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Rewards and their Influence on Employee Motivation

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Abstract: ***The present paper aims to study the impact of rewards and recognition on the motivation of employees in a organization. By getting recognition they tend to have higher self-esteem, more confident, willingness to take on new challenges and more eagerness to be innovative. Reward system in any organization is an important tool which management can channelized the employees from present to desired ways.***
The descriptive research paper design on the light of various motivation theories is adopted for this study. It is also significant to discover that there is a direct and positive relationship between rewards and recognition and job satisfaction and the direct translation o this could be that the better the rewards and recognition, the higher the levels of motivation and satisfaction, and possibly therefore, the greater the levels of performance and productivity.
Keywords: Rewards, Recognition, Employees, Motivation, Employee satisfaction

I. INTRODUCTION

"Motivation is the art of getting people to do what you want them to do because they want to do it."

A. Dwight D. Eisenhower

Like a little kid being given a Chocolate on standing 1st in the class or big hug for doing something good like helping someone, or cleaning the place after playing, rewards whether monetary or non-monetary can be significant tools forth motivation of employees also taking a positive step towards the improvement of the performance and boosting the morale of employees.

It is a general phenomenon that that most of employees don't perform the desired tasks completely, not because given tasks are difficult but because of low interest or motivation to perform that task. Hence, the desire or motivation is necessary for the performance to achieve the desired goal.

Employee rewards and recognition programmes that acknowledge the contribution of employees of the company's to achieve the goals and show appreciation for their valuable efforts are necessary for a high-performing workplace, happier employees and reduced the turnover.

II. OBJECTIVES

The basic objective for carrying out this research is to measure the impact of rewards in motivation of employees any organization.

In order to treating the employees of the organization right, rewarding them in a right manner is one of the most important components. Every organization which is growing healthier provides their esteemed employees the opportunity to grow and prosper. In today's highly competitive business environment win-win situation/relationship is important that forms the right treatment of employees by the organizations. Strategy of rewarding employees when performance is though not good cannot prevail for long, hence rewarding for good performance encourages employees to continue rebuild their performance and motivate to improve their skills and knowledge day by day to contribute positively towards organization.

Getting the satisfaction of the employees over the rewards that are being offered to them is a very difficult task. Organization has to learn to manage those things which may create feeling of dissatisfaction among employees. Employee's satisfaction towards rewards in comparison of what he expected and how much he received secondly is comparing his rewards with peers either in a same jobs in the organization, overestimating his own performance as compare to his colleagues. Hence, rewards should be designed by the management judicially by seeing what they are taking from employees and what they are giving to them for their contributions/inputs.

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III. TYPES OF REWARDS

The rewards system may be cauterized by "Monetary Rewards System and Non-Monetary Rewards System. Employee reward programs design requires a balance between Monetary Rewards and A Non-Monetary Rewards System on the basis of providing incentives and benefits to the employees.

A. Monetary Rewards

Monetary rewards are those rewards that are being given by any organization in the form of cash / cheque or some other way of financial transaction for achieving the defined sales goals or achieving the pre-defined excellence. "Economic incentives are becoming rights rather than rewards."

Monetary rewards cannot be remunerated by the non-monetary rewards (human relations). Famous companies like IBM, Microsoft, TATA are to some level a result of monetary motivation. Financially rewarding employees' increases their motivation levels, which results in increase in the output, creating more profits and those profits should be circulated back to the employees who are actually responsible for achieving it.

B. Non-Monetary Rewards

Non-Monetary rewards play important role in improving employee performance. Using proper attractive and communicative method of non-monetary rewards leaves a positive impact on the employees and improves employees' performances in different dimensions. Non-Monetary Awards includes certificate, a word of thanks from supervisor or manager, flexible schedules, a day off, acknowledgment of birthdays, and free lunches or dinners to celebrate team work success.

"People do work for money – but they work even more for meaning in their esteem also. Companies that ignore this fact are essentially bribing their employees and will pay the price in a lack of loyalty and commitment. In a survey 78% employees said that they feel more motivated and happy when their manager appreciates them.

IV. THEORIES OF MOTIVATION

A. Classifying Needs

People seem to have different wants. This is fortunate, because in markets this creates the very desirable situation where, because you value stuff that I have but you don't, and I value stuff that you have that I don't, we can trade in such a way that we are both happier as a result.

Many theories posit a hierarchy of needs, in which the needs at the bottom are the most urgent and need to be satisfied before attention can be paid to the others.

B. Maslow

Maslow's hierarchy of need categories is the most famous example:

Self-Actualization
Esteem
Belongingness
Safety
Physiological

According to Maslow, lower needs take priority. They must be fulfilled before the others are activated. There is some basic common sense here -- it's pointless to worry about whether a given color looks good on you when you are dying of starvation, or being threatened with your life. There are some basic things that take precedence over all else.

