

# Impact of Reward and Recognition on Job Satisfaction and Motivation

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**Abstract- Financial** This dissertation investigates the impact of Reward and Recognition on Job Satisfaction and Motivation in organizations. Human resource is considered as a strategic asset in any organization because the accomplishment of an organization's objectives largely depends on employees. Therefore, it is important to identify factors which motivate employees for achieving goals. Drawing on a wide range of empirical studies and theoretical frameworks, this review reveals that reward and recognition programs play a crucial role in shaping employees' perceptions of job satisfaction and motivation. Rewards, such as monetary compensation, fringe benefits, and career advancement opportunities, are found to be positively correlated with job satisfaction and motivation. Similarly, recognition, including verbal praise, public acknowledgment, and awards, has a significant impact on employees' sense of satisfaction and motivation. Through a quantitative method approach, integrating quantitative surveys, a sample of 76 employees from various companies like Micro Finance, Edu Tech, recruiting companies were surveyed to gather comprehensive data and gain a deeper understanding of the research topic. Quantitative data analysis revealed a strong correlation between the implementation of reward and recognition systems and employee motivation levels. These findings contribute to the existing literature by emphasizing the importance of effective reward management systems in fostering employee motivation and enhancing overall organizational productivity.

**Indexed Terms-** Reward and Recognition, Job satisfaction, Motivation

## I. INTRODUCTION

Job satisfaction and motivation are critical factors that contribute to the overall well-being and performance of employees within an organization. As organizations strive to enhance employee engagement and productivity, the role of reward and recognition systems becomes increasingly important. Reward and recognition programs are designed to acknowledge and appreciate employees' efforts, and their effectiveness in influencing job satisfaction and motivation has gained significant attention in both research and practice.

Job satisfaction refers to the extent to which individuals feel fulfilled and content with their work. It encompasses various aspects, including job security, work-life balance, work environment, and the perceived fairness of rewards and recognition. Motivation, on the other hand, pertains to the internal drive and enthusiasm that individuals possess to pursue their work-related goals and objectives. Motivated employees are more likely to invest their time, energy, and skills to achieve organizational objectives.

Reward systems in the workplace typically encompass monetary and non-monetary components. Monetary rewards include base salary, bonuses, and incentives, while non-monetary rewards may include promotions, opportunities for career advancement, flexible work arrangements, and recognition programs. Recognition involves acknowledging and appreciating employees' contributions, achievements, and efforts through various means, such as verbal praise, written commendation, awards, or public acknowledgment.

Understanding the impact of reward and recognition on job satisfaction and motivation is crucial for organizations seeking to create a positive work

environment and enhance employee engagement. Numerous studies have investigated this relationship and highlighted the importance of effective reward and recognition systems in influencing employees' attitudes and behaviours.

This study aims to provide a comprehensive review of the existing literature on the impact of reward and recognition on job satisfaction and motivation. By synthesizing empirical evidence and theoretical frameworks, this review aims to offer valuable insights into the mechanisms through which reward and recognition influence these outcomes. Additionally, it aims to identify key contextual factors and individual differences that may moderate this relationship.

The findings of this review will provide organizations with practical implications and guidelines for designing and implementing reward and recognition strategies that effectively enhance job satisfaction and motivation. By recognizing the significance of these factors and their impact on employee well-being and performance, organizations can foster a positive work environment and cultivate a motivated and satisfied workforce.

Employee motivation refers to the internal drive, desire, and enthusiasm that individuals possess to achieve their work-related goals. Motivated employees are more likely to invest their effort and energy into their work, leading to higher levels of productivity and performance.

Human resource provides basis for an organization to achieve sustainable competitive advantage. Since organizations are operating in a dynamic and competitive business environment, they need to develop strategies to acquire and retain the competent workforce.

Nowadays, human asset considered to be the most important asset of any organization and in order to get the efficient and effective result from human resource motivation is necessary (Zaman, 2011). Baron (1983) defined motivation as a set of processes concerned with the force that energizes behavior and directs it towards attaining goals. Therefore, many approaches such as goal setting approaches, measurement and

feedback approach, job design approach and reward and recognition approach have been developed and adopted in the world with the aim of increasing employee performance. On the other hand, Hafiza et al (2011) pointed out that working conditions, worker and employer relationships, training and development, job security and company's overall policies and procedures for rewarding employee have an impact on employee performance. However, many researches (Pratheepkanth, 2011; Qureshi et al, 2010; Deeprase, 1994; Zaman, 2011) have divulged that reward system causes satisfaction of employee, which directly influences the performance of the employee.

