

Factors in Improving Performance through Rewards in Public Sector: A Concept Paper

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Abstract

The public sector organizations in Malaysia play a major role in the development of the country. The reward system is very important because it has a vital role to keep employees motivated and attached to work. This study aims to analyze the effect of giving rewards on the improvement of the performance of an organization, especially in the public sector. Rewards are issued to employees as encouragement when they have delivered their job well. The study shows how giving rewards may increase employees' motivation, job satisfaction, and a sense of achievement that may help contribute to better performance. Besides being effective in the short-term, rewards could also impact long-term performance and bring benefits to all public servants such as motivation towards better services. The study also criticised how giving rewards in the government sector is not the only factor in managing performance, but also looks at other factors to improve performance.

Keywords: Rewards, Motivation, Job Satisfaction, Achievement, Factors, Performance, Public Sector

Introduction

The total reward model is a very important substance and most outstanding in retaining employees (Smit et al., 2015). People are willing to contribute energy to a functioning organisation in exchange for monetary and other rewards. On the other hand, organisations must ensure that individuals cooperate toward the organisation's goal. Managing performance in the government sector has become essential for organisations because their significant aim is to achieve the organisation's objectives while having limited resources yet reaching the maximum outcome possible. The question of how organisational performance is

best achieved has been the subject of study by many researchers, and countless articles have been produced. This article discusses how rewards may help manage an organisation's performance - mainly on motivation, job satisfaction, and achievement cycle. This study highlights a new perspective on how public employee rewards programs could be reformed. It may help in studying new trends in the current era of millennials.

Background of the Study

Why is there such poor management performance even in the government sector? According to Lotter (2012), paying for performance is not easy to solve organisational performance problems. This study is done in Malaysia, and many companies in Malaysia have been widely practicing reward systems in improving their business performance. Ong and Teh (2012) studied 105 manufacturing companies in Malaysia and found that most firms provide monetary and non-monetary rewards. It is not influenced by the age and size of the company. It is supported by San et al (2012), that suggested that the use of financial and objective measures is the primary concern in designing the organisation's reward systems. They added that companies also are increasingly incorporating non-financial measures in their reward systems. However, a reverse result says that reward and leadership have no significant impact on employee performance (Fen et al., 2020). They added that the training and working environment significantly impact employee performance.

This study also provides important information to organisational decision-makers, consultants, and the company. The study approach will provide the necessary details to understand better how rewards in performance management can effectively deal with inadequate management in the organization. Another study related to this topic would be the role of control in an organization. According to Verburg et al (2018), different forms of control (process, outcome, and normative) relate to employees' trust and may positively impact employee job performance. Control practices may signal the organisation's predictability, fairness, and reliability. In other words, controls may lead to perceived organizational goodwill and enable employees to have more trust in the organisation.

Problem Statement

Rewards can be in the forms of intrinsic rewards and extrinsic rewards. Intrinsic rewards are internal rewards as individuals complete their tasks or achieve their goals, while extrinsic rewards are visible rewards given to individuals as appreciation for their achievement. It is usually monetary value such as a bonus, award, or valuable property. Lina et al (2021); Luqman et al (2021) agreed that rewards play essential roles in improving employees' performance. In addition, the employees will become more satisfied with their efforts besides being appreciated by their employer. However, extrinsic rewards have a stronger relationship with employee performance than intrinsic rewards (Hassan & Govindhasamy, 2020). The younger generation tends to improve their work quality when they are interested. In summary, management has to be more sensitive to the changing factors that influence the performance of the new generation's employees.

This study aims to propose a conceptual framework on how rewards can influence employees' performance through motivation, job satisfaction, and target achievement. This will help management decide on a better strategy to encourage their employees and improve management performance.

Gap of Research

Primary contextual considerations are how work-related outcomes are contingent on job effort or performance. Thus, the boundaries of these studies were formulated in two aspects. First, it is to include an examination of perceptions of the performance contingency of a variety of rewards. Second, it is to relate perceived contingency to perceptions of aspects of the rewards system. Many factors influence organisational performance system strategy that was not included within the scope of this study and thus defined its limitations.

Individual difference variables were previously proposed as offering an alternative explanation for the relationship between perceptions of rewards contingency and rewards context. While this challenge was examined and dismissed, other variables suggested by the literature review were not considered by this research.

