



# EFFECTIVENESS OF REWARD SYSTEM ON THE PERFORMANCE LEVEL OF EMPLOYEES AT ADOBE METAL PRODUCTS, BENGALURU.KARNATAKA, INDIA

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## ABSTRACT

Every organization follow their own style of reward system based on the performance of employee. In order to improve effectiveness in performance of employees every organization must strive hard to motivate them. Reward system has seen essential to an organization in managing employee's performance. Rewards which consists of financial rewards and non-financial rewards which motivates employees to work effectively which in turn leads to success for organization. Motivation is the urge to do work efficiently, so in order to motivate employees organization must maintain effective reward system. This research depicts to measure the effectiveness of a rewards system in an organization on employee performance. So that it is an easy way to know about the expectations of employees they are having about reward system. A descriptive research design is formulated to analyze feedback of employees using structured questionnaire and objectives are achieved with the aid of percentage analysis .

**KEYWORDS:** Promotion, Bonus, Best performer, Commission, Recognition, Performance appraisal.

## 1. INTRODUCTION

This study is a learning program which aims to provide the students a chance to consolidate the theoretical knowledge through practical experience. It is a field experience which provides an opportunity to explore and share their insights. The research project is conducted to help the students to understand the working environment of an organization.

The program allows the students to join an organization to learn the inside working condition, how they work, functions of different departments, authority and responsibility in the Metal Fabrication Industry. The Internship program is designed to help a fortune to the student to maximize understanding on the most work experience there into explore. The connection between academic preparation of the students and the outside in the progress and implementation of the most important filtration jointly furnish project that will aid, a good serve their internship experience will conclude.

## 2. STATEMENT OF THE PROBLEM

The Problem being addressed here is both existing and important to every organization. Employees are the principal resource of the organization and these rewards directly affect them. Motivation is an intangible and independent term but Reward systems are objective and clearly defined, and attempt to relate one particular concept to objective concept. Our Study aims to recognize and understand the Effectiveness of Reward System on Performance Level of employees working in Adobe Metals Company.

## 3. NEED OF THE STUDY

This study is designed to determine the Reward System and its impact on performance level of employees. Utilization of new technology and work design must be supported by particular HRM procedures. The work environment and processes support maximum employee contact and flexibility. Planning modifications to the workspace, equipment, and work processes involves the employees. Employees are aware of the role they play in delivering the end goods or services. The data collected was from employees of different departments.

## 4. OBJECTIVES OF THE STUDY

- To study the nature of Reward System present in Adobe Metals Company.
- To analyze the effect of Reward system on the performance level of employee's.



## 5. SCOPE OF THE STUDY

This study has been limited to employees working in “Adobe Metals Company” Byraveshwara industrial estate, Bangalore only. This study is designed to determine the reward system and its impact on performance level of employees. The data collected was from employees of different departments.

## 6. HYPOTHESIS

1. H0: There is no significant relationship between employee’s ability and higher reward System.  
H1: There is significant relationship between employee’s ability and higher reward system.
2. H0: There is no significant association between training encouraging to work better and employees ready to increase work effort to secure more reward..  
H1: There is significant association between training encouraging to work better and employees ready to increase work effort to secure more reward.
3. H0: There is no significant difference between age and promotion of the employees.

H1: There is significant difference between age and promotion of the employees.

## 7. REVIEW OF LITERATURE

1. **Muhammad Ibrar, Khan (2015)** looked on the impact of incentives presentation conflicts in private schools. To ensure the respondents estimation, surveys should be used. It has been established that there is a beneficial relationship between employee performance and reward. In order to improve work presentation and work fulfilment, the association as a whole implemented a reward system.
2. **Emmanuel Erastus Yamoah (2013)** examine the connection between reward system and teacher’s presentation. The data be analyse in requisites of expressive information and Pearson chi square test be use. The result indicate a important connection between teacher’s loot and work presentation. The revise optional that school managing to initiate supplementary reward program such as free lunch and advantageous loans instruct to amplify the presentation of employees.
3. **Nitu Chomal, Papori Baruah (2014)** assured that Performance linked rewards act as motivators for workforce in attractive the presentation. It may be different in the same association based on the dissimilar category of workforce. The learning tries to create in your mind the accessibility of Performance linked reward and job contentment level of workforce transversely the manager and the priestly staff of bank subdivision. They over and done with that as priestly workforce donate their efforts in completion of managerial goals, their job fulfilment level ought to be well occupied think about of.
4. **Richard S Allen, Marilyn M Helms(2001)** describe as regards the connection between recompense practice and secretarial presentation. Many present reward practice have not be intentional to settle on whether their rewards are associated to managerial performance. The conclusion propose that a miniature group of reward practice is concurrent greater supposed directorial presentation. Recommendation for manager as well as suggestion for additional study are provided.
5. **Robert Chenhall, Langfield-Smith (2003)** examine concerning the degree a developed corporation by presentation dimension and a increase contribution reward scheme to attain the planned goals. Increase contribution is a mechanistic shape of manage system which will be well-matched with all the organisation for a spirited surroundings. They finished that readily available have to be a team base structure to harmonize the earnings contribution & maintain promise to intended modify.