According to Barattton (1999) rewards refer to all form of financial returns and tangible services and benefits and employee receives as part of an employment relationship. "Reward is the benefits that arise from performing a task, rendering a service, or discharging a responsibility" (Colin, 1995). According to Searle (1990), rewards can be categorized into two broad areas, namely extrinsic rewards, and intrinsic rewards. According to Broad (2007), tangible incentives are effective in increasing performance for task not done before, to encourage "thinking smarter" and to support both quality and quantity to achieve goals. Incentives, rewards and recognitions are the prime factors that impact on employee motivation. As the employees engage in their working activities purposely for own's sake then they will feel intrinsic motivation in their behaviours as their activities will essentially be enjoyable and satisfactory (Vansteenkiste, 2005, p. 22). The factors like incentives and rewards are the most preferred factors for employee motivation programs. This paper is an attempt that focuses on how incentives, rewards, and recognitions impact employee motivation.

To conclude, this topic would be interesting and meaningful for any organization because the performances of employees related to the reward and recognition system have a significant relationship with organizational performance. Also, understanding how HRM practices influence employee performance could help organizations setting up a better management system, and finally improve employee performance and organizational performance.

In conclusion, this dissertation aims to shed light on the impact of reward and recognition systems on employee motivation and productivity. By exploring the various elements within these systems and their influence on employee behaviour, this research will contribute to the existing literature and provide valuable insights for organizations aiming to create a motivated and productive workforce.

Objective –

- The primary objective of this dissertation is to examine the impact of reward and recognition systems on employee motivation and productivity in organizations.
- Investigate the relationship between reward management systems and employee motivation to analyze the satisfaction level of Job.
- To identify employees' perceptions about reward and recognition.

## II. LITERATURE REVIEW

According to Zaman (2011), Human resource is the most important factor which brings competitive advantage by contributing their knowledge, skills, and capabilities to the organization. The existing literature reveal that human resource can be preserved within the organization and optimally utilized through inspiring it using different strategies such as working condition, leader's influence, training, and development, learning culture, organization reputation and rewards. Among those strategies reward is a key factor. (Agwu, 2013: Heng, 2012: Yapa, 2002).

According to Pitts (1995) Reward is the benefits that arise from performing a task, rendering a service, or discharging a responsibility. "The principal reward for performing work is pay, many employers also offer reward packages of which wages and salaries are only a part. The packages typically include:

bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more" (Agwu, 2013).

Reward can be broadly categorized in to two groups namely, intrinsic rewards and extrinsic rewards.

Extrinsic rewards are usually financial or tangible rewards. Ajils (1997) delineated that intrinsic rewards are inherent in the job itself and which the individual enjoys as a result of successfully completing the task of attaining his or her goal. He further explained that extrinsic rewards are those external to the task of the job such as pay, work condition, fringe benefits, security, promotion, contract of service, and the work environment.

Based on Abiola and Ajila's (2004) findings, intrinsic rewards can be terms as 'psychological rewards and examples are opportunity to use one's ability, a sense of challenges and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. Besides Yapa (2004) classified pay, promotion, interpersonal rewards, status, and fringe benefits as extrinsic rewards and responsibility, achievement, autonomy, personal growth, challenge, complex work and feedback characteristics of the job as intrinsic rewards.

According to the Armstrong (2008), performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. He further explained it is means of getting better results by understanding and managing performance within an agreed framework of planned goals, standard and competency requirements. In addition to that Armstrong and Murlis (1994) define performance management as "a process or set of processes for establishing shared understanding about what is to be achieved, and of managing and developing people in a way which increases the probability that it will be achieved in the short and longer term." To measure employee performance organizations use performance appraisal in order to ensure of achievement of goals. Organizations measure under Employee performance employee productivity, job quality, job accomplishment, willingness to exert extra effort, commitment and goal achievement. (Yapa, 2002: Dharmasiri and Wickramasinghe, 2006: Taljaard, 2003)

Mehmood (2013) points out rewards play a vital role on increasing employee rewards and change the behavior of dissatisfies employees. A well as he elucidates a fair reward system could build job

satisfaction and productive behavior in employees. Reward system helps to improve organizational performance as well as it fulfills other objectives such as legal compliance, labor cost control, perceived fairness towards employees and enhancement of employee performance to achieve high level of productivity and customer satisfaction. (Maire & Nick, 2002). Carraher et al (2006) advocate that there should be an effective reward system to retain the high performers in the organization and reward should be related with their productivity.

