

## **A STUDY ON IMPACT OF REWARD SYSTEM AS A MOTIVATIONAL TOOL FOR EMPLOYEES PERFORMANCE IN KNITVEL NEEDLES PVT. LTD. WITH REFERENCE TO HOSUR**

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**Abstract**—The aim of this study was to look at the importance of organization rewards system as a motivation tool for employees performance. More and more organizations are realizing that they have to find a good balance between workers contribution to the organization and the organizations contribution to workers. Therefore, the objective of this study was to investigate what types of rewards motives employees. If there is much awareness of total rewards among st employees. In order to investigate this research firstly looked at the literature around total rewards system and how it can relate to employee motivation and performance. After conducting various perspectives and studies carried out on rewards systems and employee motivation, these were then outlined for a practical perspective as well as theoretical perspective. After assessing the literature review, a study was then carried out using a inductive approach to answer the research questions. A qualitative method was used to conduct the research study and data was collected through the use of questionnaire and focus groups. The researcher used a structured questionnaire method for this research, where eight participants were questionnaire. Nine participants also took part in a focus group discussion conducted by the researcher. These participants work full-time of at least over 30 hours a week. The data from these questionnaire and focus groups was used to measure the participant's perception on rewards system and whether reward system as a motivational tool has an impact employee's performance.

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### **INTRODUCTION**

Throughout the years, an abundance of literature has been created to enhance the understanding of rewards system and the degree to which they can impact the levels of employee's motivation and performance at work. As stated by Lawler (1971), rewards system is an area that is widely popular and therefore, it is a topic that is hugely chosen for research in the field of management and organizational behavior. With saying that, it is still an area that is less understood.

However, present organizations are finding it difficult to retain employee's due to the lack of motivation at work. A study outlined by Gilmeanu (2015), states that organisations are using rewards system to motivate employees in order to increase their performance. Likewise, Bevan (2000), explained that the most significant issues with organisations in today's world is that they are missing the important component of reward system when using it to motivate employees.

The role of reward system has been manifesting throughout the centuries, especially during the historical period of late 1800s to the early 1920s, a period known as the scientific management era (Caudill, 2014). Reward system was quite important during this era and five writers contributed to it, writers such as; Henry L. Gantt, Frederick W. Taylor, Lillian M. Gilbreth, Frank B. Gilbreth and Harrington Emerson. Their work displayed the importance of rewards management in an organization, and why it is vital to have it. The writers also explained why employers need to have a good relationship and understanding with employees in order to identify what motivates them (Caudill, 2014).

### **Research Objective and Questions**

This study: 'The impact of reward systems as a motivation tool for employee's performance' aims to investigate the types of rewards that motives employees. Likewise, identifying whether there is a comprehensive total rewards system in the financial sector, and if there is much awareness of total rewards amongst employees.

This study will be broken down into sub-objectives which will establish the following two questions. Answering these questions will enable the researcher to achieve its objective.

1. Exploring which rewards motivates employees more.
2. Are there comprehensive total rewards systems in the financial sector in Ireland? If so, is there much awareness of total rewards amongst employees?

### **Purpose of the Research**

The main purpose of the research study is to attain a deep insight into employee's perception and understanding of the rewards system that is available in the Irish financial sector of today. This research hopes to articulate more knowledge that will enable organisations to pay better attention when implementing reward strategies while also identifying ways to better motivate employees better in this sector. In addition to this, the research aims to encourage more study and discussion within this area.

### **Research design and context**

For the purpose of this study data will be gathered using a qualitative approach through the use of interviews and focus group discussions. Research will use a non-probability sampling technique to generate data in order to get participants' perception on the issue of rewards system in the financial industry in Ireland.

### **Problem Statement**

The central concern of this research is to examine the impact of reward systems as a motivation tool for employee's performance in the automobile industry in Hosur. Outlines that only about 36% of the financial industry are integrated in rewards system while 64% are not. The problem arises that if rewards are so important in the financial industry, then why is the system not integrated in all of them?

## **OBJECTIVES OF THE STUDY**

### **PRIMARY OBJECTIVE**

To study the impact of reward system as a motivational tool for employees' performance.

