



IMPACT OF REWARD SYSTEMS ON EMPLOYEE PERFORMANCE IN ORGANIZATION: A STUDY

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Abstract

This article mainly focused on impact of reward systems on employee performance in organization. The present reward structure has on performance, and to a lesser degree motivation, and how that identifies with best worldwide practice in the subjects analyzed. Employee retention relates legitimately to how we reward them. Supplanting employees in an organization can be a challenging and costly exercise. Indeed, even in progressively secure businesses, for example, the open area, performance should be managed, and staff inspired as in the private division. Retention of experienced staff in both these enterprises is essential to make competitive advantage and organizational success. This examination will likewise take a gander at the significance of rewarding experienced and high performing staff. So, in when the measure of monetary rewards is confined by the financial atmosphere, retaining superior workers with rewards must be accomplished while making all staff feel esteemed.

1. OVERVIEW

Paying employees for productivity has been the cornerstone of industrial and business development for centuries. Financial reward has always been important in managing employee's performance, but over the last 25 years other elements of compensation have developed to provide employers with more scope to reward, and thus, motivate employees. "Performance is defined as behavior that accomplishes results. Performance management influences performance by helping people to understand what good performance means and by providing the information needed to improve it[1-3].

Reward management influences performance by recognizing and rewarding good performance and by providing incentives to improve it". The purpose of this research study is to attempt to identify how these rewards impact employee performance and how well the current reward system does this, within the company forming the basis for my research. The importance of workplace rewards as:



Reward is clearly central to the employment relationship. While there are plenty of people who enjoy working and who claim they would not stop working even if they were to win a big cash prize in a lottery, most of us work in large part because it is our only means of earning the money we need to sustain us and our families. How much we are paid and in what form is therefore an issue which matters hugely to us.

The rewards that we apply to both individual and team performance are therefore critical in determining how affective our reward strategy will be. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance. Defining the concept of human resource management in the mid-1980's led to a greater appreciation for the value your workforce could make to the overall business goals of the organization and how it could be groomed and cultivated to add most value to competitive advantage. For the purpose of this study, the desired outcome is to show if different types of reward systems do have positive consequences and if these consequences develop into increased or decreased performance.

"The fundamental build of performance management is that work gatherings and people see what they need to do to make their commitment to the organizations generally speaking adequacy. There should be an unmistakable connection with the organizational goals and this includes great correspondence of clear targets that everybody gets it". Based on the review of ebb and flow writing, this exploration embarks to investigate plainly what factors exist in ascribing the right reward structure to an individual employee or group. Reward management is both intricate and risky and entirely powerless to outside impacts, for example, financial situations, culture and individual employee inclinations and discernments.

What is relevant, compelling and performance upgrading for one employee or group might not have a similar impact on other employee's in comparable conditions. There is quite distributed writing on the advantages and issues encompassing performance management and performance evaluation systems. These become progressively intricate and harder to manage as organizational structures cross worldwide limits and societies. In this unique circumstance, the reward systems we apply can end up indispensable in accomplishing the ideal dimension of performance and occupation satisfaction. The analyst has labored for a long time inside the picked organization for the exploration, holding different supervisory and managerial jobs, so knows about how significant rewards systems are to employee performance[4-6].



2 IMPACT OF REWARDS ON EMPLOYEE PERFORMANCE

"Reward is the advantages that emerge from playing out a task, rendering an administration or releasing an obligation." The reward is one of the significant tools for an organization to persuade its employees at work environment. In present competitive business situation, each organization needs capable and inspired human resource, with the goal that the organization can continue in the market.

Human Resource is a standout amongst the most significant factors of creation. The world has been changing quickly nowadays. The Competition is hitting up. New items, innovations, new procedures, new participants, new substitutes are hitting the market normally. To endure, corporate is constrained to conserve on each front follow present-day technology, rebuild activities, investigate new markets, find new utilization of existing items, improve, test and find better approaches for living and above all utilization of human resource gainfully. It is subsequently significant for an organization to discover what motivates its employees with the goal that employees can give their best to the organization. Employees will give their most extreme to their organization when they feel that the management will reward their endeavors.

Hence reward management is one of the significant elements of Human Resource Management for attracting and retaining equipped employees just as encouraging them to improve their performance through motivation. "Motivation is a collection of various procedures which impact and direct our conduct to accomplish some particular objectives." Reward incorporates systems, practices, and projects which impact the actions of employees. The point of the reward system is to give a systematic method to convey positive outcomes. "Key design is to give positive results to a commitment to wanted performance."

