



Research work on

**IMPACT OF REWARDS SYSTEM ON EMPLOYEE PRODUCTIVITY:
THE CASE OF ORIENT ENERGY SYSTEM
WITH THE PERSPECTIVE OF EMPLOYER**

**SUBMITTED TO: FACULTY OF BUSINESS ADMINISTRATION
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OF: BACHELORS OF BUSINESS ADMINISTRATION (BBA)**

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MAJOR SUBJECT: HUMAN RESOURCES

ABSTRACT:

The motive of this researched work is to identify the impact of rewards system (intrinsic or extrinsic) on employee productivity, employee motivation, and job satisfaction & employee performance on a specific organization orient energy system. Human resource now a day's playing major role in any organization, it also considered as the back bone of any organization, the rewards are important to increase the productivity of the employee and keep them engaged in their work in 21st century.

The researched show that the rewards system effects the motivation and performance of employee but it not much effective in long run, and is also ensure that on the initial stage intrinsic and extrinsic rewards effect the employee productivity but on the higher level the employee motivated with only the extrinsic (financial rewards).

ACKNOWLEDGMENT

“All the praises be to Allah, the Lord of the 'Alamîn (worlds i.e. mankind, [jinn's](#) and all that exists)".

However, it would not have been possible without the kind support and help of many individuals and my University (Jinnah University of Women) as particular. We would like to extend our sincere thanks to all of them.

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Thank you

LETTER OF TRANSMITTAL:

We are pleased to certify that **MEWISHALMAS SIDDIQUI** D/O MOIN UDDIN SIDDIQUI has satisfactorily carried out a research work under our supervision on the topic of “**IMPACT OF REWARD SYSTEM ON EMPLOYEE PRODUCTIVITY**”

We further certify that her distinctive research thesis is original and worthy of presentation to the faculty of Business Administration, JUW.

SUPERVISOR:

Ms . samreen lodhi

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1- INTRODUCTION:

The researched was going to conduct in Karachi the case of orient energy system (PVT) limited. The orient energy system (PVT) limited is power based company that served the sectors such as textiles, pharmaceuticals, hospitals, telecom, oil & gas, hospitality, poultry farms, shopping malls, educational institutes, commercial buildings and many more.

The companies are having tough competition with each other, and to survive in the market the companies have to retain their customers. To get success and to achieve overall objective the company's main investment is human resource; to hire the right person on the right job is the main challenge for every company and for increasing productivity on the job floor the management give rewards either extrinsic or intrinsic.

REWARDS:

There are two kinds of rewards giving to employee to increase productivity Intrinsic and extrinsic reward. Intrinsic reward include appraisal, motivation, recognition, appreciation, and extrinsic reward include pay raises, benefits bonuses. Intrinsic rewards also called as physiological rewards.

EMPLOYEE PRODUCTIVITY:

Employee productivity (sometimes referred to as workforce productivity) is an assessment of the efficiency of a worker or group of workers .Productivity can be evaluated in terms of the output of an employee in specific period time. Typically, the productivity of a given worker will be assessed relative to an average for employees doing similar work. (TEC TARGET.COM)

1.1 PROBLEM STATEMENT:

The rewards play a vital role in increasing productivity. In today competitive environment for influence on employee the rewards used by managers that effect their behavior and as well increase motivation. The employee productivity linked with job satisfaction, employee motivation, employee performance that increase by the bonus, rise in pay, benefits, promotion and recognition (Extrinsic and intrinsic rewards). The primary objective of this study is to examine the impact of rewards on the employee's productivity on the particular industry of orient energy system.

1.2 OBJECTIVES:

- Does there is an impact of extrinsic rewards on employee productivity?
- Does there is an impact of intrinsic rewards on employee productivity?
- How intrinsic and extrinsic rewards affect employee's productivity?
- Which kind of rewards boosts employee productivity the most?

1.3 SIGNIFICANCE OF THE STUDY:

The researched conducted on the particular organization orient energy systems Karachi Pakistan to know about the influence of rewards system on employee productivity that also effects the sub variables employee motivation, job satisfaction and performance and either intrinsic or extrinsic rewards effects the productivity most, which of the factor have more influences on increasing employee productivity.

1.4 SCOPE OF STUDY:

To highlight the study on orient energy system (PVT) limited, that help to determine the impact of rewards system on employee productivity that also help to increase in employee motivation and job performance.