### **SECONDARY OBJECTIVE**

- To study the monetary and non-monetary benefits of employees provided by organization.
- To identify the various factors that influence reward system followed in the organization.
- To analyse the employee satisfaction on the reward offered by the organization.
- To examine the relationship of employees' reward system with age and experience of the workers.

### **LIMITATIONS OF THE STUDY**

- Some of the information given by the respondents may be biased; not able to collect the information from all the employees of organization, because of busy schedule of employees.
- Responses and also sample size is restricted to 150 employees
- The time taken to collect the data is very short period

## **REVIEW OF LITERATURE**

**Haustein S (2018)** symbolic capital in the multifaceted reward system of science. argues that one important element of Herzberg's theory is that knowing employee needs can help us motivate today's young, ambitious and knowledge and technology-based workers. Given the fact that these workers already command high paying jobs, we can infer that money or cash rewards alone does not provide enough of an incentive as a motivator for performance. This implies that to motivate workers, organizations need to look beyond monetary rewards.

**Bruce and Pepitone (2015)** propose an interesting viewpoint according to which managers cannot motivate employees; managers can only influence what employees are motivated to do. role of facilitating quality subordinate-superior communication at various levels effectively employing a wide range of communication channels has been praised by Shields in terms of its positive contribution in boosting employee morale. Shields stresses two specific advantages of

such a practice that relate to offering employees a chance to raise their concerns and put across their points regarding various aspects of their jobs, as well as, supplying them with the feeling of engagement and appreciation.

**Cope LM (2015)** review associations of GAL and GABRA2 in according to which members of management primarily should be able to maintain the level of their own motivation at high levels in order to engage in effective motivation of their subordinates. Accordingly recommends managers to adopt a proactive approach in terms of engaging in self-motivation practices.

**Lorenz RC (2015)** the VS has been associated with motivational and developed the expectancy theory based on the belief that employee effort will lead to performance and performance will lead to rewards. Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward the less likely the employee will be motivated to work harder.

**Luciana M (2015)** focused on structural attributes of regions that are strongly DA-innervated. This viewpoint is based on Hierarchy of Needs theoretical framework according to which there is a certain hierarchy for individual needs, and more basic human needs need to be satisfied in order for the next level needs to.

**Bewernick BH (2014)** for major depression-rationale, outcomes and outlook. Discussed five levels of employee needs: physiological, safety and security, social, esteem or ego and self-actualization. According to this theory, people have many needs which motivate them to work, that those needs are arranged in a hierarchical manner in such a way that lower level needs (physiological and safety) had to be satisfied before the next higher level social need would motivate employees to work hard and increase productivity.

**Cahill CM & Cook C (2014)** investigating how brain structures implicated on the other hand, address the same issue focusing on cross-cultural differences between employees in particular. Namely, culture can be explained as knowledge, pattern of behaviour, values, norms and traditions shared by members of a specific group.

**Lockley (2013)** offering training and development programs that effectively contribute to personal and professional growth of individuals is another effective employee motivation strategy. At the same time, Lockley warns that in order for motivational aspects of training and development initiatives to be increased, ideally they need to be devised and implemented by a third party with relevant competency and experience.

**Smillie LD (2013)** extraversion and reward recognizes that motivation can be affected through an individual's perception of fair treatment in International Journal of Economics, Commerce and Management, When compared to other people, individuals want to be compensated fairly for their contributions to the organization. A person's beliefs regarding what is fair and what is not can affect this motivation, attitudes and behaviours which will in turn affect subsequent performance. When applied to the workplace, equity theory focuses on an employee's work-compensation relationship or "exchange relationship" as well as that employee's attempt to minimize any sense of unfairness that might result.

**Galtress T (2012)** that motivation has an impact on timing because the motivation/valuation system. Motivators or intrinsic factors such as drive for achievement and advancement, being treated in a caring and considerate manner and receiving positive recognition are inherent in the job itself and which the individual enjoys as a result of successfully completing the task, produce job satisfaction and motivate employees to work harder. Hygiene or extrinsic factors, such as salary, benefits and job security are external to the task and often determined at the organizational level can lead to dissatisfaction and lack of motivation if not present in positive degrees.