## 8. RESEARCH GAP

Many researchers have conducted their survey in the field of effectiveness of reward system on performance of employee stating that reward system is required to increase performance of employee irrespective of organization. Through this research an attempt is made to identify current preferences or desires of employee as reward for their effort on performance in Adobe metal products company. Majority of employee’s desire is to obtain monetary rewards rather than non-monetary rewards.

## 9. TYPE OF RESEARCH

Descriptive research is used to describe characteristics of a population or phenomenon being studied. The goal of descriptive research aims to accurately and systematically describe a population, circumstance, or phenomena. It is capable of providing what, when, where, and how answers. A descriptive research design can use a wide variety of research methods to investigate one or more variables.

## 10. SOURCES OF DATA COLLECTION

### Primary Data

Primary data are first sources from which the analysis directly gathers information hasn’t been gathered. In the current study essential information have been gathered through structured Questionnaire.



### Secondary Data

Secondary data is the information, which has been gathered and well-arranged for another reason. The optional source comprises of promptly accessible and measurable explanations and report whose information might be utilized for research. On the off chance that the information is important for the examination with appropriate reference. Secondary data has been gathered from both outside and inside sources.

### 11. POPULATION AND SAMPLING UNIT

The population and sampling unit consists of all the employees working in Adobe Metals Company. Such as supervisors, managers, assistance managers, engineers, operators etc.

### 12. SAMPLING METHOD

Convenience sampling method is used in the study to collect the data through questionnaire. Employees who were available during my internship tenure.

### 13. STATISTICAL TOOLS AND TECHNIQUES

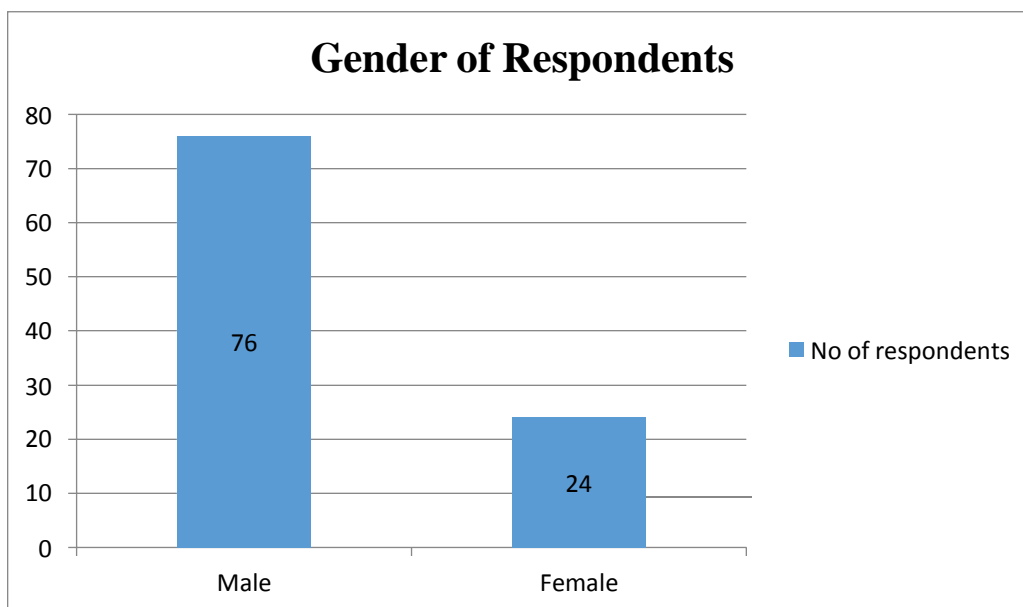
The data collected is represented in the form of tables, charts and graphs. And data is analyzed using statistical tool such as ANOVA, CHI-SQUARE, CORRELATION, WEIGHTED AVERAGE TEST, and DESCRIPTIVE STATISTICS using SPSS software.

