



# REWARD SYSTEM AND IT'S IMPACT ON EMPLOYEES PERFORMANCE

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## ABSTRACT

Reward system is outlined as associate degree integration of policies, procedures and practices by a company for bountied it's staff as per their performance , skills, competency and their market price. Reward system is any method at intervals a company that encourages, reinforces, compensates for taking a specific set of action. This study focus to seek out the worker performance associate degeered company providing the rewards of an staff.

Rewards are what staff receive for performing well. Rewards also can consists of feelings from having performed well in work . Rewards are powerful motivators of performance. so as to realize enhancements in performance totally different reward systems should be applied. Reward system improves relationship between the leader and worker. worker performance is a crucial component in management. Rewards are found to make enthusiasm in staff and increase the motivation levels in staff.

**Keywords:** Reward system, Employees performance, intrinsic reward, extrinsic reward.

## OBJECTIVES:

- Support the organization's strategy.
- Recruit qualified workers.
- Retain capable workers.
- Ensure internal and external equity.
- Motivate workers to perform to the utmost extent of their capabilities.
- Strengthen the psychological contract.
- Obtaining support of workers.
- Building relationship between the leader and also the worker.
- Deriving important value- addition at the stages of client service.
- Reduce the absence.

## IMPORTANCE :

- The reward system act as a supply of communication and feedback.
- The reward system helps the organization in securing the participation of workers on attain company goals and objectives.
- Reward system will increase the staff morale within the organization.
- Reward system ensures the reward to the staff with high level skills and responsibility.
- It makes the staff knowledgeable towards their specific jobs.

## INTRODUCTION

### What is Reward system?

Reward system is defined as " An integration of policies procedures and practices by an organization for rewarding it's employees as per their performance , skills, competence and their market value.

Reward system are central to the human resource Management operate. their purpose is to draw in gifted people, encourage them and retain people who have an improved work with the organization. Reward system have an immediate impact on the price facet of the organization's budget. Rewards are thought-about as a very important tool to ascertain the staff performance in each organization. Management use rewards for workers motivation. Thus we will say that effective reward system attract new workers for organization and encourage existing workers to perform high levels. Workers smart work is important to attain the particular goals and smart effort depends on rewards . The association and relationship between reward, motivation and

job satisfaction of workers have abundant significance to success of each public and personal sectors. A reward system is very important for the worker performance. As worker performance are simpler to high reward system. Job performance is additionally a part of human resources management. Performance is Associate in Nursing what and for the organization succession and achieving the goals there's such a lot ever-changing occurring within the faculty education within the world {and each|and each} faculty has should relay on workers smart performance reverse ar thought-about as vital tool to ascertain the staff performance in every organization management use rewards for workers motivation

Rewards contribute to boost the satisfaction levels of staff.

Reward makes and overall positive impact on performance once it contributes to the event of high performance culture one within which the values ,norms Associate in Nursing time unit practices of an organization combined to form a climate within which the action of high levels of performance may be a method of life such a culture will be manifested during a high performance work system inside the superior culture and work system rewarded impacts and individual and organizational performance by focusing attention on the values of the organization for superior and also the behavior needed to attain. Reward system helps Associate in Nursing organization be a lot of competitive, retain key workers and cut back turnover system can also worker motivation and reinforce the image of organization among key stakeholders for future workers.

## LITERATURE REVIEW

The literature was structured within the following form: worker performance and reward system structures and job satisfaction, worker motivation.

- 1)Andrew (2004) commitment of all employees is based on rewards and recognition.
- 2) Lawler (2003) argued that prosperity and survival of the organization is determined through the human resource how they are treated.
- 3) Wilson(1994) the process of performance management is one among the key elements of total reward system.
- 4)Eastman(2009) consistently found that intrinsic motivation is conductive to producing creative work.

## **Relationship between Reward and worker performance**

The Reward system of a firm is employed as a tool to observe performance of workers as well as a technique to encourage workers. so Associate in Nursing organization uses an award system to stimulate the performance of its workers. Any reward system ought to be created supported wants the requirements the wants and preferences of workers as someone's needs is also consummated by financial rewards whereas others ar looking for promotion, appreciation, increase of responsibilities, trainings, and alternative sorts of non- financial rewards. Adequate reward system is essential for worker motivation each for prime achievers and low achievers. This is often as a result of rewards will increase the work satisfaction among high performers Associate in Nursing act as an incentive for low performers. The goals and objectives of organization are accomplished by planning tasks and duties of workers. The potency and effectiveness of the entire organization depends upon individual effectiveness and potency in achieving individual tasks and duties. Valued workers are preserved if they're properly rewarded. Reward is try to encourage job performance through selective distribution. Reward will improve the staff performance. But the improper use of reward will have a training impact on workers performance. Rewards will encourage workers to achieve the talents to assist them and organization grow this could additionally increase their want to continue being a part of the organization. Additionally correct reward system will cut back absences. Manager have to be compelled to perceive their workers perceptions of the importance and fairness of the reward then we tend to communicate what must be done to receive the reward.

