question "why" instead of "how" through the analysis of unstructured information. This type of research includes many different methods of collecting information; some of these are interviews, research papers, etc.

Finding and Analysis

In our purpose of study, we indicated that the research was aimed at exploring people's perceptions of the use of rewards as motivation. We were particularly interested in three important issues, mainly:

- a. Ascertain whether rewards motivate employees.

b. Identify what kinds of rewards employees consider more beneficial.

In this research paper, we explore the above issues one after the other through an analysis of the data collected. Following that, we will look at other themes that came up during the interview process and through research paper which the respondents deemed important.

Objective—To Study That Whether There Is Any Impact of Reward System on Employee Performance

As indicated above, all respondents noted that their companies had one form of reward scheme or another in place for workers. They asserted that the purpose of these reward programmes was to motivate employees to perform. The question that arose was whether the rewards that the respondents identified did motivate employees. Out of the 20 interviewees, 3 indicated that rewards motivated employees to perform. They stressed that if performance targets are achieved, then management has a mandate to reward employees. To these respondents, rewards serve as a contractual phenomenon between employers and employees which must be honoured once one side achieves what is expected of them which then serves as a motivation force for employees [2].

Three respondents, however, noted that rewards do not motivate employees. For these respondents, these rewards are mostly monetary-based, and are given at the end of the year to all employees regardless of performance. As noted by one respondent:

No, because even if you are productive or not during the year, you will be given a thirteenth month salary.

The above response points to what Atchison (2003) cautions about the use of monetary rewards as motivation. Here, because employees expect to get rewards

at the end of each year and managers do give it, there is a high level of predictability around it. As noted by Atchison (2003), because the reward is predictable, it loses its motivational appeal and becomes an entitlement. Another respondent indicated the complexities involved in the reward. She noted that reward given is contingent on employee's relationship with the manager. She stressed further that rewards do not always trigger employee performance because some rewards are not encouraging enough to challenge others to perform better. "Not really, because if you know you are working with a manager who probably does not like you, you will always be graded C or D, meaning that no matter what you do, you won't get a bonus. For the long service awards, the parcels given are not really encouraging compared to other companies. Just a placard is not encouraging enough".

The above response points to what has been discussed in Vroom's valence theory which is also discussed by Durbin (2004). They note that for rewards to motivate, the recipients must value what is given. When the recipient does not value the reward or does not view it as important as indicated above, it loses its essence as a motivational tool for performance.

The interviews also pointed to other challenges managers faced in implementing motivational programmes at the work setting, some of which are discussed below. Some respondents noted that it was difficult to maintain the balance between management expenses and profit, and therefore, it makes it difficult to reward deserving employees because of insufficient funds at the end of the financial year. Other managers also said they do not have a final say for rewarding employees, they can only appraise and recommend rewards, but the most final

decision is taken by senior management and board of directors.

One issue that came up was the lack of employee enthusiasm and interest in performance of the appraisal system. Some employees feel there is gross unfairness in the implementation of the appraisal system since they envisage favouritism and biasness on the part of management and supervisors. Some managers also expressed their worry of performing appraisals for employees which focused more on the group level. These respondents noted that it is essential that individual contributions should also be incorporated as rewards done across board made some employees feel unfairly treated when they compare their efforts and inputs with other colleagues.

Objective—To Study That Whether There Is Any Impact of Reward System in Maintaining Relationship with the Employee and Employer

As indicated in the literature review, effective rewards are a result of a partnership between managers and employees. We thus wanted to know respondent's view on whether they felt their managers had a good sense of what would motivate them. Out of the 20 respondents, only 4 indicated that they felt employers had a good sense of what would motivate them. These respondents claimed that their employers were aware of what will motivate them, because sometimes management held durbars and forums over issues of work conditions, employee performance and corporate success, and such issues address important indicators for employee motivation [3]. One respondent felt his employer had little idea of what would motivate him while the rest noted that they were certain their employers had no idea of what would motivate them. These last batch of respondents noted that their sense of certainty stemmed from the fact that their employees never bothered to ascertain

from them what they value and therefore were not able to effectively motivate them. As one of the respondents noted:

I don't think my employer has a clue as to what will motivate me. The fact is, he does not even bother to ask us, the employees. I feel if he made the effort by say having asked us or even making us put.

Objective—To Understand Relationship Between Reward System and Compensation Employee Absenteeism

This question is intended to investigate the balance between employee work input and reward since the main aim in giving reward is to encourage performance or productivity at the work place. During our interview, there were different responses to this question; some of the respondents affirmed that there was a balance between employee reward and work input, whilst others were of a different opinion [4].