Hartle (1995) points out that reward is an important part of the feedback loop in performance management. Mehmood (2013) explicates reward system is the requirement of any organization to retain and hire the most suitable employee to gain competitive edge in a competitive environment. He further explains that reward system inspiring the employee to work harder and faster because employee needs motivation to put extra effort on their task. Finally, he concludes that reward system should match with the organizational culture and the strategy in order to achieve sustainable competitive advantage.

Reviewing all these empirical studies and findings, researcher can conclude that a good remuneration which ties extrinsic and intrinsic rewards to individual performance bring higher productivity. When management makes decisions on what types of rewards to implement and they should identify the aims of their reward policy. All these observations suggest the need for a strategic reward system to increases employee performance with the goal of achieving competitive advantage.

This study examines the impact of extrinsic and intrinsic rewards on employee performance in a public sector service organization. Employee performance is taken as dependent variable and extrinsic and intrinsic rewards are taken as independent variables. In independent variable, extrinsic rewards represent four dimensions which are pay, bonus benefits and promotion. Intrinsic rewards embody recognition, career advancement, responsibility, and learning opportunity. Hypotheses were developed and tested based on the conceptual framework.

Based on the empirical researches, (Yapa, 2002; Zaman, 2011; Qureshi et al, 2010; Hashim, 2011) most tested extrinsic reward variables are pay, bonus, benefits and promotions and intrinsic variables are recognition, career advancement, responsibility, and learning opportunity. Therefore, the current research focused to identify the impact of the above extrinsic and intrinsic variables on employee performance.

### III. RESEARCH METHODOLOGY

This section outlines the research methodology adopted for investigating the impact of reward systems on Job satisfaction and employee motivation.

The methodology section answers two main questions:

- How was the data collected or generated?
- How was it analysed?

The study employs a quantitative method approach, integrating quantitative surveys to gather comprehensive data and gain a deeper understanding of the research topic. A structured questionnaire will be developed based on validated scales and existing literature on performance management, motivation, and productivity. The questionnaire will comprise multiple sections, including demographics, performance management system components, employee motivation factors, and productivity measures. The survey will be administered electronically, and participants will be provided with clear instructions and assurances of confidentiality. The findings from the data will be carefully analyzed to derive meaningful insights and draw valid conclusions.

### IV. DATA INTERPRETATION

The questionnaire survey was conducted to explore the impact of reward and recognition systems on employee motivation and Job satisfaction. The collected data was analyzed to derive meaningful insights. The key findings and interpretations are presented below:

Qualitative Analysis: Responses from the questionnaire were analyzed using thematic analysis. Common themes emerged, including the importance of clear goals and expectations, regular feedback and

recognition, opportunities for growth and development, and a supportive work environment. The data analysis and interpretation suggest that reward systems have a positive impact on employee motivation, which, in turn, influences productivity. Organizations should focus on implementing effective performance management practices that align with employee goals, provide timely feedback, recognize achievements, and foster a supportive work environment.

It is important to acknowledge the limitations of the study, such as potential response biases and the sample representing some organizations. The findings may not be generalizable to all contexts, and caution should be exercised in interpreting the results.

In conclusion, the analysis of questionnaire survey data supports the hypothesis that Reward systems play a significant role in enhancing employee motivation and, consequently, productivity. Organizations should consider implementing and improving their reward and recognition systems to create a motivating work environment that promotes productivity and contributes to overall organizational success.

In the Demographic Section, I collected responses of the Employees as follows:

- Gender of Respondents

The study involved gender distribution of respondents in order to answer the questionnaires provided as shown on the table below.

Respondents	Frequency	Percentage
Male	44	57.9 %
Female	32	42.1 %
Total	76	

Above table depicts that 57.9% and 42.1% of respondents of male and female respectively answered the questionnaires distributed.

- Age of Respondents

In this study, age of the respondents was important in finding the impact of Reward management system on employees Job satisfaction.

Respondents	Frequency	Percentage
21 - 25 Years	31	40.8%
26 - 30 Years	36	47.4%
31 - 35 Years	6	7.9%
36+ Years	3	3.9%
Total	76	

The 26-30 years group constituted 47.4% of respondents and was the highest number of respondents followed by 21-25 years with 40.8% and the 31-35 years group constituted 7.9% of respondents and above 36+ years which made up 3.9% the respondents which was the lowest number of respondents.