Dependence on individual-level data is another limitation of this research. The measurement approach assumes that organisational behaviour is more accurately predicted and described from the knowledge of people's perceptions of the rewards system than understanding its actual properties that could bear on the research results.

Factors that contribute to improved performance as a result of rewarding employees

Motivation

Avramescu (2020) mentioned that rewards are the most influential variable towards employee motivation. This is based on the observations of managers and supervisors towards their employees, who believe that employees who are not rewarded for working more will have less motivation and performance. Furthermore, the additional rewards are linked to the objective interpretation of employees. Therefore, it should be remembered that managers and supervisors believe that organizations must implement an effective reward system to achieve organisational performance and the performance of subordinates.

Shibly and Chatterjee (2021) discussed that rewards might increase a person's motivation or have no effect. Some people might think that reward is standard for achieving their key performance indicator (KPI) or goal. Besides, Parker et al (2021) mentioned various ways to motivate employees based on their work-related activities and motivation strategy. This idea was supported by Dharma (2018), who found that the motivation of bank employees depends on social behaviour such as better cooperation among colleagues and moral support.

Job Satisfaction

Job satisfaction can also be described as how satisfied employees are with their jobs. It is related to the employee's feelings of accomplishment at work and is frequently thought to be inextricably linked to both productivity and personal well-being. Primarily, it entails performing work that one enjoys doing well and getting compensated for it. Being compensated or rewarded fairly will result in better job satisfaction. According to Noraaini (2013), there was a positive relationship between financial reward and job satisfaction. It is also supported by Abdul Rauf et al (2018) that work relationships, self-efficiency, payment, and compensation have a positive relationship with job satisfaction.

Considering the various negative consequences of job dissatisfaction, such as employees that have no loyalty towards the company, the need for job satisfaction among employees

becomes even more apparent. Aziri (2011) identified three critical characteristics of job satisfaction.

Firstly, human values should be embedded when carrying out businesses and organisations. Companies that emphasize human values will always prioritize treating employees respectfully, including being fair to them. On such occasions, the feelings of happiness at work can be a reliable measure of how productive an employee can be. Job happiness can be achieved through giving rewards, and employees will know that they are being appreciated and will try their best to perform better.

Secondly, the behaviour of employees is influenced by their level of job satisfaction, which has an impact on the organization's business operations and activities. As a result, it can be said that work fulfillment leads to positive conduct while unhappiness with one's job leads to adverse behaviour. High job satisfaction can create a better working environment, resulting in better productivity in the workplace.

Thirdly, job satisfaction can be used to improve organisational activity. Degrees of happiness in different administrative units can be assessed by job satisfaction assessment. This evaluation can help understand and show a good indication of which organisational unit should be improved for performance to be better. This can help reduce the number of mistakes made and help increase efficiency, resulting in better end-result. When performance is better, those who have performed well will be rewarded accordingly, and therefore employees will feel a sense of satisfaction while doing their job. There will be continuous improvement in their job quality.

Target Achievement

Achievement can be defined as something difficult that has been successfully achieved with effort, skills, and courage. The company's strategy must fully recognize the role played by workers in attaining organisational goals. A successful strategy can contribute to an environment where employees understand the culture of the organization, the expected standards, and the support available to achieve a high level of performance. According to Teo and Low (2016), goal setting impacts employee effectiveness and ultimately improves organisation effectiveness. This argument supports observations that employees without set goals may work ineffectively without direction and knowledge of how they are performing or what value they are adding to the organisation. Numerous empirical research has shown that individual performance levels increase with goal setting.

One of the first steps to be taken is understanding and implementing the organisational objectives. Employee participation in the planning process will assist them in comprehending the organization's goals regarding what has to be done, why it needs to be done, and how well it should be done. Involvement is based upon the idea that it is a motivator because it allows people to compare their current performance with the requirement to meet that goal.



Figure 1: Achievement Cycle

For the achievement cycle to be effective in the organisation, the employees' competencies should be assessed to determine whether the goals targeted are doable. Being competent is an ability that is necessary for a job to be efficiently produced, and the results expected by the organisations can be achieved. Competency analysis aims to identify the knowledge, skills, abilities, and empowering behaviours that employees are expected to demonstrate for the organisation to achieve its objectives.