### 14. DATA ANALYSIS AND INTERPRETATION

**Table 4.1: Showing Gender of Employees.**

Gender	No of Respondents	Percentage
Male	76	76%
Female	24	24%
<b>Total</b>	<b>100</b>	<b>100%</b>

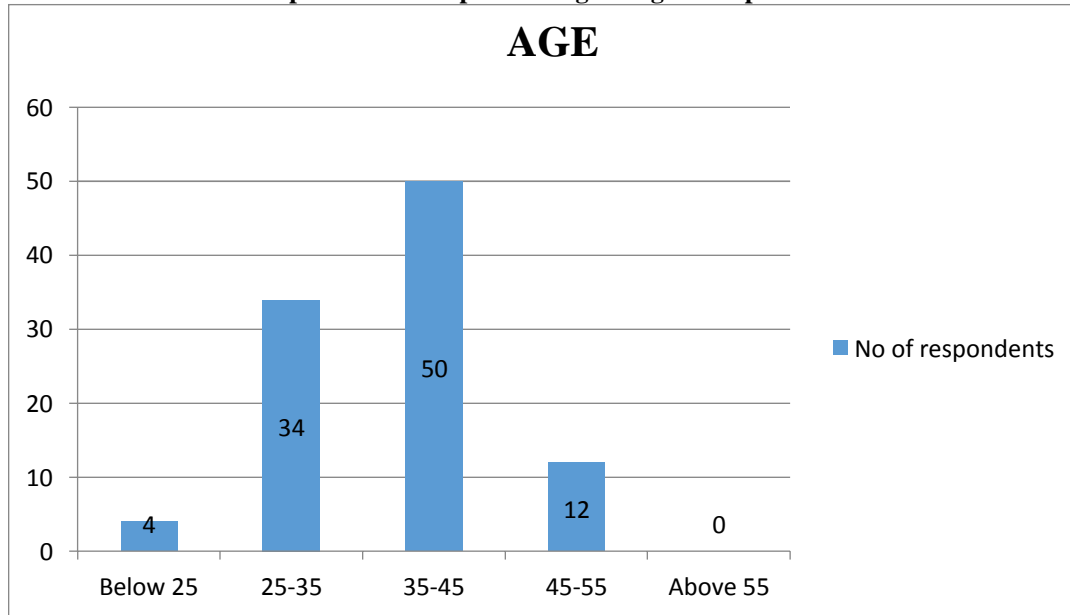
**Graph No 4.1: Graph showing employees respondents on the gender.**



**Interpretation:** The graph indicated that majority of respondents are male, as it is a hardware company other part of respondents are female as in company employment ratio reservation provided to female is less.

**Table4.2: Age of employees.**

Age	No of Respondents	Percentage
Below 25	4	4%
25 - 35	34	34%
35 – 45	50	50%
45 - 55	12	12%
Above 55	0	0

**Graph No 4.2: Graph showing the age of respondents**

**Interpretation:** Above chart shows that mainstream of respondents are belonging to the age group of 35 to 45 years this shows that company has implemented several measures such as bonus, promotion, recognition, best performer in order to appreciate employee performance which encourages them to hold on in the company thus employee retention.

**Table 4.3: Are you aware of the Reward system of your organization?**

Attributes	No of Respondents	Percentage
Yes	82	82%
No	18	18%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Graph 4.3: Graph showing employees respondents on aware of reward system in their organization.**



**Interpretation:** From the above graph, it can be observed that a majority of employees are aware of the reward system in the organization due to the reason that they might have received the reward benefits, or they have been working since long years in the organization so that they will have an idea of reward benefit. Remaining employees are unaware of the reward system due to the reason that they might have transferred from one branch to another branch of the same organization which differs in reward system.