1.5 LIMITATION:

The topic chosen is very fruitful and have many different dimension to learn, from this topic learn so many aspects and that also help in to increase my knowledge in different ways but unstable situation of country and due to shortage of time and burden of different courses in the semester which I have to study with researched I have only able to target one company. Further researched can be done on textile sector pharmaceuticals, hospitals, telecom.

2. LITERATURE REVIEW:

In today competitive area, organization engaged their employee in work through extrinsic and intrinsic reward, According to (Pratheepkanth, March 2011) researched appreciation of the staff employee from the upper management, build morale, sincerity with the work, self motivated, and take initiative regarding the work. The result of this researched conclude that 50 of the employee are average satisfied with the reward system, and the other employee who are unfavorable of reward system are fully satisfied.

According to the study of (W. L. Njanja, 2013) organization are facing many challenges in the high Tec world, the organization has to adopt change if they want to survive in the market, the rapid change in the customer preferences organization need to hire the right employees for the right job to attract customer, and to motivate them they give different type of intrinsic and extrinsic reward. The data was interpreted with the (chi-square) test and the result shows that (extrinsic) cash bonuses don't increase the performance of employee, it only give satisfaction to the employee.

Now the trend has been shifted the human resource is considered as the back bone of every organization, to hire the deserved candidate and keep them motivate and engaged is the main challenge for any organization.(Serena Aktar, Nov. - Dec. 2012) mention in her researched that, there is a strong bounding between extrinsic reward with the employee performance, but on other hand it also mentioned that intrinsic reward also play a vital role to increase performance, the combination of both rewards will increase the performance of employees.

(Shazia Khan, Fall 2011) emphasized on the (intrinsic reward) the researcher said that in their researched, the Monetary reward is not only the best way to retain employee in the organization, the appreciation and proper guidance given by the boss manger is the best way to motivate them, and also enhance performance, several studies shows that verbal gratitude make the employee more motivated toward job and become active toward works.

Researcher emphasized on two things demographical factor and reward system, the case of Tourism Company of Malaysia, was chosen because it helped to boost up the economy, the sample size was about 77, and the data was collected through the mean of questioner and the result was come up with the help of statistical tool, that tell us that both intrinsic and extrinsic reward are compulsory to increase the employee performance, but it seems like the intrinsic reward has more influence than the extrinsic reward on employee performance. (Payam Gohari, july 2013)

(Malik Muhammad Shafiq, 2011) describe that, relationship between reward, employee motivation and demographic variable, the targeted employee was 226 of the banking sector, as per the result it clearly state that there is no impact of demographic variable on employee motivation, and the salary motivate employee the most, and the motivation of employee dependent on the reward system. The factor that effect motivation of employee is appreciation, recognition, bonuses, job security, good behavior of manger and bosses.

Intrinsic and extrinsic reward both have impact on employee productivity and other variable, but most of the time intrinsic reward has more impact on employee satisfaction in job, this article (Rizwan Qaiser Danish, 2015) state that, the effect of reward (intrinsic) on task performance according to the survey is higher the productivity and performance, the appreciation reward make the employees self motivated toward their task, and that also reduced the error of chances.

(Özutkua, 2012). found that Turkish companies not particularly practice the reward system, but they also follow some of the major variable of reward system (extrinsic and intrinsic reward) and the result show that the intrinsic reward play a vital role in employee efficiency and extrinsic reward does not affect employee performance, the intrinsic reward also play a vital role in TQM practices.

The researched was conducted on the private and government sectors of Peshawar, the study interpreted as the positive impact of reward system on employee productivity and job satisfaction. Employee satisfaction with the job also helps in low turnover rate. Employees are the valuable assets of any organization they take the organization towards success so company should provide opportunities to their employee to make them perceive they are valuable for the organization. (Zunnoorain Khan, January 2014)

In some of the article the researched showed that non financial reward are also important, but According to the study of (Mustapha, march 2013) the result fully support that financial reward has influence on the job performance, in this cost inflation area, everyone want to rise in salary to live their life in better way, this conclude that employees should reward with financially, so that don't searched for another better opportunity.

(Usman, february 2010) stated that now a day's human recourse are playing a vital role in every organization. The 250 questioner was filled by the administrative department of different organization of Pakistan. The researched declared that there is a strong relationship between reward and employee motivation, but on other hand it shows that lack of recognition recognition decrease the employee productivity, because of the senior manger don't give empowerment to the line manager. It crystal clear that motivated employees done their job in a better way that will help the organization to achieve it overall objective.

