

The Impact Of Reward And Recognition Programs On Employee's Motivation And Satisfaction: An Empirical Study

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Objective-This study highlighted “the impact of reward and recognition programs on employee’s motivation and satisfaction” Methodology-The study was conducted from October till December; 2008 the Sample chosen for the study is 80 employees of UNILEVER companies Results-The factors affecting satisfaction were identified; payment (0.86**), promotion (0.74**), working condition (0.61**), personal(0.37*) as Analysis showed immense support for positive relationship between REWARD and EMPLOYEE SATISFICTION. All these results are statistically significant thus providing rigor and generalizability in research. Conclusion-This exploratory study suggests for the positive relationship between reward and satisfaction

Key Words: HRM, Motivation, Satisfaction

Field of Research: HUMAN RESOURCE MANAGEMENT.

1. Introduction

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 fulfill 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. (Beer, Spector, Lawrence, Mills, & Walton, 1984). Traditionally most reward and recognition programmes were vague and often given in response to a manager’s

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perception of when an employee performed exceptionally well. There were usually no set standards by which exceptional performance could be measured, and it could have meant anything from having a good attitude, assisting another department, or being consistently punctual. In current organizational settings this is no longer the case, as organizations understand the great gains derived by linking rewards and recognition to their business strategy (Flynn, 1998)

2. Literature Review

There is a large body of literature, including research literature, on rewards and recognition programmes. Many of the studies focus on the effects of rewards on task interest and performance and are found in the literature concerned with motivation: both intrinsic and extrinsic motivation. In intrinsically motivated behavior there is no reward except with the task itself. Reward and recognition programmes come within the discussion on extrinsically motivated behavior that occurs when an activity is rewarded by incentives not inherent in the task (Deci, 1971). Many contemporary authors have also defined the concept of motivation. Motivation has been defined as: the psychological process that gives behavior purpose and direction (Kreitner, 1995); a tendency to behave in a purposive method to achieve specific, unmet desires (Buford, Bedeian, & Lindner, 1995); an inner force to gratify an unsatisfied need (Higgins, 1994); and the will to accomplish (Bedeian, 1993). For this paper, motivation is operationally defined as the inner force that drives individuals to achieve personal and organizational goals.

Understanding what motivates employees is one of the key challenges for managers. Although it is not possible directly to motivate others, it is nonetheless important to know how to influence what others are motivated to do, with the overall aim of having employees identify their own welfare with that of the organization (Bruce and Pepitone, 1999). In general terms rewards programmes come within the overall concept of compensation strategies which are defined as the "deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units or individuals are directed towards the achievement of an organization's strategic objectives" (Gomez-Mejia and Balkin, 1992). They are management tools that hopefully contribute to a firm's effectiveness by influencing individual or group behavior (Lawler and Cohen, 1992). All businesses use pay, promotion, bonuses or other types of rewards to encourage high levels of performance (Cameron and Pierce, 1977).

At a minimum, employees expect the 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

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organizations to address these expectations an understanding of employee motivation is required (Beer et al., 1984). Carnegie (1975) emphasizes the human aspects of management. They postulate that as it is people who make a business succeed – or fail – it is the organization's chief responsibility to motivate their people so that they will assure success. The authors believe that each human being has the potential for creativity and for achieving goals. The infinite question is how organizations reach this potential and how they stimulate creativity and foster in their people the desire to succeed and to achieve self-fulfillment through their work. The common theme of the above authors is the belief that people need to be respected and treated as precious human capital, more essential to an organization's effectiveness than its financial capital. People are now seen as the primary source of a company's competitive advantage. Therefore, the way people are treated increasingly determines whether an organization will prosper or even survive (Lawler, 2003). Organizations are under constant pressure to enhance and improve their performance and are realizing that an interdependent relationship exists between organizational performance and employee performance. In the following section the focus will be on the motivational theories and the impact that these theories have on enhancing employee performance.

3. Methodology

The sample study used tells the variability and reliability of the biographical data of the respondents. The procedure used to gather data is the hypotheses and the statistical techniques used to analyze the data

3.1 Data Collection Instrument

For the purpose of this study a quantitative methodology was followed and a questionnaire was used as the measuring instrument. The data gathering techniques used included a biographical questionnaire and the Work Satisfaction and Motivation Questionnaire as set out by **De Beer (1987)**.