**Table 4.4: Have you received any reward from the organization**

Attributes	No of respondents	Percentage
Yes	54	54%
No	26	26%
Maybe	20	20%

**Graph 4.4: Graph showing Number of Employee Respondents on Receiving Reward from their Organization**



**Interpretation:** From the above graph, it is seen that a large amount of respondents have received their reward benefits on the basis of their excellence in performance, which motivates them to work efficiently in turn leads to productivity. Some respondents are not awarded any reward, maybe due to lack of their performance, experience which matters for the sustainability of business and

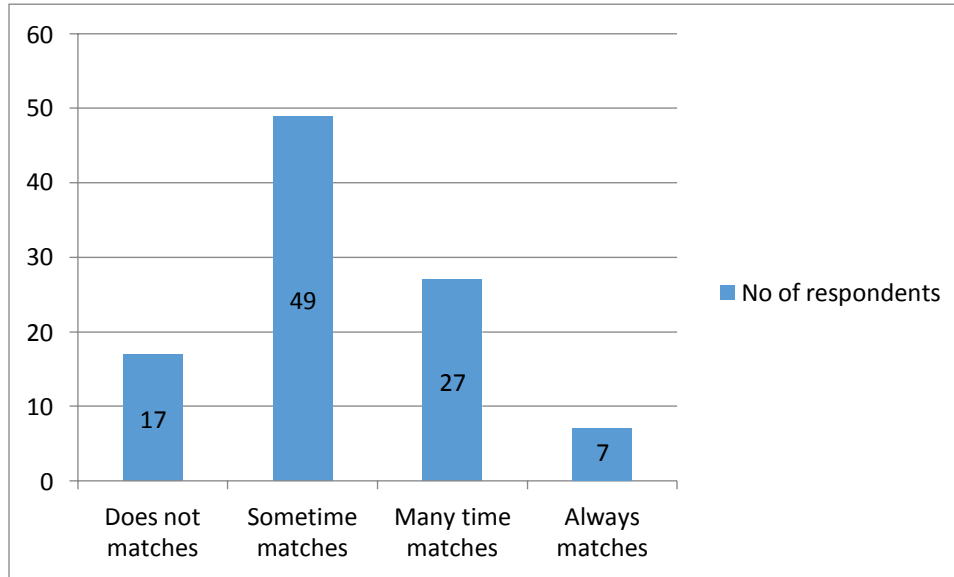


remaining might be awarded any rewards in small manner which they might be aware of it.

**Table 4.5 : Does the offered rewards matches your work efforts**

Attributes	No of respondents	Percentage
Does not matches	17	17%
Sometime matches	49	49%
Many time matches	27	27%
Always matches	7	7%

**Graph 4.5: Graph Showing Employees Respondents on the Offered Reward Matches their Work efforts.**



**Interpretation:** From the above graph it can be inferred that every employees will have their own level of expectations towards rewards system for the work done by them. Organizations should follow accurate reward system that matches employees efforts, if organization delay or provide less reward benefit then it may not matches the employees efforts.

#### **HYPOTHESIS TESTING HYPOTHESIS 1:**

H0: There is no significant relationship between employee's ability and higher reward system. H1: There is significant relationship between employee's ability and higher reward system.

A above hypothesis is tested using correlation.



## Correlations

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### Descriptive Statistics

	Mean	Std. Deviation	N
DOES THE ORGANISATION MAKES THE BEST USE OF EMPLOYEE ABILITIES	2.95	1.067	100
ARE YOU SATISFIED WITH THE EXITING REWARD SYSTEM IN YOUR ORGANISATION	1.50	.927	100

### Correlations

		DOES THE ORGANISATION MAKES THE BEST USE OF EMPLOYEE ABILITIES	ARE YOU SATISFIED WITH THE EXITING REWARD SYSTEM IN YOUR ORGANISATION
DOES THE ORGANISATION MAKES THE BEST USE OF EMPLOYEE ABILITIES	Pearson Correlation	1	.056
	Sig. (1-tailed)		.289
	N	100	100
ARE YOU SATISFIED WITH THE EXITING REWARD SYSTEM IN YOUR ORGANISATION	Pearson Correlation	.056	1
	Sig. (1-tailed)	.289	
	N	100	100

DESCRIPTIVES VARIABLES=Q12.1 Q12.2 Q12.3  
 /STATISTICS=MEAN STDDEV MIN MAX.

P value=0.56 and Level of significance: 0.01

## INTERPRETATION

Pearson product correlation of employees abilities and reward system was found to be moderately positive and statistically significant (P=0.56), hence it is positively correlated. Thus, the increase in higher reward system would lead to employee ability. Hence there is significant relationship between employee's ability and higher reward system.