## **Relationship between Recognition and performance**

The relationship should be established based on trust recognition and appreciation plays an important role in motivating employees and raising their performance. Awards are given to recognise exemplary performance beyonders scheduled assignments when employees perform the send mines in a cost-effective manner or developed a new way to complete faster without compromising with the quantity qualitative requirements performance planning performance and performance feedback for all essential for the planning is a process by organizational expectations or established and organizational goals are linked with the individual team's efforts from performance feedback using a mechanism to communicate to the employees how will people do a job or task compared to expectations performance standards , and goals feedback should comprise both qualitative and quantitative aspects of the assignments performance feedback can motivate employees to improve the performance.

Performance is the manner of demonstrating skills or capacities to achieve the assigned task. Recognition is a strong tool of motivating people acknowledgement for giving special attention to employee actions if your behavior or performance meet an intrinsic psychological point whether formal or informal determination programs acknowledge employee contributions after the fact immediate recognition impacts more rewards

can be monetary or non monetary organizations recognize and reward explain very performances on what style feels reinforce the performance improvement modify behavioral deposition.

## **Employee performance and Motivation**

Performance of workers will be maximized by making a perception among them that their exertions and energy is efficacious for the corporate and management recognize and reward high performers motivation of workers is that the most important think about worker performance. Managers should notice ways that to boost performance whereas ascertaining workers and keeping them impelled not solely forestall worker burnout absence and high employee's turnover however additionally maximize performance. The foremost effective method of workers motivation is to reward them for his or her performance and supply adequate incentive to additional performance improvement. Rewards and incentives cause employees job satisfaction and high level motivation that influence company's overall performance.

### **TYPES OF REWARDS**

Reward refers to anything that is provided in the form of a facility benefits or status to motivate the employees for the best performance there are different ways that an organization can reward its employees . Most of the reward systems are based on the cash rewards as a motivational factor for employees which includes sales commission annual or periodical bonuses employee awards extra on the other hand non financial incentives take the form of performance appreciation letters determination of performance of publicly providing improved working conditions increasing diversification in job description job rotation

#### **1. Intrinsic reward**

Intrinsic reward is an outcome that provides an employee with personal satisfaction upon effectively performing a job this award is associated with employees internal satisfaction for their best performance on job it includes sense of pleasure professional growth person achievement organizations usually give this reward to employ when the employee is doing well on a job .

#### **2. Extrinsic reward**

This reward is generally financial and tangible one extrinsic rewards are given by managers to their employees has a direct link with job performance as most of the employees want time off advancement and recognition. In other words monetary rewards are the best source of employee motivation which cater the expectations of individual employees in order to keep them motivated therefore this way of motivation tends to be short-term and should be repeated constantly to retain motivation and performance of the employees by reward system an organization ensure that the employees have perceptions that they are valuable for the company and management acknowledges the role they play progress of the company

### 3. Financial reward

Direct monetary rewards are financial rewards that includes giving cash compensation to employees for their direct completion of work or for their increased efforts wages and salaries commission incentives etc are the best examples of financial rewards.

### 4. Non financial reward

Indirect monetary rewards are the non-financial rewards which consists of the items of financial value which the organization gives to the employees which does not include cash medical insurance subsidized canteen Life Insurance interest free loans subsidized transport free uniforms some examples of non financial rewards.

### 5. Performance based reward

This reward is associated with employees job performance the reward of employees will be greater for good performance and the poor performance will be awarded according the employees who perform above the pre-determined level of output will be paid additionally.

#### Example

1. Incentive system
2. Piecework pay plan
3. Group bonus

#### Scope of Reward system

- This study investigate the reward system and it's importance within the organization.
- Rewarding smart performance in associate degree organization.
- Building a good worker recognition strategy.
- It centered on compensation associate degreed reward system joined of the inner issue touching the performance of an worker.

## Findings

- The data used for the study depends on what organization have shared, it's assumed that firms have provided correct information for the aim of the study.
- Employees may well be biased concerning opinions towards bound factors whereas responsive the form.
- Time was the foremost necessary constraint in closing this project.

## Conclusion

Rewards makes the employees comfortable that developed the level of job satisfaction and employee performance. Rewards directly effects the emotions and feelings of the employees and there is direct correlation between extrinsic reward and employee performance.

## References

- 1) Armstrong( 1996 )also stated that financial rewards are significant not only in terms of their instrument value as a medium of exchange but also a highly tangible means of recognizing and individuals worth, proving self esteem.
- 2) kalleberg (1977)explained rewards consists on benefits that employees receive in exchange of their work during the job.
- 3) Wang(2004) in so many organization rewards plays so many roles in sustaining and creating commitment among Employees for good performance and that better performance leads to job satisfaction.