

The Impact of Rewards on Job Performance with the Mediating Role of Motivation on Selected Retail Companies



EDSEN DAVE DEL MUNDO
Research Seminar 1

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Introduction

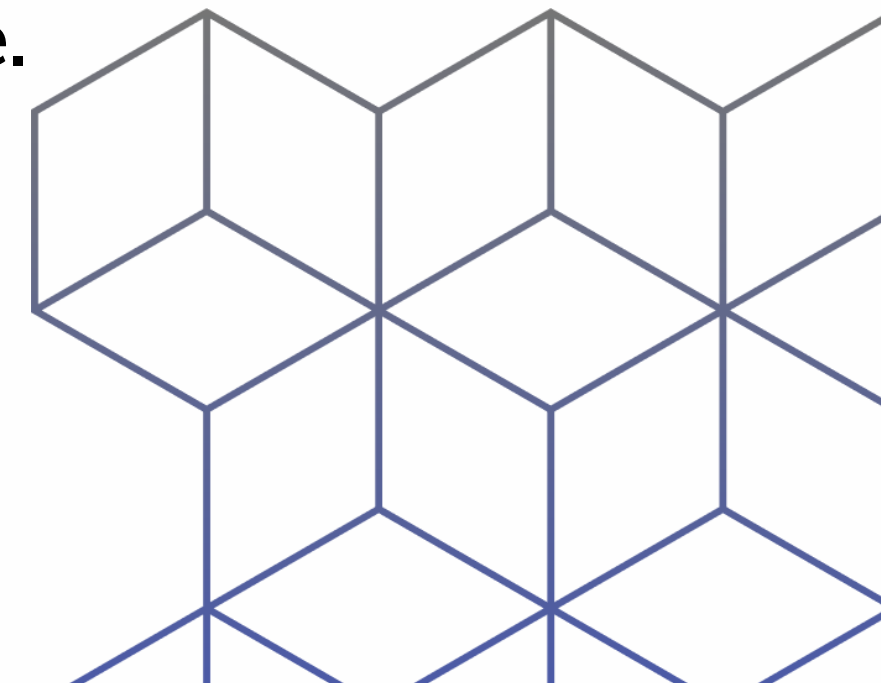
The process of globalization has significant effects on countries, organizations, and individuals which encompasses competition and change. Rewards systems for instance are becoming globally competitive. Organizations are looking for better ways of motivating employees to perform at their best. One of the strategies is the use of an applicable reward system. Reward systems that not only determine the attraction and retention of top-performing employees but continuously motivate and can positively impact the performance of employees leading them towards achievement and success.

According to Gohari (2013), a rewards system is the implementation and increasing policies, strategies, and systems that help the organization to realize its goals by keeping the employees' needs, and by developing their commitment and motivation. It includes both Financial and Non-Financial Rewards which are also called Extrinsic and Intrinsic Rewards. Financial rewards are salary increase, bonus system, perquisite, etc. On the other hand, there are non-financial rewards which are; promotion and title, authority and responsibility, education, appreciation and praise, certificate and plaque, participation in decisions, vacation time, the comfort of the working place, social activities, feedback, flexible working hours, design of work, recognition, social rights, etc. Rewards can be an effective motivator only if the individual perceived them as a direct reward for the performance. An efficient reward system should be flexible and contain both monetary and non-monetary rewards to meet the expectations of all employees. Without rewards and motivation, a company will have negative consequences such as high turnover, low-quality performance, and long-term failure.

Objectives

The objective of the study is to determine the relationship between reward and employee performance in selected retail companies. It also focuses on the role of motivation as an intervening factor.

- To determine the relationship between rewards and employee performance.
- To identify the impact of rewards on employee performance.
- To identify the most important rewards that motivate employees.
- To offer recommendations to make the reward system more effective.



Problem Statement

01

What are the reward systems of the respondents based on the following categories?