**HYPOTHESIS:2**

A above hypothesis is tested using descriptive.

**➔ Descriptives**

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**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
BONUS	100	1	4	2.45	.783
PROMOTION	100	2	5	2.96	.816
RECOGNITION	100	1	4	2.69	.813
BEST PERFORMER	100	1	5	2.90	.810
Valid N (listwise)	100				

**INTERPRETATION**

Highest Mean = 2.96

Promotion is highly influencing effectiveness of reward system.Lowest standard deviation = 0.783

Bonus is slightly influencing the effectiveness of reward system.

Therefore, promotion is highly influencing employee’s comp aired to bonus in effectiveness ofreward system.

**HYPOTHESIS 3**

H0: There is no significant association between training encouraging working better andemployees ready to increase work effort to secure more reward.

H1: There is significant association between training encouraging working better and employees

Ready to increase work effort to secure more reward.

A above hypothesis is tested using chi square.





### Crosstabs

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Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
WHAT IS THE BASIS OF REWARD SYSTEM? * DO YOU AGREE THE REWARDS ARE IMPORTANT TO RETAIN HIGH PERFORMER EMPLOYEES	100	99.0%	1	1.0%	101	100.0%

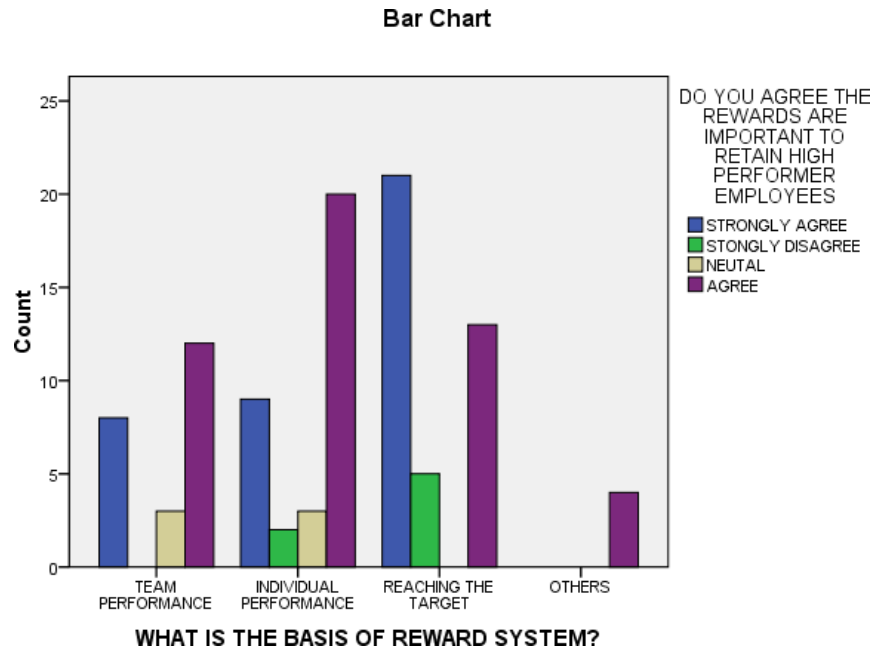
WHAT IS THE BASIS OF REWARD SYSTEM? \* DO YOU AGREE THE REWARDS ARE IMPORTANT TO RETAIN HIGH PERFORMER EMPLOYEES Crosstabulation

Count		DO YOU AGREE THE REWARDS ARE IMPORTANT TO RETAIN HIGH PERFORMER EMPLOYEES				Total
		STRONGLY AGREE	STONGLY DISAGREE	NEUTRAL	AGREE	
WHAT IS THE BASIS OF REWARD SYSTEM?	TEAM PERFORMANCE	8	0	3	12	23
	INDIVIDUAL PERFORMANCE	9	2	3	20	34
	REACHING THE TARGET	21	5	0	13	39
	OTHERS	0	0	0	4	4
Total		38	7	6	49	100

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.914 <sup>a</sup>	9	.026
Likelihood Ratio	23.549	9	.005
Linear-by-Linear Association	1.336	1	.248
N of Valid Cases	100		

a. 10 cells (62.5%) have expected count less than 5. The minimum expected count is .24.



P value: 0.026

Level of significance: 0.05(5%)

#### INTERPRETATION

From the above chi-square chart it is observed that, the level of significance is greater than Value. Therefore H1 is accepted and null hypothesis is rejected.