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C. Alderfer's ERG theory

Alderfer classifies needs into three categories, also ordered hierarchically:

1) Growth needs (development of competence and realization of potential)
2) Relatedness needs (satisfactory relations with others)
3) Existence needs (physical well-being)

This is very similar to Maslow -- can be seen as just collapsing into three tiers. But maybe a bit more rational. For example, in Alderfer's model, sex does not need to be in the bottom category as it is in Maslow's model, since it is not crucial to (the individual's) existence. (Remember, this about individual motivation, not species' survival.) So by moving sex, this theory does not predict that people have to have sex before they can think about going to school, like Maslow's theory does.

Alderfer believed that as you start satisfying higher needs, they become more intense (e.g., the power you get the more you want power), like an addiction.

D. Cognitive Evaluation Theory

This theory suggests that there are actually two motivation systems: intrinsic and extrinsic that correspond to two kinds of motivators:

1) *Intrinsic Motivators:* Achievement, responsibility and competence. motivators that come from the actual performance of the task or job -- the intrinsic interest of the work.
2) *Extrinsic:* pay, promotion, feedback, working conditions -- things that come from a person's environment, controlled by others.

Intrinsically motivated individuals perform for their own achievement and satisfaction. If they come to believe that they are doing some job because of the pay or the working conditions or some other extrinsic reason, they begin to lose motivation.

E. Two Factor theory (Herzberg)

According to Herzberg, two kinds of factors affect motivation, and they do it in different ways:

1) Hygiene Factors. These are factors whose absence motivates, but whose presence has no perceived effect. They are things that when you take them away, people become dissatisfied and act to get them back. A very good example is heroin to a heroin addict. Long term addicts do not shoot up to get high; they shoot up to stop being sick -- to get normal.
2) Satisfiers or motivators Include such things as responsibility, achievement, growth opportunities, and feelings of recognition, and are the key to job satisfaction and motivation. For example, managers can find out what people really do in their jobs and make improvements, thus increasing job satisfaction and performance.

F. Equity Theory

Suppose employee A gets a 20% raise and employee B gets a 10% raise. Will both be motivated as a result? Will A be twice as motivated? Will be B be negatively motivated? Equity theory says that it is not the actual reward that motivates, but the perception, and the perception is based not on the reward in isolation, but in comparison with the efforts that went into getting it, and the rewards and efforts of others. If everyone got a 5% raise, B is likely to feel quite pleased with her raise, even if she worked harder than everyone else. But if A got an even higher raise, B perceives that she worked just as hard as A, she will be unhappy.

G. Reinforcement Theory

Operant Conditioning is the term used by B.F. Skinner to describe the effects of the consequences of a particular behavior on the future occurrence of that behavior. There are four types of Operant Conditioning: Positive Reinforcement, Negative Reinforcement, Punishment, and Extinction. Both Positive and Negative Reinforcement strengthen behavior while both Punishment and Extinction weaken behavior.

1) Positive reinforcement. Strengthening a behavior. This is the process of getting goodies as a consequence of a behavior. You make a sale; you get a commission. You do a good job; you get a bonus & a promotion.
2) Negative reinforcement. Strengthening a behavior. This is the process of having a stressor taken away as a consequence of a behavior. Long-term sanctions are removed from countries when their human rights records improve. (you see how successful that is!). Low status as geek at Salomon Brothers is removed when you make first big sale.
3) Extinction. Weakening a behavior. This is the process of getting no goodies when do a behavior. So if person does extra effort, but gets no thanks for it, they stop doing it.

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4) Punishment. Weakening a behavior. This is the process of getting a punishment as a consequence of a behavior. Example: having your pay docked for lateness.

	Apply	Withhold
Reward	positive reinforcement (raise above baseline)	negative reinforcement (raise up to baseline)
Stressor	punishment (bring down below baseline)	extinction (stay at baseline)

H. Expectancy Theory (Vroom)

This theory is meant to bring together many of the elements of previous theories. It combines the perceptual aspects of equity theory with the behavioral aspects of the other theories. Basically, it comes down to this "equation":

M = E*I*V OR

motivation = expectancy * instrumentality * valence

M (motivation) is the amount a person will be motivated by the situation they find themselves in. It is a function of the following.

1) E (expectancy) = The person's perception that effort will result in performance. In other words, the person's assessment of the degree to which effort actually correlates with performance.

2) I (instrumentality) = The person's perception that performance will be rewarded/punished. I.e., the person's assessment of how well the amount of reward correlates with the quality of performance.

3) V(valence) = The perceived strength of the reward or punishment that will result from the performance. If the reward is small, the motivation will be small, even if expectancy and instrumentality are both perfect (high).