- Response On the basis of Age

40.8% of employees were at the age of between 21-25. 47.4% of employees were at the age of between 26-30. 7.9% of employees were at the age of between 31-35. 3.9% of employees were above 36+ years.

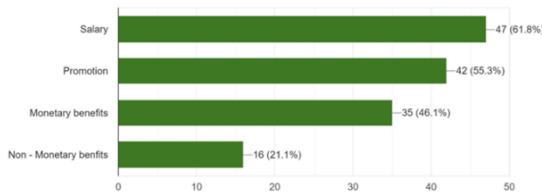
- Working Experience of Respondents

Working experience in this study have been considered as one of the factors towards employees' performance as responded by employees through distributed questionnaires. So that we can analysis the responses in different time period of the Organization.

Respondents	Frequency	Percentage
0-3 Years	51	67.1%
3-6 Years	17	22.4%
6-9 Years	5	6.6%
10+ Years	3	3.9%
Total	76	

Majority of employees as shown from the above table according to them have worked with the organization for a period of 0-3 years representing 67.1%, followed by 22.4% of employees who have worked with the organization for a period of 3-6 years and 6.6% of the employees have worked with the organization for a period of 6-9 years and 3.9% of employees have worked with the organization for more than 10 years. Length of working period determined by person's ability to perform in any working environment including the opportunity and willingness to perform according to their Job Satisfaction in the Organization.

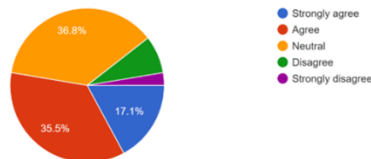
Which of the following factors motivate you the most?  
76 responses



Responses	Frequency	Percentage
Salary	47	61.8%
Promotion	42	55.3%
Monetary benefits	35	46.1%
Non - Monetary benefits	16	21.1%
Total	76	

Data Interpretation: Salary is the factor that motivates the most as seen in the bar graph and table i.e., 61.8% of the respondents have voted for Salary. 55.3% have voted for Promotion. 46.1% also prefer Monetary benefits and 21.1% prefer non-Monetary benefits. Employees have a higher motivation to stay back in your company if they are offered employee benefits and perks. With better benefits, you can offer higher levels of job satisfaction to your employees, and thus make them stay longer in your company, helping you to retain better, more talented employees in your company. So, any kind of benefits are important for the employees as well as for the organization.

Is the reward and recognition system in your organization satisfactory?  
76 responses



Responses	Frequency	Percentage
Strongly agree	13	17.1%
Agree	27	35.5%
Neutral	28	36.8%
Disagree	6	7.9%
Strongly disagree	2	2.6%
Total	76	

Data Interpretation: As shown in the above pie chart and table, about reward and recognition in their organization, only 17.1% of the respondents strongly agree about it. 35.5% agree and are satisfied about the reward system in their organization. Maximum respondents i.e., 36.8% were neutral about their

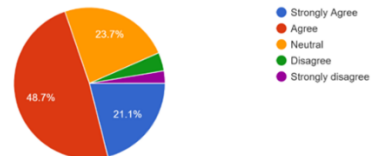
reward system and 7.9% and 2.6% disagree and strongly disagree respectively.

The implementation of a robust reward and recognition system holds significant importance for any organization. When employees are acknowledged and rewarded for their contributions, it reinforces their sense of achievement and value. This recognition boosts their motivation, leading to increased engagement, productivity, and commitment to achieving organizational goals. A reward and recognition system helps establish a culture of excellence within an organization. By publicly acknowledging and rewarding outstanding performance, organizations send a clear message about their commitment to recognizing and valuing employees' efforts.

Employees who feel valued and recognized experience higher levels of job satisfaction, reduced stress, and a positive work-life balance.

Thus, the implementation of a robust reward and recognition system in an organization is crucial for motivating employees, enhancing performance, fostering engagement, attracting, and retaining talent, and reinforcing a culture of excellence. By acknowledging and rewarding employees' contributions and achievements, organizations create a positive and supportive work environment that drives employee satisfaction, productivity, and overall organizational success.