3.2 Biographical Questionnaire

The biographical questionnaire was a self-developed questionnaire that incorporated the following personal information of the respondents, gender, home language, marital status, age, race, job classification, education, qualifications, job grade and tenure.

3.3 Work Satisfaction And Motivation Questionnaire

The questionnaire consisted of nine dimensions that impact employee

satisfaction and motivation.

3.4 The Nine Dimensions Of The Questionnaire

According to De Beer (1987) the nine dimensions are as follows:

1. **Work content** probed the respondents' feelings about the type of work they do.
2. **Payment** probed respondents' satisfaction with their salaries.
3. **Promotion** probed for the opportunity that the organization offers for promotion.
4. **Recognition** probed whether the respondent was receiving the recognition and feedback for the jobs they perform.
5. **Working conditions** were probed as the fifth factor and looked at opportunity to mix with colleagues and interpersonal relations.
6. **Benefits** looked at whether the benefits such as pension, medical schemes and leave were satisfactory.
7. **Personal** probed the respondents' feelings towards their job.
8. **Leadership or supervision** probed the level of satisfaction with the manager.
9. **General** probed if the respondents' had considered alternative employment, and hence their level of satisfaction with the organization.

4. Reliability And Validity Of The Questionnaire

"Reliability refers to the consistency or dependability of a measuring instrument. Validity, on the other hand, refers to the extent to which a measurement procedure actually measures what it is intended to measure rather than measuring something else, or nothing at all" (Leary, 2004, p. 69). De Beer (1987) conducted an item analysis to evaluate the inter-item consistency of the Work Motivation and Satisfaction Questionnaire. This provides an indication of the consistency of responses to all the items delineated in a measuring instrument. The Cronbach-Alpha reliability coefficients for the subsections of the Work Satisfaction and Motivation are as follows: Work content ($r = 0.78$), payment ($r = 0.86$), promotion ($r = 0.84$), recognition ($r = 0.90$), working conditions ($r = 0.77$), benefits ($r = 0.84$), my leader/supervisor ($r = 0.72$), general ($r = 0.75$).

Prinsloo (1996) determined the internal consistency of the Work Motivation and Satisfaction Questionnaire by computing the coefficient alphas, conducting an item analysis and factor analysis. Prinsloo (1996) reported a coefficient alpha that is consistently high, ranging from .82 to .93, with a median of .90 for the instrument. The results of the item analysis also indicated that each item had a positive correlation with the total score for the Work Motivation and Satisfaction Questionnaire, with the average correlations ranging from a low of .42 to .74, with a median correlation of .64. This suggests that the 43 items of the Work Motivation and Satisfaction Questionnaire are relatively homogenous with respect to the underlying attitude construct they measure (Prinsloo, 1996). Similarly, the results of the factor analysis corroborate findings indicating that the

items are measuring a single common underlying construct (Prinsloo, 1996). According to Prinsloo (1996), the reliability of this instrument is determined with the aid of the SPSSX-programme in conjunction with Cronbach coefficient-alpha. The calculated coefficient-alpha is 0.82, which suggests a strong positive item-homogeneity in this measuring instrument. This signifies as an indication of test reliability.

4.1 Procedure and Statistical Methods

80 questionnaires were distributed among the employees out of whom 65 were responded appropriately giving an 85% response which is acceptable to make this study rigorous and generalizable. The obtained data is analyzed through Statistical Package for Social Sciences (SPSS) version 16. The statistical methods involved those of descriptive (mean and standard deviation) and inferential statistics (Pearson Correlation) for the predictors of motivation and satisfaction of employees.