It is important to note that when rewards are implemented in the organisation, it creates loyalty between the individuals and the organisation. This will help them achieve the company's goals and encourage them to contribute more to the organisation. The most straightforward example is between Shopee Malaysia and the Seller/Distributor. Shopee Malaysia on their website has introduced a 'Preferred Seller Programme' on 1 June 2021. Shopee exclusively selects this program to recognize the seller's excellent sales and customer services. The benefit of this program is the seller or distributor will receive exclusive access to shop ads, and the ads will be at the top of the search results page; Shopee Malaysia will provide a free exclusive shop voucher to the customer, and the Shopee will provide Selling Coach that gives understanding the demand of the products. As a result, the sellers or distributors will choose Shopee as their primary channel to sell their products as there are advantages given to them.

Purpose of the Conceptual Framework

Rewards have been proven to motivate employees to perform better; as a result, they contribute to greater work output. The study is closely related to the reinforcement theory. Firstly, it is good to know what a reinforcement theory is.



Figure 2: Reinforcement Theory

Reinforcement theory is the foundation for predicting and controlling human behaviour through the use of rewards that will reinforce the behaviour. In his study, Conger (1956) stated that reinforcement theory is when something can be strengthened because some rewards elements are present. Higher management usually utilises reinforcement theory concepts to improve the behaviours of their employees. The fact that performance and effectiveness are increasingly valued, it is critical to comprehend and apply these concepts while motivating employees.

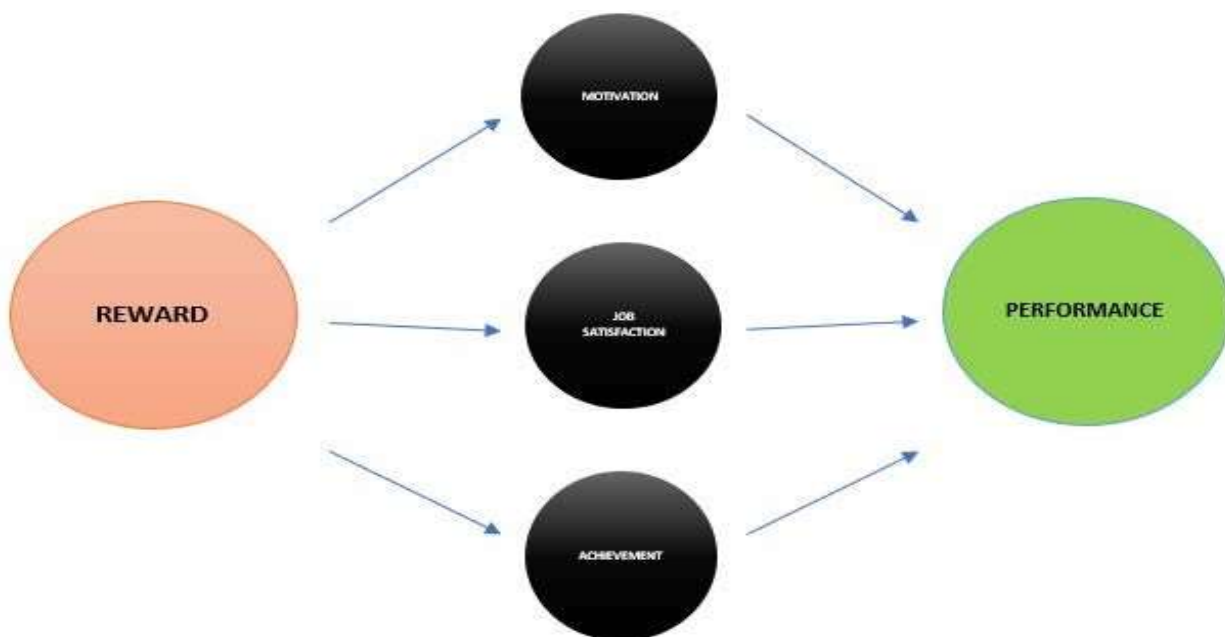


Figure 3

Conceptual Framework

While conducting the study, the above conceptual framework is created in order to clearly understand how providing rewards has a close relationship to improving the performance of an organisation. It is also closely related to the reinforcement theory, as stated above. This conceptual framework emphasises the importance of giving rewards as it motivates employees to perform better. If employees are happy, job satisfaction will also increase, and

thus high-quality work can be produced. All of these factors help contribute to better work performance and will indirectly impact the performance of an organisation positively.

