A STUDY ON EFFECTIVENESS OF REWARD SYSTEM ON EMPLOYEE MOTIVATION IN BPO SECTOR

Sophy Alexander

Department of Masters of Business Administration
Assistant Professor, Marian International Institute of Management, Kuttikkanam, Kerala

Steema tomy

Management Trainee, Marian International Institute of Management, Kuttikkanam, Kerala

ABSTRACT:
In the age of global competition, obtaining the right work force and retaining it turns into the most essential assignment of all organization. To get the most from those resources, employees should be motivated. Managers must think of new ways to hold an employee’s attention and interest in BPO sector. The primary data is collected from 100 participants. The questionnaire survey method is used to collect the primary data. From the analysis, it is found that the majority of the respondents are satisfied with effectiveness of reward system on employee motivation. The reason on why the study is vital is it helps to understand why reward system is important within the organization so the organization can adopt better ways to encourage workers through a good reward system to increase worker productivity.

Keywords: Reward system, Employee motivation, Attitude, Employee productivity.

INTRODUCTION

Reward system is a very important management tool which is used to motivate workers. In different words, reward system attract people to join the organization and also helps to reduce turnover intention of employees. It will encourage them to work, and motivate them to perform good. The factors that motivates and affect employee performance are rewards which can be monetary, job security, working conditions, employer-employee relationship, autonomy, relationship with colleagues, training and development opportunities, employee recognition and company’s rules and policies for rewarding employees. Among all these factors, motivation that comes with rewards becomes important factor which increases the exceptional contribution by employees.
An organization should satisfy its obligations to stakeholders, its top management must build a bond between the organization and its employees that will fulfill the needs of both the parties. The organization expects employees to perform the duties which is assigned to them and at the standards set for them, and to follow the policies that have been established to govern the workplace.

Employee motivation is outlined as the willingness or effort exerted by the employee so as to realize the goals of the organization and this development of motivation is universal and results as a result of bound unhappy wishes of the employee. An individual has preferences and likes and dislikes that he or she desires to fulfill. Once these desires and wishes aren't glad, a drive or motivation is formed in this person to realize that goal.

Today an organizations growth is completely reliant on employee’s work motivation. It is very important for a company to find out plethora of ways to motivate its employees so that it can plan a suitable reward system and gain better results. The right combination of monetary and no monetary rewards can boost up the employee’s work motivation and enhance their fidelity to the company. Past literature has brought the area of rewards systems to attention, significantly in the area of monetary and non monetary rewards and how it can motivate employee performance at work.

The aim of the study is to investigate and analyze how the reward system is effective in BPO to generate employee motivation. It should aim what reward system functions well and could be further developed and improved in order to boost employee satisfaction. The driving force behind this study is to enable the employees to give feedback on their work motivation and their attitude towards the reward system.

**LITERATURE REVIEWS**

Nirma Sadamali Jayawardena and Darshana Jayawardena(2020) Studied on the extrinsic and intrinsic rewarding system on employee motivation. The study contributed to identify the employee motivational factors in the selected company and to reduce current labour turnover ratio by identifying the factors which motivate the current workforce.

Walters T. Ngwa(2019) conducted a study on the effect of reward system on employee performance. The study assesses the degree to which profit sharing affects employee commitment. Firstly, because reward systems are not a one size fit for every firm, it will be interesting to investigate the effect of reward system on employee performance in service firms. Employee task are more routine with a relatively lower level of creativity and innovation. There is a lower probability for group work and a higher level of specialization and task distinction. It is very important for research to be done in this direction with the focus of identifying the most appropriate reward system for service firms. Secondly, wages and salaries constitute a significant part of expenses made by firms. Considering that reward
is an important tool that can be used to attract the right employee, keep them and constantly motivate them to perform at optimum level, reward systems are expected to deliver attractive packages.