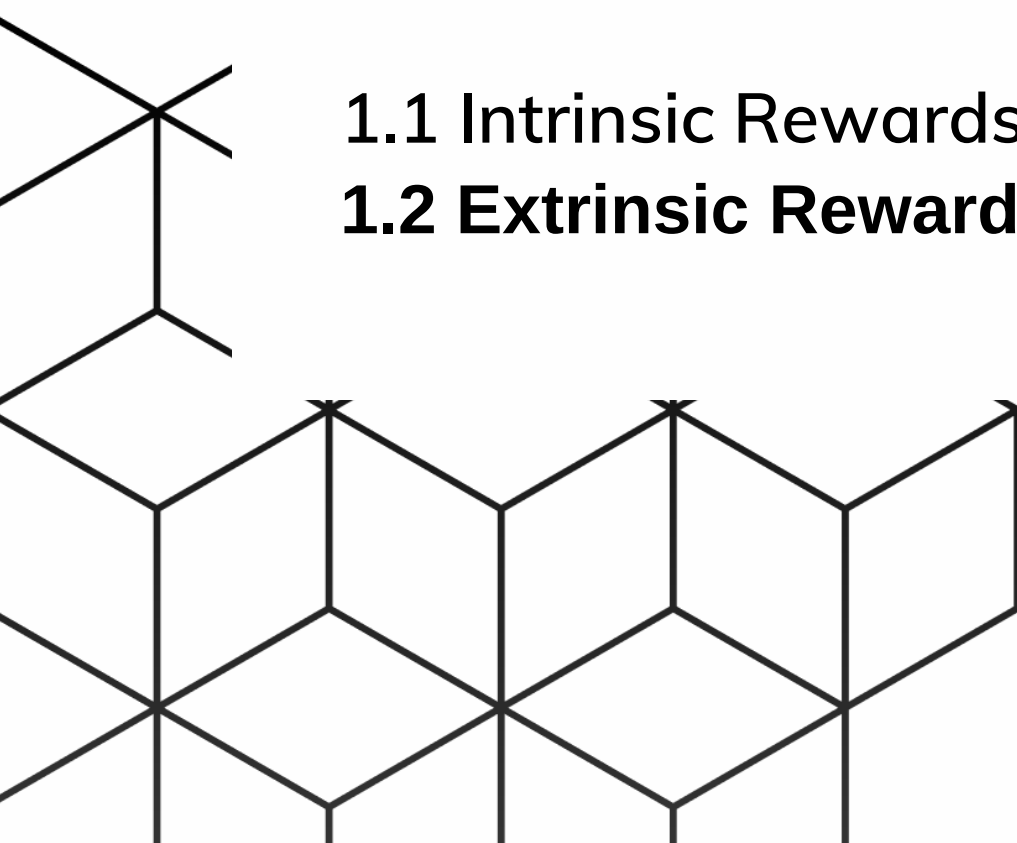
- 1.1 Intrinsic Rewards
- 1.2 Extrinsic Rewards**

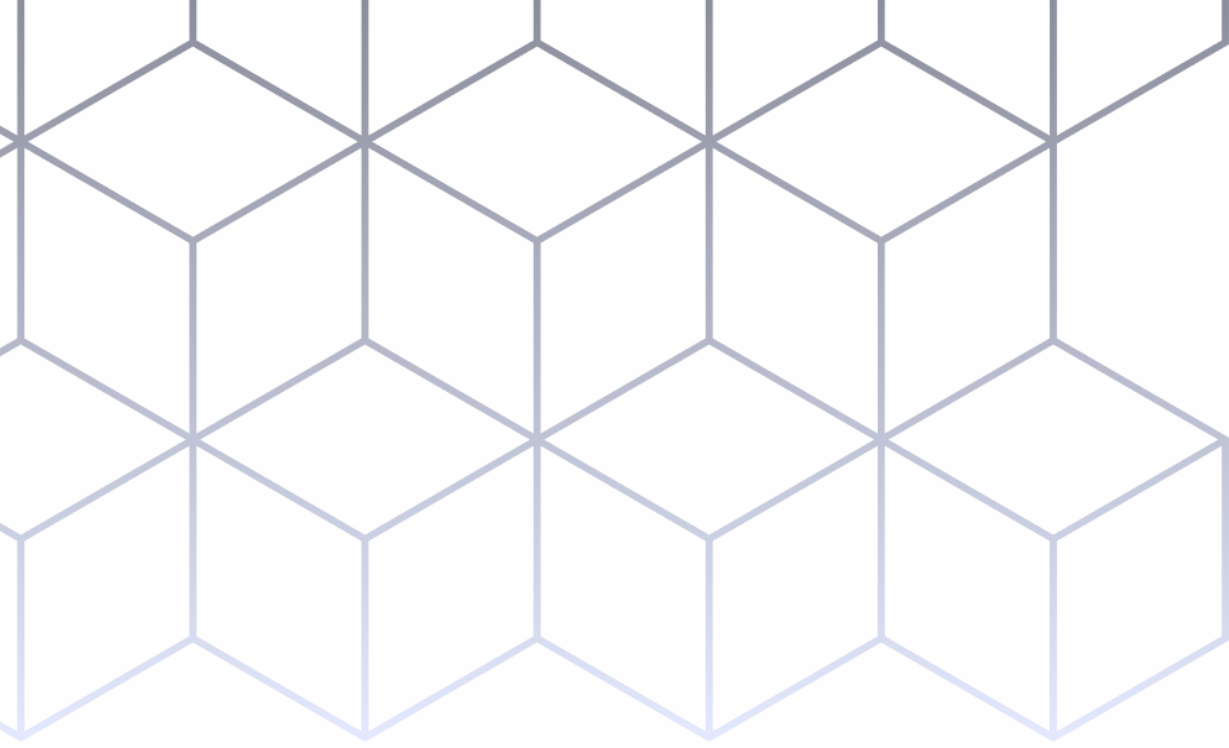
02

What is the importance of employee performance and how can it be measured?