(Sajuyigbe, februray 2013) define that 71% variance of employee performance increase due the reward system the data was gathered by the different manufacturing companies, that result indicate that the employee that have side by side project with their job for increasing the employee performance and energetic the company give their employees extrinsic and intrinsic reward. For motivation of employees reward are necessary and it also making the employee committed to the organization.

Reward system are divided in parts extrinsic and intrinsic, (Mehta, march 2014) researched indicated that the financial reward can help in to increase employee efficiency, they are directly proportional to each other, according to the survey it shows that if the company want to get success in this competitive world so they should value their employees, effect of financial reward on employee performance is high and satisfactory, and the researched clearly defined that the perception of the employee are vary from each other related to monetary based reward system.

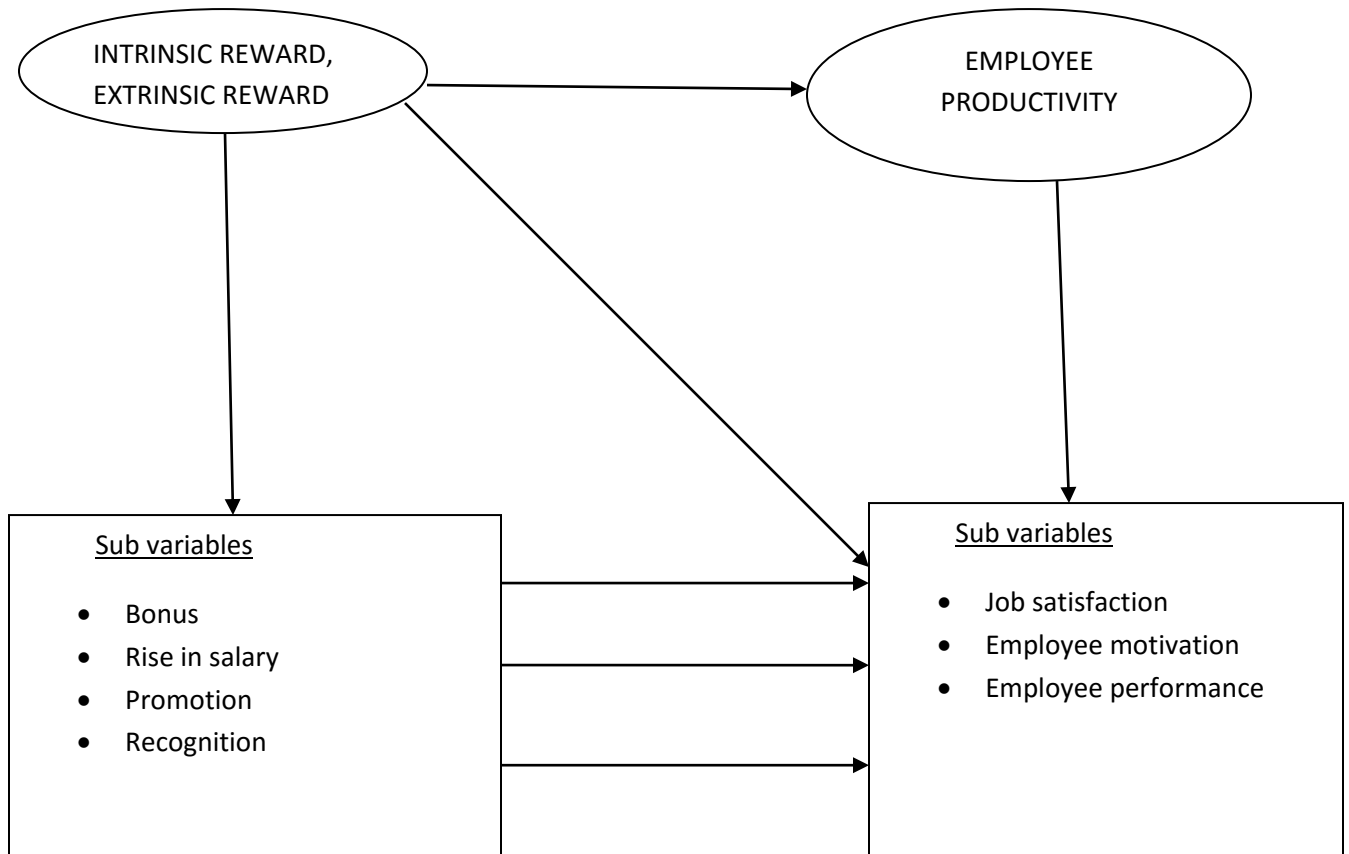
(Jehanzeb, Rasheed, Rasheed, & AlamzebAamir, november 2012) the researched was conducted on the both private and public sector of Saudi Arabic that clearly described that the impact of reward system increase employee motivation and that also have positive impact on job satisfaction. The result clearly explains that the reward system has great impact on employee satisfaction and job performance.