Belachew Kassahun (2019) identified that employee motivation is a very important issue that affects every business organization. To provide an excellent service for their customers and to foster development of tourism in the region one and two star rated hotels as vital places should consider the issue of motivation to satisfy its employees and grasp success. The rewards that one and two star rated hotels provides for its employees payment, promotion, recognition, benefit, work content, and work condition. But the reward system of the one and two star rated hotels is poor and employees were not treated well by the hotels. This means, the one and two star rated hotels did provide adequate rewards which incorporates intrinsic and extrinsic for their staff that motivates them for higher performance. The perception of the hotel employees towards the reward system of the one and two star rated hotels is negative. They believe that the reward system of the one and two star rated hotels is not properly communicated, transparent and fairness. They also felt that the reward system is not externally competitive and appropriate for hotel employees.

Zhen Zhang, Lianying Zhang, Aibin Li (2019) found that reward system as an effective tool to manage NPD (new product development) collaboration. Yet, our understanding about what types of rewards should be used for NPD collaboration is still unclear. This research examines the effects of reward interdependence and nonfinancial incentives on NPD collaboration, as well as the moderating roles of team size and deep-level heterogeneity.

Yoko Kitakaji, Susumu Ohnuma (2018), examined whether rewards and mutual punishment increased non-cooperation or motivation and regarded illegal industrial waste dumping as a social dilemma in which everyone bears the burden of the cost of illegal dumping, legal treatment is cooperative behavior, and illegal dumping is non-cooperative behavior.

Said Juma Al Darmak (2017), observed the role of rewards in promoting innovation has received considerable attention in both theory and practice. The fact that rewards have a positive impact on promoting innovation is well established. However, this relationship is complex since different types of rewards are suited for various kinds and stages of innovation. Further, an alternate view undermines the role of rewards in promoting innovation. Research explains that reward plays a significant role in the motivation of employees since it creates a certain degree of excitement among employees, thus leading to the development of innovation culture within the organization. However, this relationship between rewards and innovation is not a straightforward one. Considering that innovation varies in degree and types, this study highlights that various types of rewards impact on different types of innovation. Further, considering the existence of a profusion of rewards systems, this study through an exhaustive literature review, shows that different types of rewards are linked to various stages of innovation.
Felista Ngozi Abasili, Abdu Ja’afaru Bambale (2017), investigate the direct relationship between reward and employee performance using the variables including salary, bonus, incentive, promotion, recognition, pension and gratuity as independent variables and performance as dependent variable. Employee performance and the level of job satisfaction and commitment to their job is a direct function of the compensation packages and reward system of the organization. Without appropriate compensative package, incentive system and motivational techniques put in place in the organization, it is most likely that workers will not be committed and their performance level will be underhand. Reward is central to the functioning of any employee-employer relationship and it is a matter that is closest to the heart of both the employee and the employer.

Ofelia Robescu and Alina-Georgiana Iancu (2016) says that the most important finding of the study is that a large part of employees agree that recognition motivates and influence the performance. In summary, recognition can be a powerful tool used to motivate employees. It is desired by employees and significantly increase their performance. Some suggests that social rewards, such as recognition may affect employee performance to the same level as payment.

Abdifatah Abdilahi Ali (2015), opined that there is a positive relationship between extrinsic rewards and employee satisfaction. Giving of rewards to the best performing employees motivates them to increase their job satisfaction as well as encouraging the other employees to enter into a competitive performance for them to be rewarded too. Appreciation of the work done and provision of performance benefits affects employee satisfaction level thereby promoting their morale in their work. From the findings the level of satisfaction an employee perceives by receiving a extrinsic reward is expected to influence the reward attractiveness in the same manner as a fixed pay salary does. This implies that an employee who prefers a fixed pay over a performance based pay, will also be more attracted to a tangible reward than to a non-tangible reward. yet, granting non tangible rewards to employees has also proven to be an important factor that influences employee satisfaction.

Ayesha Binte Safiullah (2014), From this study it can be inferred that it is not just one factor, for example it is not just monetary rewards which motivate an employee, though monetary compensation is the physiological factor to the employees. This essentially says that the employees need to be motivated with the content of their job. That is the employees in any organization need to be constantly provided with opportunities for learning new skills so that they do not feel monotonous. They should be motivated to use the acquired skills on their job. The organizations need to provide challenging opportunities to the employees. The organizations also should emphasize on work life balance, and should provide options to employees, like- flextime, day care centre for their children etc. They must be encouraged to participate in decision making and they need to get challenging tasks. The employees would appreciate these initiatives. It is important to link pay to performance as it is an effective motivator when people know what they
are going to get in return for certain efforts or achievements, and when they feel that what they may get is worth having.