03

What can be the connection of rewards to employee motivation?





Problem Statement

04

Is there a significant relationship between rewards system factors to the following:

- Employee Performance
- **Motivation**

05

Based on the findings, what is the most important rewards that could be recommended?

Review of Related Literature

Rewards and Employee Performance

Rewards refer to all forms of financial returns and tangible services and benefits an employee receives as part of an employment relationship (Gohari & Kamkar 2013). Rewards are divided into two groups; these are extrinsic rewards (financial) and intrinsic rewards (non-financial). Extrinsic rewards are usually financial or tangible rewards which include pay, promotion, interpersonal rewards, bonuses, and benefits. The importance of money as a motivator to enhance employee performance is crucial by which employees can provide the need-satisfying things they desire. According to Emilianova (2019), an efficient reward system should be flexible and contain both monetary and non-monetary rewards to meet the expectations of all employees. Intrinsic rewards as the psychological reward that is experienced directly by an employee including recognition, empowerment, and delegation. In accordance with Khan (2017), a reward system should be created based on the employee's needs and preferences.

In a study conducted by Khan & Muneer (2017), both intrinsic and extrinsic rewards are significantly related to increased job performance. Additionally, when an employee receives a reward, it is a valid way of motivation that results in satisfaction for the employees which positively impacts employee performance (Gohari & Kamkar 2013).



Review of Related Literature

Motivation and Employee Performance

The motivation of employees is the most influential factor in employee performance. The performance of employees can be maximized by creating a perception that their hard work and effort are valuable for the company to recognize and reward high performers (Jalloh & Jalloh 2016). The type of reward must be important to an individual and perceived as a direct reward for performance to be effective (Harunavamwe, 2013). In line with this, among all the many factors that impact employee performance such as employer-worker relationship, working conditions, job security, training and development, and policies of the company, motivation is the most important. (Emilianova 2019). It affects employees' behavior and performance to achieve definite goals. Thus, highly motivated workers provide a high quality of work and increased productivity that results in high-level performance. However, fair appraisal of employees at all levels are also important, it is necessary that the workforce perceive the system to be just, fair, and able to meet their intrinsic and extrinsic needs. Giving rewards in an unfair manner results in negative consequences. Thus, fairness is needed to manage an optimistic association with reward victory in an organization. (Gohari & Kamkar 2013).

Motivation is also seen as a fundamental element that constitutes the employees' commitment to outstanding performance. Moreover, the implementation of suitable motivating mechanisms has positive effects on high-quality employee performance, which leads to the achievement of the organization's strategic objectives (Jalloh & Jalloh 2016).

Review of Related Literature

Rewards and Motivation

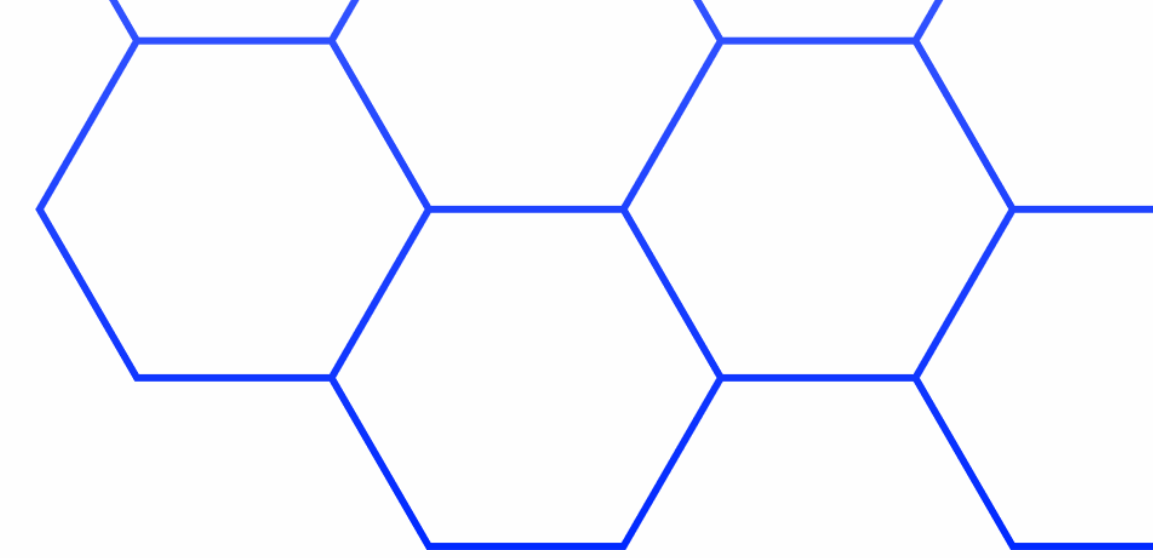
Herzberg (1957) proposed that employees are influenced or driven to work by two factors (motivators and hygiene factors). Hygiene factors ensure that employees do not become dissatisfied but does not lead to high motivation, but without them; motivators cannot achieve their goal since the employees will be dissatisfied. Hygiene factors involve the process of providing rewards or threats of punishment to cause someone to do something. Salary is one of the hygiene factors hence money does not lead to high levels of motivation. Motivator factors are needed to drive an employee into higher performance, this includes recognition, advancement, and growth. Intrinsic rewards are equally important as extrinsic rewards in enhancing employee motivation. The impact of non-financial rewards is instrumental in improving employee morale. Employees expect recognition and encouragement for their services because nobody likes to be unappreciated for the efforts they made (Yousaf 2014).