(MohdFitriMansor, SaidahNafisahBorhannuddin, & Yusuf, december 2012) the researched explain that the impact of reward system on employees in the chemical based firm, the survey tell us about the impact of intrinsic and extrinsic rewards on individual employee performance, the result fully support the hypothesis, and both reward help to increases employee motivation

3. CONCEPTUAL FRAME WORK:

INDEPENDENT VARIABLE

DEPENDENT VARIABLE



4. ANALYSIS:

In today's competitive world, rewards are important to make employee satisfied with the job, employee feel motivated that enhance productivity and performance because of the increasing competition trend, but the impact of rewards does not ensure productivity in long run, it's time being effect productivity and increase motivation, mostly the employee of the organization are focused towards salary rather than rewards. The increments apply to the pay salary is up to 20% on base salary of the individual employee on the basis of performance. The employee of organization makes the reports and sends to their bosses than they decided that if the employee gets increment or not.

The rewards are giving on the basis of employee level, (senior and junior) HR department decide whom to give extrinsic and intrinsic rewards. If the employee is on entry level so they can be motivated with any kind of rewards either intrinsic or extrinsic but if the employee is on senior level so he can get motivated with financial reward or extrinsic rewards. Mostly extrinsic rewards are giving to senior employee such as increasing salaries, bonus, and if the employee is junior so it depend whether they give extrinsic or intrinsic rewards.

The orient energy system focus on both kinds of rewards intrinsic and extrinsic, but extrinsic rewards are more giving to employee(bonus and increment on the salary) than intrinsic rewards (the appreciation of employee and certification) are rarely giving, so the ratio of the extrinsic rewards are higher than the intrinsic rewards. The rewards are giving on the basis of time, how much time employee give to the work, how much he is concentrated towards work and attitude towards work, and how was the performance in the projects.

The rewards techniques, giving promotion to employee as per the performance, and after four month HR DEP give money in term of bonus to manager, yearly bases certification to appreciate employee, yearly increment given to every individual employee it depend on performance than the percentage applied to the salary and if the employee is more motivated towards work so the management decide to give increment and extra facilities in any month it not compulsory that given in last year. There is not such a criteria to measure performance and productivity after giving rewards, but if the employee is went for training in UK, Germen, and other countries, so the employee have the responsibility after taking training session it has to guide their subordinates, if she or he fails to do, the punishment the employee face not facilitated on different task and the importance of that employee will end in the eye of company, but that not mean he will get demotion in job.

The rewards are not necessary to make employee as a valuable parts of organization, the work is important, if the employee work on time and his attitude towards work is serious than automatically he got attention from senior management and appreciation given to that employee. The criteria for reward distribution are same for the every individual in the organization from higher to lower level, it not changed.

Manager play the role of leader, he daily interact with the subordinates, give direction if employee is facing problem in the work, he act as a problem solver, it's not compulsory that manager only give certificates to motivate their employees, the daily basis interaction and act like as friend is a rewards for employees and it help to increase productivity. Manager/ boss of the department have a friendly nature they interact individually with their subordinated, and take rounds during the working hours to check that employee are working or not.

The manager/boss also understands the behavior of employee towards work and ready to solve employee difficulty is a type of rewards to any employee to get satisfied with the work. Job satisfaction affect organization productivity and also increase turnover rate of the company, if the employee is not satisfied with the job no matter how many rewards you give it will not going to motivate towards job and left the job. If there is no input so there will be no output automatically affects the profit of organization.

5. CONCLUSION:

The main purpose of the researched is to identify the affects or impact of rewards system on employee productivity the case of orient energy. Interview tells that rewards help to increase productivity and also help to increase motivation but it not ensure in long run. If the employee is not satisfied with the job so he or she cannot be motivated with the extrinsic and intrinsic rewards.

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