**Llopis (2012)** Alternative working patterns such as job-rotating, job-sharing, and flexible working have been branded as effective motivational tools argues that motivational aspects of alternative working patterns along with its other benefits are being appreciated by increasing numbers of organisations, however, at the same time; many organisations are left behind from benefiting from such opportunities.

**Schwartz S (2012)** achievement motivation theory. Process theories on the other hand, place emphasis on the actual process of motivation. These theories are concerned with the relationships among the dynamic variables which make up motivation and with how behaviour is initiated, directed and sustained. Examples are expectancy-based models, equity theory goal theory and attribution theory.

**Hofmann HA (2011)** accordingly, to decipher the neural basis of social decision making. cross-cultural differences is perceived to be a major obstruction in the way of successful employee motivation. This point has been explained by insisting that certain practices such as engaging in constructive arguments and dialogues in workplace can prove to be

highly motivational for the representatives of Western culture, whereas the same set of practices can prove to be counter-productive for employees from Asian countries due to vast cross-cultural differences.

**Merz CJ (2011)** identified at least 7 different theories and others have studied human behaviour from different perspectives – economic, psychological, behavioural, etc., to understand what motivate people to do the things they do. In the process, they developed Several theories of motivation. This section presents a brief review of some of the theories and empirical evidences on the relationship between motivation and productivity. Broadly speaking the theories of motivation can be classified in to content theories and process theories.

## **RESEARCH METHODOLOGY INTRODUCTION**

The research methodology of the study specifies how the study was carried out to research the selected objective that the need of strategic leadership for managing workforce diversity. The methodology adopted in this study relates to data collection and questionnaires. The sampling plan used for the final study is discussed in detail along with the data collection procedures and the data analysis procedures which were used in pre-test, pilot test and the final study.

## **RESEARCH DESIGN**

Research Design is a systematic plan of research. Descriptive research design is used for the study because the research describes the skills, traits and abilities of the strategic leader. Descriptive studies are concerned with the situations being studied and it describes the characteristics of both people and organization.

## **COLLECTION OF DATA**

Data can be collected through two main sources viz., Primary data and Secondary data.

### **Primary Data**

The Primary data is defined as the information gained through interaction with other people meetings, one-to-one interviews, focus groups and surveys. In this study questionnaire survey is chosen as a data collection tool to obtain data from the respondents.

### **Questionnaire Design**

The primary data are collected through a structured questionnaire. The respondents are asked to give their opinion about reward system as a motivational tool for employees performance for managing workforce diversity. The first part of questionnaire comprises demographic factors with optimal questions and second part includes management of workforce diversity with likert's 5 point scale.

### **Scaling techniques in the questionnaire**

The questionnaires comprises of statements with options in likert's 5 point scale. The responses of the these questions are obtained from the employees of company in the 5 point scale which ranges as follows: 1- Strongly Agree, 2- Agree, 3- Uncertain, 4- Disagree, 5- Strongly Disagree.

### **Secondary Data**

The Secondary data is the information collected from various sources like journals, Text- Books, Research reports related to reward system as a motivational tool for employees performance and workforce diversity.

## **STUDY AREA**

The survey is conducted in knitvel needles PVT.LTD at Hosur. As automobile industries have entered the economic arena with high level of pay which raised the economic standards of young and educated professionals.

## **SAMPLING TECHNIQUE**

A sample is a subset of the population and it consists of some numbers selected from the population. The sample should be the representation of the population so that the research findings are reliable and valid.

## **SAMPLE DESIGN**

### **1. Sample Size**

The sample size is 150 employees in Knitvel Needles Pvt. Ltd at Hosur.

**2. Sampling Method**

In this project, the survey was done within the company it means systematic sampling was carried out.