Criticism of the Practical Rewards in Managing Performance

In today's world, giving rewards, mainly monetary rewards, are prevalent and may be one of the ways to encourage employees to perform at their level best. It may help increase the quality of the work produced as they know they will be compensated for it if they perform well. But many employees also prefer to have work-life balance and clarified that rewards may not be sufficient for better mental and emotional health. In the article written by Bataineh (2019), balancing work and life has been considered critical for organisation and individuals. It has been proved to be highly affecting the development of employee productivity, which has promising results on the performance of organisations. Having a healthy mental and emotional state of mind plays a big part in managing the performance of employees at the workplace. Tasnim (2016) stated that an employee's feelings at work will directly affect the overall life quality. It is essential to understand the causes of feeling happy or unhappy at the workplace. Many factors may influence an employee's performance at work, but apart from solely giving rewards to employees, having a good working environment and supportive management also helps encourage employees positively.

Working Environment

Employees spend most of their days at the office or workplace, and sometimes it may be stressful to cope with the heavy job loads if the environment at the workplace is not good. Being stressed may affect the employees mentally and emotionally. A healthy work environment can be defined as taking a planned and holistic approach to providing the best work conditions that promote the health and well-being of employees. Pravamayee (2014) stated that the workplace environment significantly impacts employees' health and performance. Therefore, it would be very beneficial if an organisation could provide a good working environment as it may indirectly help improve organisational performance when employees are happy. Raziq and Raheela (2014), on the other hand, have stated that a good working environment emphasises the safety of employees at work, healthy relationships among colleagues, provision of deserved recognition when performing well, and when employees are appreciated by being given a chance to be involved in the firm's decision-making process. If these criteria are fulfilled, employees will know how important they are to the company, and they will be more committed when doing their work. If the working environment is toxic, it may affect the employees negatively even though they may have received rewards for delivering their job well. Happiness at the workplace may not be achieved, and there will be no sense of loyalty towards the organisation.

Supportive Management

Good management renders having good leadership. Based on the article written by Silva (2016), as noted in Merriam-Webster's Dictionary, leadership is defined as "a series of actions that produce something or that lead to a particular result." Individuals, or supporters, must acknowledge somebody as their pioneer as part of the leadership process. The leader may be chosen because it is believed that that person would be the best person to lead them in a particular situation. From this definition, it can be said that good results can be expected when one has a good leader in guiding when doing any form of action.

On the other hand, employee engagement can be defined as the employee's dedication to an organisation. Many factors may increase employees' dedication at work. One of them is when the management of an organisation actively shows positive support towards the employee always to be better. According to Shobe (2018), management should always engage with staff to increase productivity. Shobe (2018) further stated that employees guided by good leadership would demonstrate good emotional, physical, and cognitive characteristics that can help achieve organisational success and high productivity levels. Providing encouraging feedback is also a technique to motivate employees and make them feel like part of the pack. When employees are appreciated and their hard work is recognised, it can give them a sense of fulfillment that monetary rewards cannot achieve.

Conclusion

Excellent and dedicated employees are assets to an organisation. Kim et al. (2007) stated that outstanding employees are essential. Hence, the best approach should be taken to retain these employees as they play a big part in managing the performance of the organization, especially in the government sector or organisations. Rewards contributed to retaining these excellent employees. However, apart from giving monetary rewards, other factors should also be considered, such as improving how an organisation operates to be an environmentally positive workplace. Giving rewards alone is not sufficient, and it should be paired with the other factors listed in this study to elevate the performance of an organisation. All elements are closely linked, and all aspects should be considered.

Recommendation

There is a limitation that this study should point out to improve future research findings' validity, specifically in the government sectors or organisations. This study was completed where there were no surveys or questionnaires used to determine the genuine feelings of Malaysians working in the government sectors about the reward system in improving work performance. The studies conducted have been based solely on readings, and therefore, in future research findings, it is recommended that surveys and questionnaires are used.

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