"The main way employees will satisfy the businesses dream is to partake in their fantasy." Reward system is a significant instrument that gets it going. Businesses can incorporate acknowledgment, rewards, advancements, testing task, or a basic thank you for propelling their employees. At the point when employees are rewarded, they complete work and managers will get more than their desires. In this manner, employees outperform their objective or surpass their performance standard they ought to be regarded as a method for motivating them. Spurred employees are resources for the organization. Employees don't work for anything. The thought of rewarding employees for "an occupation very much done" had existed since the mid-nineteenth century when the piece work system was actualized first.

As per this hypothesis, employees will indicate little aspiration without a luring motivation program and will maintain a strategic distance from obligation at whatever point they can. The



management expects employees might be eager, self-inspired, and on edge to acknowledge more noteworthy obligation, and exercise discretion, self-bearing, self-sufficiency and strengthening. When bosses begin business or open a part of a current business, they expect employees to create, oversee, arrange, plug, sell transport, keep up, fix and do different things the business may expect them to do.

There are two fundamental kinds of rewards, money related and non-monetary, and both can be used decidedly to upgrade performance practices of employees. Budgetary rewards imply pay-for performance, for example, performance reward, work advancement, commission, tips, tips and blessings, and so on. Non-budgetary rewards are non-money related/no money, and it is a social acknowledgment, for example, affirmation, testament, and real gratefulness and so forth. The non-monetary rewards are likewise called a materials grant. Wanted performance must be accomplished productively and adequately, if the employee gets a feeling of common addition of organization just as of himself, with the fulfillment of that characterized target or objective. An organization should painstakingly set the rewards system to assess the employee's performance at all dimensions and them rewarding them whether unmistakable pay for the performance of undetectable satisfaction.

3. THE IMPACT OF REWARD SYSTEMS AS A MOTIVATION TOOL FOR EMPLOYEES PERFORMANCE

Consistently, a bounty of writing has been made to improve the comprehension of the rewards system and how much they can impact the dimensions of employee's motivation and performance at work. The rewards system is a zone that is broadly famous, and along these lines, it is a theme that is enormously picked for research in the field of management and organizational conduct. With saying that, it is as yet a region that is less comprehended. In any case, present organizations are thinking that it's hard to hold employees because of the absence of motivation at work. States those organizations are utilizing rewards system to rouse employees to increase their performance. They are feeling the loss of the significant part of a reward system when utilizing it to propel employees.

The idea of performance management has given a rewards system which contains; requirements and objectives arrangement among organization and employees, rewarding employee both outwardly and characteristically. The system additionally recommends where training and development are required by the employee to finish the characterized objectives. This training or development needs an evaluation of employee gives them an inborn motivation. When pay surpasses a subsistence level, natural factors are more grounded helpers, and staff motivation requires inborn rewards, for example, satisfaction at working admirably and a feeling of

accomplishing something beneficial. There is a blend finding in writing to figure out which sort of reward is increasingly powerful to increase employees' performance.

4. THE EFFECTS OF INCENTIVES ON PERFORMANCE AND JOB SATISFACTION

These days numerous organizations utilize some sort of motivator system to spur and reward their employees. Over the most recent two decades, motivating forces have turned out to be progressively prominent and organizations use heaps of cash in their motivator systems. An examination, for instance, which inquired about how impetuses and rewarding have create in Finland in a decade ago reported that very nearly 65 percent of organizations have presented another rewarding system amid most recent three years and 50 percent have wanted to receive a motivating force system amid the following three years. Generally organizations considered motivators significant in motivating employees and making boss increasingly attractive among conceivable future employees. This examination is made for Empower Incorporation.

Motivator's consequences for occupation satisfaction have likewise explored through interview examine. This investigation is a piece of the greater research venture which examines resource streamlining in another networked Smart Grid business condition. Understanding motivation speculations is significant in understanding the impacts of various motivators on performance and occupation satisfaction since motivation hypotheses are the base of rewarding. In research, it is talked about how looked into motivating forces influence employees' activity satisfaction.