In the study based on Herzberg's two-factor theory on motivation, the findings showed that intrinsic (non-financial) job factors or motivators were more valued at the higher professional levels, wherein extrinsic (financial) job factors were valued more at lower professional levels. Furthermore, the study concluded that here is a direct and positive link exists between rewards and motivation. In this regard, when there is a change in the rewards the work motivation of employees changes. Additionally, when an employee receives a reward, it is a valid way of motivation since the reward causes satisfaction for the employees and it directly affects employee performance (Gohari, 2013).

Hypothesis

Hypothesis # 1	Rewards have a significant effect on employee performance.
Hypothesis # 2	Motivation has a significant effect on employee performance.
Hypothesis # 3	Rewards have a significant effect on employee motivation.

Methodology



Research Design

The main aim of the study is to investigate the effects of rewards on job performance with the mediating role of motivation, hence categorized as a correlation study using the Pearson Product Moment Correlation.

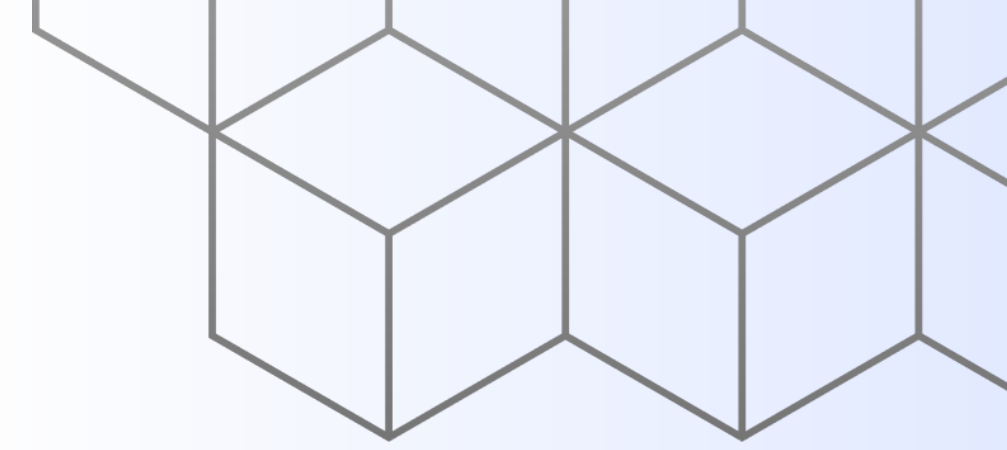
Measuring Instruments

The researcher will use standardized and structured instruments with permission from authors.

Population and Sample

The population of the study will consist of employees from selected retail companies in Metro Manila and will use the Stratified Convenience Sampling. The overall population has a chance of being selected as a sample. The reason for selecting this sector is that employee performance in the retail industry is directly associated with rewards.

Significance of the Study



The importance of this study is to know how the rewards greatly affect the employee performance with the role of motivation of an employee inside the organization, and what can be its effect to the human resources management strategy of the company. This research will be useful to:

1. **Management**, will help them to know how to satisfy employees by motivating them through an appropriate reward system, improving employee performance, and designing good strategic management.
2. **Employees**, the study will give them knowledge how can rewards greatly affects motivation and work performance.
3. **HR Practitioners**, this study can be their guide when designing a total reward system for their employees to motivate them and have a great work performance.
4. **Future Researchers**, this study can help them if they wish to focus on this topic and elaborate further for their research purposes.

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