I. McClelland's Acquired Needs Theory

David McClelland's acquired needs theory recognizes that everyone prioritizes needs differently. He also believes that individuals are not born with these needs, but that they are actually learned through life experiences. McClelland identifies three specific needs:

1) Need for achievement is the drive to excel.

2) Need for power is the desire to cause others to behave in a way that they would not have behaved otherwise.

3) Need for affiliation is the desire for friendly, close interpersonal relationships and conflict avoidance.

V. NEED FOR MOTIVATION

The satisfaction or the dissatisfaction levels of an employee are directly proportional to his good or bad performance. Employee dissatisfaction may lead to poor performance. Petcharak (2004), it is the responsibility of the human resource management of the organization that employee may not dissatisfy from his job, so HR management should take steps to motivate employees otherwise employees will not perform up to expected standards of the organization. Cheng (1995), says that it is one of the larges test challenge for service providing organizations to motivate their employees in order to satisfy their customers. The HR department’s major task is to develop strategies to motivate its employees.

A. Importance of Rewards and Motivation

Rewards are basically to motivate the behaviors of employees towards their work. Rewards should be given as a result to effective performance. Following are some conditions that are necessary for the creation of motivation among employees;

1) Employees must have faith that their effective performance will surely be appreciated and rewarded.

2) The rewards that will be being offered by management are attractive.

3) The believe of employees that their effort is really contributing worthwhile to attain the organization’s goals.

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B. Theoretical Framework

Problem Statement

1) *Hypothesis # 1:* There is a positive relationship between rewards and motivation in the employees

a) *Explanation:* Rewards are things that boost some one's morale to do something; it is observed in our daily life that whenever an individual or a team is being given reward for their good work the motivation of the employee increases to do more good work in order to get more rewards.

2) *Hypothesis # 2:* Monetary rewards cause more employee motivation than the non-monetary rewards

a) *Explanation:* Reward in the form of money attracts people more rather than any other reward in form of just appreciation or a certificated. This hypothesis will test that whether it is true or not.

3) *Hypothesis # 3:* There are significant differences in effects of biological variables on employee work motivation

a) *Explanation*

This research hypothesis will find answers to such questions as;

- Who were more motivated male or female?
- Which age group people were more motivated?
- Who were more motivated new or old employees?
- Married people had more motivation towards work or unmarried?
- Sales people are more motivated as compare to rest of the people at different designations.

C. Rewards and Productivity

Employee Rewards Make Happier Employees. The fact is, most employers want their employees to be happy. After all, happy employees are usually productive employees, and happy employees contribute to higher morale. When morale is high, turnover is low, and the business has a greater chance of being successful and hitting revenue targets. Research even indicates that when employees are happy, they are at least 12 percent more productive.

What does this have to do with reward? Well, rewards are an important part of keeping employees happy and productive. There is a direct correlation between rewards and employee happiness, with 86 percent of employees saying that they feel happier and prouder when they are recognized at work, and 85 percent saying that they felt more satisfied with their jobs.

Research shown that a large majority – 70 percent – of workers also noted when they were happy at work, they were happier at home as well. Satisfaction at home is important because it has a significant impact on employees' ability to do their jobs well and avoid issues with presenteeism, or not working to full capacity when they are at work.

D. Happy Employees are More Productive

Motivated and happy employees also contribute to the bottom line – and the difference is significant. Companies with engaged employees have higher revenues than those that don't, to the tune of two-and-a-half to three times greater. Profitability also increases with employee engagement, with those companies boasting engaged employees seeing almost one-third higher profitability. Clearly, there is a return on investment that's inherent in keeping employees satisfied with their work.

E. Employee Recognition Increases Trust

Beyond keeping employees happy, though, which is key to motivation, employee recognition also increases trust in the workplace. One survey revealed that 90 percent of employees who had received some sort of recognition for their work in the previous month have higher levels of trust in their boss, while fewer than half of those who hadn't been recognized said they trust their boss. People want to know that their efforts are making a difference and aren't going unnoticed by high-ups. Rewarding and recognizing employees creates stronger relationships, which in turn spurs motivation.

F. Perfect Rewards Program

With reward and recognition serving such an important role in employee motivation, it's imperative that employers get it right. Rewards only work when they are meaningful and address the needs of the recipient. This means recognizing the internal and external factors at play in motivation and how they influence the effect of the rewards being given.

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Generally speaking, addressing internal factors is most important when designing a motivation system. Everyone wants to be recognized for their accomplishments, but they also want autonomy and increasing responsibility; this gives a sense that they are contributing value to the organization. External factors, such as bonuses, pay increases, free meals, parking spots and other perks are always appreciated, but rather than truly motivating people, they are more effective at preventing dissatisfaction.