**TOOLS USED**

The commonly used statistical tools for analysis of collected data are:

1. Simple Percentage analysis.
2. Correlation Analysis.
3. Chi-Square Analysis.

**DATA ANALYSIS AND INTERPRETATION**

**CHI - SQUARE**

The table shows the analysis of relationship between Present salary and increment of the respondents and Working experience of the respondents.

| Present salary & increment /<br>Working experience | Strongly agree | Agree | Uncertain | Disagree | Strongly disagree | Total      |
|--|----------------|-------|-----------|----------|-------------------|------------|
| Below 1 year                                       | 4              | 30    | 4         | 4        | 2                 | 44         |
| 1 years to 3 years                                 | 5              | 31    | 3         | 5        | 2                 | 46         |
| 3 years to 5 years                                 | 3              | 19    | 2         | 3        | 2                 | 29         |
| 5 years to 7 years                                 | 2              | 12    | 1         | 2        | 1                 | 18         |
| Above 7 years                                      | 1              | 9     | 1         | 1        | 1                 | 13         |
| <b>Total</b>                                       | 15             | 101   | 11        | 15       | 8                 | <b>150</b> |

**Null Hypothesis (H<sub>0</sub>)**

There is no significance relationship between Present salary and increment of the respondents and Working experience of the respondents.

**Alternative Hypothesis (H<sub>1</sub>)**

There is a significance relationship between Present salary and increment of the respondents and Working experience of the respondents.

| Particulars                   | Observed Frequency | Expected Frequency | (O-E) <sup>2</sup> | $\frac{(O-E)^2}{E}$ |
|-------------------------------|--------------------|--------------------|--------------------|---------------------|
| R <sub>1</sub> C <sub>1</sub> | 4                  | 4.4                | 0.16               | 0.036               |
| R <sub>1</sub> C <sub>2</sub> | 30                 | 29.62              | 0.144              | 0.004               |
| R <sub>1</sub> C <sub>3</sub> | 4                  | 3.22               | 0.608              | 0.188               |
| R <sub>1</sub> C <sub>4</sub> | 4                  | 4.4                | 0.16               | 0.036               |
| R <sub>1</sub> C <sub>5</sub> | 2                  | 2.34               | 0.115              | 0.049               |
| R <sub>2</sub> C <sub>1</sub> | 5                  | 4.6                | 0.16               | 0.034               |
| R <sub>2</sub> C <sub>2</sub> | 31                 | 30.97              | 0.0009             | 2.906               |

|                         |    |       |        |             |
|-------------------------|----|-------|--------|-------------|
| R2 C3                   | 3  | 3.37  | 0.136  | 0.040       |
| R2 C4                   | 5  | 4.6   | 0.16   | 0.034       |
| R2 C5                   | 2  | 2.45  | 0.202  | 0.082       |
| R3 C1                   | 3  | 2.9   | 0.01   | 0.003       |
| R3 C2                   | 19 | 19.52 | 0.270  | 0.013       |
| R3 C3                   | 2  | 2.12  | 0.014  | 0.006       |
| R3 C4                   | 3  | 2.9   | 0.01   | 0.003       |
| R3 C5                   | 2  | 1.54  | 0.211  | 0.137       |
| R4 C1                   | 2  | 1.8   | 0.04   | 0.022       |
| R4 C2                   | 12 | 12.12 | 0.014  | 0.001       |
| R4 C3                   | 1  | 1.32  | 0.102  | 0.077       |
| R4 C4                   | 2  | 1.8   | 0.04   | 0.022       |
| R4 C5                   | 1  | 0.96  | 0.0016 | 0.001       |
| R5 C1                   | 1  | 1.3   | 0.09   | 0.069       |
| R5 C2                   | 9  | 8.75  | 0.062  | 0.007       |
| R5 C3                   | 1  | 0.95  | 0.0025 | 0.002       |
| R5 C4                   | 1  | 1.3   | 0.09   | 0.069       |
| R5 C5                   | 1  | 0.69  | 0.096  | 0.139       |
| <b>Calculated value</b> |    |       |        | <b>3.98</b> |

$$\text{Chi square}(x^2) = \frac{(O-E)^2}{E}$$

$$\begin{aligned} \text{Degree of freedom} &= (r - 1) (c - 1) \\ &= (5-1) (5- 1) \\ &= \mathbf{16} \end{aligned}$$

$$\text{Level of significance} = \mathbf{5\%}$$

$$\text{Table value (TV)} = \mathbf{26.296}$$

$$\text{Calculated value (CV)} = \mathbf{3.98}$$

$$\text{CV} < \text{TV} = \mathbf{H_0 \text{ is Accepted}}$$

**CORRELATION**

The table shows the relationship between age of the respondents and Annual bonus based on the company’s achievement in financial targets of the respondents.