5. Results

Table 1
Descriptive statistics for the dimensions of work motivation and satisfaction

| Variable | Mean | Standard Deviation |
|---------------------------|-------------|---------------------------|
| Work Content | 1.53 | .69 |
| Payment | 2.57 | .65 |
| Promotion | 2.10 | .62 |
| Recognition | 2.88 | .62 |
| Working Conditions | 1.34 | .72 |
| Benefits | 1.86 | .63 |
| Personal | 1.23 | .64 |
| Leader/Supervisor | 1.42 | .69 |
| General | 1.32 | .54 |

- Where high variables correspond to high motivation

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With respect to the dimensions of work motivation assessed by the work motivation and satisfaction questionnaire, Table 1 indicates that the means for the work content, payment, promotion, recognition, working conditions, benefits, personal, leader/supervisor and general ranged from a low of 1.32 to a high of 2.88. It therefore appears that staff in the sample is relatively motivated; however, the mean values for payment, promotion, recognition and benefits were the lowest. These mean values indicate the areas that employees were most likely to be demotivated and dissatisfied

Table 1 thus shows that staff in the sample is most likely to be motivated due to their working conditions, personal and general dimensions. They are least motivated by the payment they receive and recognition as determined by the Work Motivation and Satisfaction Questionnaire

Table 2
Dimension Correlations rewards and satisfaction

| Work Motivation and Satisfaction | | |
|----------------------------------|---------------------|-------------------------|
| Variable | Pearson correlation | Significance (2-tailed) |
| Work Content | 0.66** | 0.000 |
| Payment | 0.86** | 0.000 |
| Promotion | 0.74** | 0.000 |
| Recognition | 0.92** | 0.000 |
| Working Conditions | 0.61** | 0.000 |
| Benefits | 0.65** | 0.000 |
| Personal | 0.37 * | 0.000 |
| Leader/Supervisor | 0.32 * | 0.023 |
| General | 0.34 * | 0.005 |

* Correlation is significant at the 0.05 level (2-tailed)

** Correlation is significant at the 0.01 level (2-tailed)

The results indicate that work content correlates significantly with work motivation and satisfaction ($r = 0.66$, $p < 0.01$). This supports the hypothesis that there is a significant relationship between work content and work motivation and satisfaction. A significant correlation is shown to exist between payment and work motivation and satisfaction ($r = 0.86$, $p < 0.01$), supporting the hypothesis that there is a significant relationship between payment and work motivation and satisfaction. There was also a significant relationship between promotion and work motivation and satisfaction ($r = 0.74$, $p < 0.01$). Hence, this supports the hypothesis that promotion opportunities are significantly related to work motivation and satisfaction.

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A significant correlation also exists between recognition and work motivation and satisfaction ($r = 0.92$, $p < 0.01$), supporting that recognition is significant in explaining the variance in work motivation and satisfaction. There was a significant relationship between working conditions and work motivation and satisfaction ($r = 0.61$, $p < 0.01$). Hence, the hypothesis that there is a relationship between working conditions and work motivation and satisfaction is supported. There was a significant relationship between benefits and work motivation and satisfaction ($r = 0.65$, $p < 0.01$), supporting the hypothesis that benefits are significant in explaining work motivation and satisfaction.

A significant correlation was found to exist between the dimension of personal and work motivation and satisfaction ($r = 0.37$, $p < 0.05$). There was a significant relationship between leader/supervisor and work motivation and satisfaction ($r = 0.32$, $p < 0.05$) as well as between general and work motivation and satisfaction ($r = 0.34$, $p < 0.05$). The results indicate that for the Interco relation matrix exploring the relationship between the dimensions of the Work Satisfaction and Motivation Questionnaire, that all the coefficients were positive. The results depicted in Table indicate that there is a significant statistical relationship between the dimensions of work motivation and satisfaction. Accordingly, the null hypothesis is rejected.

Table 3
The relationship between rewards, recognition and work motivation and satisfaction

| | Work satisfaction and Motivation |
|-------------|----------------------------------|
| Rewards | 0.86 ** |
| Recognition | 0.92** |

** Correlation is significant at the 0.01 level (2-tailed)

There is a statistically significant, direct and positive relationship between rewards and work satisfaction and motivation ($r = 0.86$, $p < 0.01$). Hence, if rewards offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. The coefficient of determination, ($R - \text{squared} = 0.74$), implies that 74% of the variation in work motivation and satisfaction of the sample can be attributed to rewards received, which implies that the remaining 26% can be explained by other factors not considered. The results indicate that there is a statistically significant, direct and positive relationship between recognition and work satisfaction and motivation ($r = 0.92$, $p < 0.01$). This implies that if the recognition accorded to employees were to change, there would be a change in work motivation and satisfaction. The coefficient of determination, ($R - \text{squared} = 0.60$), implies that 60% of the variation in work motivation and satisfaction of the sample can be attributed to recognition, while the remaining 40% can be attributed to other variables which were not explored in the current research.