Do you feel you receive enough recognition?  
76 responses



Responses	Frequency	Percentage
Strongly agree	16	21.1%
Agree	37	48.7%
Neutral	18	23.7%
Disagree	3	3.9%
Strongly disagree	2	2.6%
Total	76	

Data Interpretation: As shown in the above pie chart and table, about respondents get enough recognition in

their organization, only 21.1% of the respondents strongly agree about it. Maximum respondents i.e., 48.7% agree and are satisfied about the recognition system in their organization. 23.7% were neutral about their recognition system and 3.9% and 2.6% disagree and strongly disagree respectively.

Recognition of talented employees is as important as rewarding the employees. Recognition is a powerful motivator for employees. When employees are acknowledged and appreciated for their contributions, it boosts their morale and motivation to perform at their best. Recognition reinforces their sense of value and significance within the organization, fostering a positive and engaged work culture.

## VI. FINDINGS

Based on the results of the study, it was found that Reward Management System has a significant effect on employee motivation and job satisfaction.

Findings are as follows:

- **Job Satisfaction:** Rewards and recognition have been found to have a positive impact on job satisfaction. When employees receive rewards or recognition for their achievements and contributions, they tend to feel valued and appreciated, leading to increased job satisfaction.
- **Intrinsic Motivation:** Rewards and recognition can enhance intrinsic motivation, which refers to engaging in an activity for its inherent satisfaction rather than for external rewards. Recognition has been found to promote feelings of competence, autonomy, and relatedness, which are key components of intrinsic motivation.
- **Extrinsic Motivation:** Rewards, such as bonuses or promotions, can positively influence extrinsic motivation, which involves engaging in an activity for external rewards or tangible benefits. When employees perceive a clear link between their performance and the rewards they receive, it can enhance their motivation to perform well.
- **Performance and Productivity:** Research suggests that rewards and recognition positively impact employee performance and productivity. Recognition programs that acknowledge and reward exceptional performance can incentivize

employees to strive for higher levels of achievement, leading to improved overall performance.

- **Retention and Engagement:** Reward and recognition programs can contribute to higher employee retention rates and increased engagement. Employees who feel valued and recognized are more likely to remain with an organization and be actively engaged in their work, which can have positive effects on productivity and overall organizational performance.
- **Teamwork and Collaboration:** Reward and recognition systems can also foster teamwork and collaboration within organizations. When teams are recognized collectively for their accomplishments, it can promote a sense of camaraderie and encourage collaboration among team members.
- **Individual Differences:** It is important to consider individual differences when implementing reward and recognition programs. Different employees may respond differently to various types of rewards, so organizations should tailor their approaches to align with employees' preferences and needs.

## CONCLUSION

In conclusion, the findings of this study highlight the critical role of reward management systems in fostering employee motivation and Job satisfaction. Organizations should prioritize the design and implementation of effective reward management systems that align with organizational goals, provide meaningful feedback and recognition, and create a supportive work environment. By doing so, organizations can harness the potential of their employees, drive motivation, and ultimately enhance productivity levels, leading to improved overall organizational performance.

Through a comprehensive analysis of the data collected, the following conclusions can be drawn:

Firstly, the results demonstrate a significant positive relationship between reward management systems and employee motivation. The implementation of clear and aligned goals, fair performance criteria, timely

feedback, and meaningful rewards and recognition were found to be key factors in enhancing employee motivation. The reward management system played a crucial role in providing employees with a sense of direction, purpose, and achievement, which positively influenced their motivation levels.

Secondly, it was observed that motivated employees exhibited higher levels of productivity. Employees who felt valued, supported, and recognized for their contributions were more likely to invest their time and effort into their work tasks, resulting in increased productivity. The performance management system, when effectively implemented, acted as a catalyst for employee engagement, leading to improved performance outcomes and organizational productivity.

The study explores how these systems shape employee attitudes, satisfaction, and engagement, ultimately affecting their level of motivation in the workplace. It investigates how effective performance management practices contribute to enhancing individual and team performance, leading to increased productivity outcomes within organizations. The study provides actionable insights and guidelines for organizations to design and implement reward management practices that align with employee needs and organizational goals. Furthermore, the study revealed that the work environment and resources available to employees played a vital role in shaping their motivation and subsequent productivity.

However, it is important to acknowledge the limitations of this study. Despite these limitations, this dissertation aims to provide valuable insights into the impact of reward and recognition management systems on employee motivation and job satisfaction. Awareness of these limitations will facilitate a balanced interpretation of the findings and provide avenues for future research to address these gaps in knowledge.

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