Figure 1: Typical Types of Rewarding

Financial incentives incorporate base pay, profit sharing, gain sharing, benefits, initiative rewards and extraordinary rewards. With the exception of advantages and unique rewards



financial incentives are commonly paid as cash. Anyway, advantages and unique rewards are a piece of financial incentives since beneficiaries profit by them monetarily. A base pay is the pay employee ordinarily lands from the position. It is a task explicit least pay. In Finland base pay is frequently controlled by aggregate work understanding. A base pay isn't in a significant job when looking at motivating employees since all employees working in a similar task get a similar base pay paying little respect to performance.

5. ROLE OF REWARD SYSTEMS IN ENHANCING EMPLOYEE MOTIVATION

Business elements endeavor to draw the best out of their workforce in an offer to increase performance and stay above water in the competitive business condition. This is finished by having the correct sort of faculty who are inspired to accomplish organizational objectives, be it performance, proficiency, or productivity. It is contended that there is a relationship between rewards, motivation, and occupation satisfaction in the banking sector. With the end goal for employees to amplify their performance, motivating them is basic. It is acknowledged that there exist different methods for motivating them which rotate around the reward system. For the most part, reward systems may either be characteristic or extraneous.

They can likewise fall under the general classifications of financial and non-financial rewards. There are different reasons for the reward system. A standout amongst the most basic reasons for existing is motivation for upgraded performance. Organizations all-inclusive embrace remuneration methodologies which are gone for accomplishing organizations strategic destinations. The reward systems are significant management tools that can add to the adequacy of a firm. This is because rewards impact the conduct of people and gatherings inside an organization. It is acknowledged that the structure and allotment of rewards influence the dimensions of the motivation of people and teams in an organization.

It is additionally noticed that reward systems are intended to remunerate people and gatherings which can be either financial or nonfinancial. The powerful rewards need to fulfill the fundamental needs of employees, be fused into the organization system, and be practically identical to those offered by other competitive organizations in a similar sector or industry. Further, it is noticed that rewards should be genuinely disseminated and impartially. Reward systems shift, according to organizations. Organizations have trusted that productivity improves just when pay is connected to performance, and that payment by results systems and incentives are created to support the conviction. This is a performance-based pay system. The system has been seen to increase performance where people get inherent or outward rewards. The extraneous rewards, for example, pay, rewards, extraordinary task, and inherent rewards, for example, work satisfaction are normally managed under the system. That performance-related



pay is a compelling inspiration since it conveys that abnormal amounts of performance are normal in the organization and would be rewarded.

6. CONCLUSION

The reward techniques utilized by the bank were out of line, which affected the dimension of staff responsibility and employment satisfaction. This recommends reward procedures are fundamental in motivating employees as well as significant in alleviating steady loss because of dissatisfaction and saw emotional reward systems. The above underlines the significance of reward strategy being introduced on the standards of decency, evenhandedness, and straightforwardness. Such rewards, for example, coaching, profession development, great workplace, thankfulness are esteemed by employees and in this manner essential in motivating them for improved productivity and performance. While investigating the impact of human resource management procedures on the performance of business banks that rewards and remuneration systems are straightforwardly connected to increased performance.

Rewards are viewed as a significant tool to check the employee's performance in each organization. Management use rewards for employees' motivations. So we can say that a viable reward system pulls in new employees for organization and spur existing employees to perform abnormal states. Employee's great work is important to accomplish the particular objectives. Employees give their great endeavors for accomplishing objectives, and great exertion relies upon rewards.

So, these rewards add to improve the satisfaction dimension of specialists. There are a wide range of employees have various needs about rewards. A few employees consider money is adequate to satisfy their necessities and some others needs to material impetuses like vehicle, house, and some favor occasions and some incline toward nonmaterial motivating forces. Open segment employees very much want extraneous factors then inborn variables, for example, pay, as more significant than private division employees. These two essential rewards (budgetary and nonfinancial) can be used emphatically to increase the performance of employees.

As it is the objective of every organization to make profits, it is important to establish the influence of employee-employer relations at workplace because poor relations between employer and employees can have a negative impact in the organization. For example, there could be unrests and unnecessary tensions which would engulf the hearts and minds of the employers and employees instead of putting all the efforts in achieving organizational goals. Industrial disharmony between employers and employees could result to economic loss and economic depression. Organizations are social systems where human resources are the most significant



factors for viability and productivity. They can't prevail without their employees' endeavors and duty. In any case, numerous organizations put first the benefit and overlook the employees who are the principle supporters of the organization's benefits

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