5.1 Multiple Regression Analysis

On the basis of the results obtained indicating a direct positive relationship between the dimensions of work satisfaction and motivation, all the dimensions of the instrument were assessed using multiple regression analysis to ascertain the extent to which they explain the variance in work satisfaction and motivation.

Table 4
Stepwise Regression: Dependent variable (work motivation and satisfaction)

| | | | | |
|---|----------|-----------------|------------------------|---------------|
| Multiple Regression | | 0.93942 | | |
| R squared (R²) | | 0.84276 | | |
| R squared (Adjusted R²) | | 0.71404 | | |
| Standard error | 3.43232 | F = 16.59 | Sig. F = 0.00** | |
| Variables in the equation | B | SE for B | T | P |
| Work Content | -2.9645 | 1.1857 | 2.36 | 0.03* |
| Payment | -1.5234 | 0.2863 | 5.32 | 0.00** |
| Promotion | -0.6828 | 0.2903 | 3.65 | 0.00** |
| Recognition | -2.6846 | 1.1857 | 2.48 | 0.00** |
| Working conditions | -1.2534 | 0.2863 | 1.34 | 0.00** |
| Benefits | -0.5856 | 0.2903 | 1.65 | 0.00** |
| Personal | -3.5535 | 0.1452 | 1.79 | 0.00** |
| Leader / supervisor | -2.2338 | 1.7683 | 1.43 | 0.00** |
| General | -2.1045 | 0.1564 | 1.33 | 0.00** |

The results shown in Table 4 indicate a relatively high percentage of the variation in work motivation and satisfaction can be explained by the variables entered in the equation (R - squared = 84.27%; R- squared (adjusted) = 71.4%). Thus 71% of the variance in work motivation and satisfaction can be explained by work content, payment, promotion, recognition, working conditions, benefits, personal, leader/supervisor and general dimensions. The F-ratio of 16.59 (p < 0.01) indicates the regression of work motivation and satisfaction on the dimensions assessed, expressed through the adjusted squared multiple (R - squared (adj.) = 71.40%) is statistically significant. Hence the null hypothesis is rejected. These variables account for 71% of the variance in work motivation and satisfaction. This finding suggests that other unexplored variables could account for the other variance in work motivation and satisfaction.

6. Recommendations For Future Research

Current literature on rewards and recognition has not sufficiently dealt with the issues of diversity and the impact that it could have on the motivation and satisfaction levels of different people. Therefore, further research on the impact of reward and recognition on motivation and satisfaction for diverse groups of people could be beneficial to organizations. Research should focus on the broad spectrum of diversity categories including, race, gender, disability, etc., but apart from race and gender, factors such as age and tenure should also be investigated. The results of such studies could yield some interesting findings and could also significantly impact the delivery of meaningful rewards and recognition to diverse groups of people. According to La Motta (1995, p. 6), "motivation is simply the reason individuals have for doing the things they do when and how they do them." In day-to-day society many different things motivate people, and that which motivates one person may not necessarily motivate another. This supports the view that a "one size fits all" approach to rewards and recognition will not be sufficient to motivate people who are inherently different, due to their personality characteristics, but also due to cultural characteristics. Further studies could also incorporate qualitative research as the present study only used quantitative research methodology.

7. Conclusion And Recommendation

This chapter has focused on the presentation of results achieved in this study. Pearson's product moment correlation was used to indicate relationships and differences in the dimensions of work motivation and satisfaction based on the sample used in the study and more specifically to indicate differences in rewards and recognition (as components within the work satisfaction and motivation questionnaire). The results in reflect that there is a statistically significant relationship between reward and recognition respectively, and 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. The results of this study also indicated that employees were less motivated by rewards and recognition than some of the other dimensions of the Work Satisfaction and Motivation Questionnaire. By implication, this means that if more focus is placed on rewards and recognition, it could have a resultant positive impact on motivation and thus result in higher levels of job performance. Given the case study nature of this investigation, results of findings may be specific only to the Operation business unit and may not be generalized to the other business units within the organization, or to other similar business units outside of the organization. However, the business unit could use the outcomes of the research study to revisit its current reward and recognition programmes and in particular focus on addressing the needs of diverse groups of people within the business unit.

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