|                           |    |    |    |   |   |
|---------------------------|----|----|----|---|---|
| <b>X ( Age )</b>          | 80 | 39 | 21 | 7 | 3 |
| <b>Y ( Annual Bonus )</b> | 28 | 87 | 35 | 0 | 0 |

| <b>X</b>       | <b>Y</b>       | <b>X<sup>2</sup></b> | <b>Y<sup>2</sup></b> | <b>XY</b>        |
|----------------|----------------|----------------------|----------------------|------------------|
| 80             | 28             | 6400                 | 784                  | 2240             |
| 39             | 87             | 1521                 | 7569                 | 3393             |
| 21             | 35             | 441                  | 1225                 | 735              |
| 7              | 0              | 49                   | 0                    | 0                |
| 3              | 0              | 9                    | 0                    | 0                |
| $\sum x = 150$ | $\sum y = 150$ | $\sum x^2 = 8420$    | $\sum y^2 = 9578$    | $\sum xy = 6368$ |

**RESULT**

Since the calculated value is less than the table value. So we accept the null hypothesis.

There is no relationship between Present salary and increment of the respondents and Working Experience of the respondents.

$$r = \frac{\sum XY}{\sqrt{(\sum X^2) (\sum Y^2)}}$$

$$r = \frac{6368}{\sqrt{(8420) (9578)}}$$

$$r = \frac{6368}{8980.3}$$

r = 0.7091

**RESULT**

This is positive correlation. There is relationship between age of the respondents and Annual bonus based on the company’s achievement in financial targets of the respondents.

**FINDINGS**

- Majority 57% of the respondents are male.
- Majority 53% of the respondents age are below 25 years.
- Majority 42% of the respondents educational qualifications are school level.
- Majority 71% of the respondents are married.
- Majority 31% of the respondents experience is 1- 3 years.
- Majority 42% of the respondents salary are Below Rs 10,000.
- Majority 67.5% of the respondents are agree in present salary and increment.

- Majority 55% of the respondents are agree in financial or financially related rewards system in my organization.
- Majority 65.5% of the respondents are strongly agree in working condition are clean, pleasant and safe.
- Majority 62.5% of the respondents are agree in welfare facilities provided by the company.
- Majority 55% of the respondents are agree in policies and procedures.
- Majority 85% of the respondents are strongly agree in relation with my superior peer and subordinates.
- Majority 75.5% of the respondents are agree in supervisor take interest in our problem, well being future.
- Majority 62.5% of the respondents are agree in recognized and praised for my good performance.
- Majority 66% of the respondents are agree in the rewards and recognition system that encourages employees to contribute.
- Majority 45% of the respondents are agree in employees believes that the reward have a positive effect on performance.
- Majority 45% of the respondents are agree in employees about the need for the improvement on reward system.
- Majority 55% of the respondents are agree in an extra day off as a reward of a well done project employee of the attendance award.
- Majority 58% of the respondents are agree in annual bonus based on the company's achievement in financial targets.

#### **SUGGESTIONS**

- The company can provide an extra day- off as a reward to motivate the employees.
- The company can enhance the financial rewards like bonus, incentives etc.,
- The company can provide staff bus to the employees that may change the employee's attitudes.
- The company can concentrate more to improve the welfare facilities like canteen facility, medical facility, rest room facility etc.,
- The employees performance can be acknowledged often with increment in salary.

#### **CONCLUSION**

Welfare facilities provided to the labors was found to be satisfactory. It has been found from the study that the worker had a positive attitude towards their job and management. The attitude can respond to events and possibly discover untapped opportunities, rather than attempt to react to factors about which it is not fully informed knitvel needles private limited company. The relationship with the supervisors and the co-workers also provides conducive work environment for the workers. The study therefore highlights the various aspects on safety facilities provided satisfaction for the employees. This study helpful to know the employees training, wages, employee behavior, positive attitude benefit welfare. etc provided by the company. And also to know the employees feeling about the company.

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