Hence, reward system is associated with retainment of high performance employees.

#### HYPOTHESIS 4:

H0: There is no significant difference between age and promotion of the employees. H1: There is significant difference between age and promotion of the employees.

#### ANOVA TEST

A above hypothesis is tested using Anova.



## Oneway

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### Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
YES	86	2.77	.607	.065	2.64	2.90	2	4
NO	14	2.29	1.204	.322	1.59	2.98	1	4
Total	100	2.70	.732	.073	2.55	2.85	1	4

### ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.794	1	2.794	5.454	.022
Within Groups	50.206	98	.512		
Total	53.000	99			

P value = 0.022

Level of significance = 0.05

### INTERPRETATION

As Level of significance is greater than p value therefore H1 is accepted. Hence there is a Significant difference between age and promotion.

### 6. WEIGHTED AVERAGE TEST:

This test is carried considering six variables as mentioned in factors column of below mentioned table in order to determine which among them are prioritized as per employees.

#### Interpretation

Grand total=2079

Factors	Very important	Important	Neutral	Unimportant	Very unimportant
Extra allowance	6*5 =30	33*4 = 132	61*3 =183	0*2 = 0	0*1 = 0
Commission	14*5 =70	32*4 =128	47*3 =141	3*2 =6	4*1 =1
Profit share	0*5 =0	31*4 =124	54*3 =162	4*2 =8	11*1 =11
Financialreward	15*5 =75	71*4 =284	5*3 =15	5*2 =10	4*1 =4
Non-financial reward	17*5 =85	39*4 =156	28*3 =84	13*2 =26	3*1 =3
Others rewards	15*5 =75	39*4 =156	22*3 =66	17*2 =34	7*1 =7

1. Extra allowance:  $345/2079 = 0.165$
2. Commission:  $349/2079 = 0.167$
3. S Profit share:  $305/2079 = 0.146$
4. Financial reward:  $388/2079 = 0.186$



5. Non-financial reward:  $354/2079 = 0.1706$ . Others rewards:  $338/2079 = 0.162$

From the above WACC test it can be interpreted that financial reward with 0.186 is strongly influencing among different types of reward system. Therefore financial reward system extremely motivates employees.

## FINDINGS OF THE STUDY

- It is observed that 76% of respondents are male and 24% of them are female.
- It is seen nearly half of the respondents are between the ages of 35 and 45, while 34% of the respondents are of age 25-35 years, 12% of them are 45 to 55 years and 4% of them are below 25 years
- It is understood that 82% of respondents are aware of the organization reward system and 18% of them are unaware of the reward system.
- It is implied that 54% of employees had received reward from the organization, 26% of them haven't received any reward and remaining 20% of them have responded as may be.
- It is defined that 35% of respondent agree that reward has positive effect sometimes, 25% of them it many time effect and 22% of them say it does not effect the work atmosphere.

## CONCLUSION

It can be concluded that the organization contains greater part of male employees who are belonging to the age group of 35 to 45 years. A highly motivated workforce is critical to a company's success. Large amount of employees have received their reward benefits on the basis of their excellence in performance, this shows that company has implemented several measures such as bonus, promotion, recognition, best performer in order to appreciate employee performance. Employees are awarded with high reward system, they would feel more enthusiastic to work in the organization for long period with the same efforts. Employees are more driven to work at a higher level of efficiency, which allows the company to achieve its goals more efficiently and effectively. Employees goals are mutually discussed with supervisors that aids employees to work as per the systematic plans which in turn leads to the attainment of reaching the goal. Listening to their issues which helps to build confidence for employees an

Rectifying the issues by providing appropriate solutions increases productivity and profitability.

## SUGGESTIONS

The company has to consider offering more training chances to motivate the staff to produce better work. Employees should have specific goals that are created and regularly reviewed. In order to boost employee happiness and retain cohesion among workers, the company can give the majority of team performance based reward systems, which helps to cover most of the workforce. According to study, the majority of employees said that bonuses, promotions, and recognition are fine, but that the organization should make a few improvements to make them even better. According to employee comments, only sometimes do awards correspond to the work they put in, thus going forward, the business needs to concentrate on giving out prizes for tasks completed by employees. The organization must primarily concentrate on each employees unique strengths, which enable them to readily recognize and reward the staff. The organization needs to priorities 360 degree performance reviews more.

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