Dr. Baskar, Prakash Rajkumar. K. R.(2014) studied that a variety of factors influence employee motivation and satisfaction. It was also significant to discover that there is a direct and positive relationship between rewards and recognition and job satisfaction and motivation. Hence, if rewards and recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. The direct translation of this could be that the better the rewards and recognition, the higher the levels of motivation and satisfaction. In the event of major inconsistencies, especially for emotional conflicts between performers and non performers, the organization should make an effort to re-assess and rectify this situation. In the event that the organization does not re-assess this situation, it could have a resultant negative impact on job performance and productivity as well as on the retention of minorities. In accordance with Maslow’s hierarchy of needs, the lower level needs such as salary and benefits must first be met before the higher level needs, which impacts motivation can be satisfied.

RESEARCH METHODOLOGY

To cater the need of the research I have used primary (self-constructed structured Questionnaire). Primary data is collected directly from the employees by means of holding discussions with them and through direct observations. Direct enquires to seniors officers were a reliable source of information. Secondary data were collected from brouchers, magazines, manuals, and articles, annual reports of the company, website and other document of the company.

OBJECTIVES OF THE STUDY

- To identify the existing reward system of the organization.
- To analyze the effect of reward system on motivational level of employees.
- To identify the relationship between reward and employee motivation.
- To know about the motivational techniques used by the organization.
- To suggest new techniques to motivate the employees

RESEARCH DESIGN

The research design is the conceptual structure with in which research will be conducted. Research design is a frame work or blue print for the conducting the research. It is a logical and a systematic planning and directing a piece of research. Descriptive research has been applied, which is also known as statistical research, describes data and
characteristics about the population or phenomenon being studied

**TOOLS AND TECHNIQUES OF ANALYSIS**

Structured questionnaire was prepared to interview the employees of the organization. For analyzing the collected data different statistical techniques are used with the statistical tool SPSS.

**SAMPLING METHOD**

The sampling method used in the survey was Convenience Sampling method.

**SAMPLE SIZE:**

The sample size used in this survey was 100. A total of 150 questionnaires were distributed among labors out of which 100 responses came back.

**DATA ANALYSIS AND INTERPRETATIONS**

**Table 1
Correlations between Reward System and Employee Motivation**

<table>
<thead>
<tr>
<th>Reward System</th>
<th>Reward System Pearson Correlation</th>
<th>Employee Motivation Pearson Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>.627**</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>.627**</td>
<td>.000</td>
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<tr>
<td></td>
<td>.000</td>
<td>100</td>
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<td></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

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

From the correlation analysis, it can be inferred that the correlation between reward system and employee motivation is significant ($r = .627$). Thus the hypothesis, there is positive correlation, when there is increase in effectiveness in reward system there will be corresponding increase in the employee motivation. It is evident that along with increase in effectiveness of reward systems there is corresponding increase in the perception of employees.
Table 2

ANOVA
Employee Motivation

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>949.401</td>
<td>23</td>
<td>41.278</td>
<td>3.726</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>842.039</td>
<td>76</td>
<td>11.079</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1791.440</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the ANOVA test it can be interpreted that there is statistically Significant relationship between employee motivation and Reward system (F = 3.726). The value show positive relationship between the variable, which says that employee motivation is a factor which depend on rewards system. It is evident that variations in Reward system can lead to employee motivation

FINDINGS

Most of the employees are satisfied with the reward system given in BPO sector. Many of the companies were able to reduce turnover due to effective reward system. The study will also help the organization to increase the motivation level of employees and thus increase the performance. In this way the organization will be able to achieve its objectives in a better cost effective way by making a confident and strong workforce. The best way to motivate its employees is to give good rewards so that they will remain back in the organization.

CONCLUSION

To recapitulate, the study states that salaries, bonus, commission and working conditions have a positive relationship with performance of employees in business process outsourcing. Thus there is a positive relationship between rewards and employee motivation. The purpose of rewards is to motivate employees thereby increasing the result of the organization.
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