VI. CONCLUSION

From the data collected through the questionnaire and also interaction with various employees in different hierarchy on various organization, it is seen that reward system is an important tool that management may use to channelize the employees motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work and motivate them to perform at high levels.

The correlation between rewards and Employee Motivation shows the positive relationship between reward and employee motivation. Regression Equation shows that when the reward is made on the basic of Employee point of view; Employee Motivation will have increased considerably. It helps to attract and retain highly skilled workers. Reward systems promote fairness and equity by rewarded employees according to their contribution and effort to the organization.

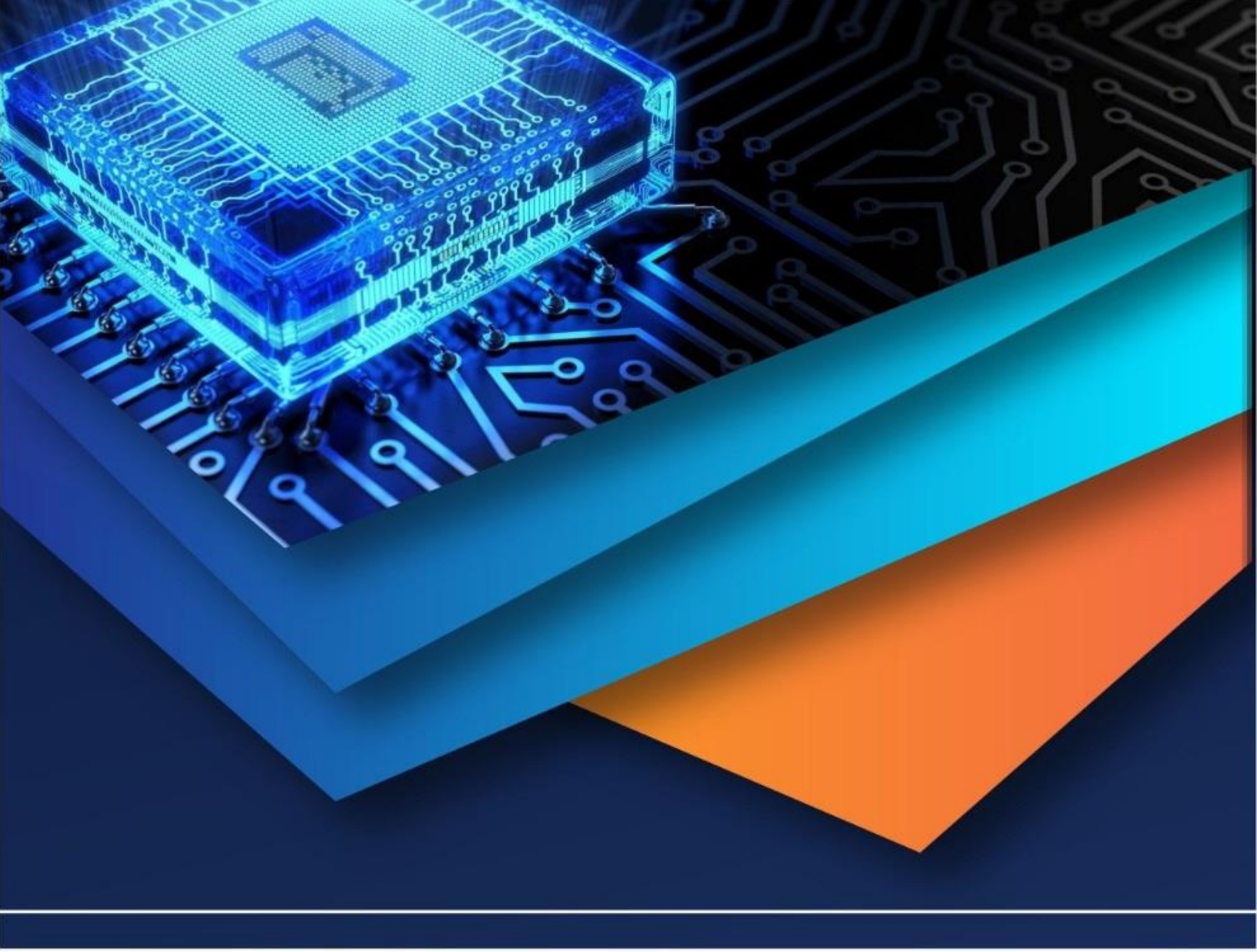
Having a good reward system helps keep employees happy, loyal to the company, and eager to move up the ladder. Rewards, like public recognition and additional pay, motivate employees to work harder and builds loyalty and honesty.

In conclusion, Expectancy Theory is the root of all variances of motivation for employees in the workplace. Everyone needs to be motivated to perform better whatever their current situation may be and this is directly related to what they expect to receive in return for their efforts.

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