Three respondents from the banking industry claimed that there was a balance between employee work input and reward, but one argued that this does not occur all the time. She added that some employees end up doing more work than expected, but at the end of the day, even one on the same level is rewarded with the same value. Another respondent from the Oil and Gas industry also claimed there was a balance between employee reward and work input because his company sets goals and once goals are achieved or exceeded, individual performance is evaluated and are rewarded accordingly.

The remaining 16 respondents were pessimistic about employee rewards and work input balance; one of them from an insurance company claimed that it was unfortunate he really does not see this balance since employee productivity does not really increase after an increase in salary. He, however, added that most often rewards that go across board do not challenge lethargic employees to increase

their input. Another respondent from a similar business also instigated that employee reward and work input are not directly proportional to each other. He noted that his current work input is higher than his reward and if he is personally asked to appraise himself, he will put himself two levels above his present level. A respondent from a financial industry also confirmed that employees in her company put in more effort but their rewards were not satisfying enough. A respondent from a banking industry was also pessimistic of the fact that employee rewards are not proportional to the work input of employees because all rewards were given across board, irrespective of one work input. These rewards tend to be viewed as an entitlement rather than a reward because of performance. She added that senior management was considering the implementation of performance-based rewards scheme and hoped this would help change things for the better.

Objective—To Understand to Know How Employees Are Influenced by the Reward System

Following respondent's views that reward programmes being implemented by their various organisations did not effectively motivate them, we wanted to find out their views on how rewards could be efficiently structured to achieve efficient motivation [5].

Most of the respondents alluded to the fact that needs and aspirations vary among individuals and added that what they felt would motivate them at the moment might not motivate others or even motivate them in the future. They thus noted that there is the need to take individual differences into consideration. One respondent indicated the differing needs of people which he noted are based on their age and status in the company. This respondent further indicated that, in her company, people in their 50s did not care about promotions and achievements but rather they placed

more importance on monetary rewards to prepare them for their pension [5].

Monetary rewards, little or no employee benefits in terms of health care, educational support etc. Six respondents also claimed that employee treatment was cumbersome now because employees are underpaid as compared to colleagues in the same industries and also management has failed to define clear path for employee to be remunerated since the rewards in her company was commission-based. A respondent also claimed that most often he encounters employees who feel they are not fairly treated and these employees most often crave for better salaries, incentives or benefits, but he as a manager can only recommend but the decision to curb the situation is beyond his control, senior management of board of directors have the final say.

The analysis of the interviews and through research paper points to several interesting perceptions about the use of rewards as motivation. The views expressed by the respondents indicate that while reward is essential in the work setting as a motivational tool, it must be done appropriately and in the right mix. Overindulgence or reliance on one reward system over the other can be detrimental while the work environment needs to be examined to ensure that work itself serves as a motivation for employees.

CONCLUSION

Rewards have certain objectives such as acquiring qualified personnel, retain current employee, rewarding desired behaviour, etc. It can be concluded that employee attitude and behaviour are influenced by the type of compensation and benefit policy provided to them. It further helps in controlling the cost of the organisation. Performance management should be considered in an organisation to

compensate the employee in a more effective way.

Employee benefits as a part of reward programme have significant impact both on employee and organisation. For employee, it meets their financial needs, and for the organisation, it exerts significant financial and administrative influence. The payment is made by the organisation to meet statutory requirement or voluntarily to motivate and retain employee and to meet future needs of the employee.

Because reward practices heavily influence recruitment, turnover and employee productivity, it is important that applicant and employee view these practices in a favourable light. In the following sections, we discuss how people form perceptions about a firm reward system and how these perceptions ultimately affect their behaviour.

One would expect that an individual's satisfaction with his or her reward would simply be a function of the amount of compensation received: the higher the compensation rate, the greater the satisfaction. However, things are not that simple. In fact, the amount of pay is less important than its perceived fairness or equity.

Whatever the nature of future investigation, it is essential that research on motivation continues to be conducted not only to add to the academic literature but also to help inform managers and other interested parties on factors that will lead to a more motivated workforce, who are willing to give of their best to their organisations.

LIMITATION OF THE STUDY

Though reward system is a good mirror to judge the level of the company with

respect to the other companies in the same sector or the same business, I found the following limitations during my research report. So, I could not collect all information regarding my topic.

- Shortage of time was the biggest constraint.
- Reward system being a very confidential part of any company, it is not easy to get the information accurately.
- It is tough to get the information as all the companies are in the same sector and almost deal with the same business.
- Reluctance to disclose the data is very high; the person has to be convinced properly before the person provides the data.

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