Examining the Impact of Reward Systems on Employee Performance in Electricity Companies in Iraq

Zhyar Raoof Ismail[1], Yusma Fariza Yasin[2]*, Talar Jalal[3], Zulkifli Khair[4], Nor Arini Abdullah[5]

[1]School of Human Resource Development, Faculty of Social Sciences and Humanities, Qaiwan International University, [2]School of Social Sciences and Humanities, Faculty of Social Sciences and Humanities, Universiti Teknologi Malaysia, [3]School of Human Resource Development, Faculty of Social Sciences and Humanities, Qaiwan International University, [4]School of Human Resource Development, Faculty of Social Sciences and Humanities, Qaiwan International University, [5]Centre for Islamic Development Management Studies, Universiti Sains Malaysia
Email: yusmafariza@utm.my*

Abstract
This study investigates the influence of reward systems on employee performance within electricity companies in Iraq. The research seeks to understand how structured reward practices contribute to employee motivation, job satisfaction, and overall performance outcomes. Using a quantitative cross-sectional design, data were collected from 152 employees through a structured questionnaire adapted from established measurement scales. The results show a significant positive relationship between well-designed reward systems and employee performance, indicating that both monetary and non-monetary rewards play an essential role in enhancing motivation, satisfaction, and productivity. Regression analysis further reveals that reward systems account for a substantial proportion of performance variance, underscoring their importance in improving organizational outcomes. The findings highlight the need for electricity companies to adopt transparent, equitable, and strategically aligned reward practices to strengthen workforce engagement and overall effectiveness.
Keywords: Reward Systems, Employee Performance, Electricity Companies

Introduction
The significance of reward management in contemporary business environments cannot be overstated. Reward systems are critical for attracting and retaining talent, enhancing employee motivation, and contributing to overall productivity and organizational success

(Almeida et al., 2021). In highly competitive and dynamic industries, the design and implementation of reward systems can be a decisive factor in sustaining an effective workforce (Murphy, 2015).

This study focuses on the private electricity sector in Iraq, which plays a pivotal role in the country's economic stability and development. Despite its strategic importance, limited research exists on how reward systems influence employee performance within this context. This research seeks to fill this gap by examining the impact of different reward strategies on employee performance, providing insights that can inform the development of effective human resource practices in the sector.

The electricity sector in Iraq presents unique challenges, requiring a highly motivated and high-performing workforce to support national infrastructural and economic development. Tailored reward systems can address these specific needs, enhancing employee satisfaction and productivity (Onavwie et al., 2023). By investigating private electricity companies, the study offers a context-specific analysis that can inform broader industry practices and guide organizations in designing reward strategies that maximize performance outcomes.

Furthermore, the adoption of innovative reward systems in this sector may serve as a model for other industries facing modernization and expansion challenges. Effective human resource strategies are therefore essential in promoting both organizational efficiency and employee development. This study not only contributes to the theoretical understanding of reward management but also provides practical recommendations to bridge the gap between theory and practice, demonstrating how strategic reward management drives organizational success. This study is designed to examine the extent to which reward systems are utilized within electricity companies in Iraq and to assess the prevailing level of employee performance in this sector. In addition, the study aims to investigate the relationship between reward systems and employee performance, providing a clearer understanding of how reward practices influence workforce outcomes in the Iraqi electricity industry.

Literature Review

The purpose of this literature review is to clarify the conceptual distinctions between the independent and dependent variables of this study and to explain how variations in reward systems may influence employee performance in the context of electricity companies in Iraq. This section synthesizes relevant empirical studies and theoretical perspectives to establish the foundation for the proposed research framework and to highlight the gaps that this study seeks to address.

In organizational research, rewards are recognized as a multidimensional construct encompassing the financial and non-financial benefits that employees receive in exchange for their contributions. Mabaso (2017) describes rewards as both acknowledgment and compensation linked to employees' fulfillment of job responsibilities, achievement of targets, and alignment with organizational objectives. Similarly, Baqir et al. (2020) emphasize that rewards represent an organization's recognition of the value employees contribute, extending beyond monetary payments to include broader forms of appreciation and affirmation.

A reward system, therefore, constitutes a structured framework integrating monetary and non-monetary components that align with organizational policies and human resource strategies (Junior, 2018). Monetary rewards typically include salary increments, bonuses, and profit-sharing schemes, while non-monetary rewards encompass recognition programs, career development opportunities, flexible work arrangements, and avenues for skill advancement. These components collectively aim to motivate employees, enhance satisfaction, and improve performance outcomes.

Empirical evidence underscores the continuing importance of extrinsic rewards in shaping employee motivation. Gul (2020) argues that monetary incentives remain a crucial mechanism for sustaining employee engagement, with pay-for-performance schemes identified as particularly effective in enhancing productivity. However, Guilbault (2018) cautions that the motivational effects of extrinsic rewards may be temporary, suggesting the need for a balanced approach. Thneibat (2021) further notes that employees continually interpret and evaluate rewards within social exchange processes, which influence their perceptions of fairness and motivation. Complementing this, Manzoor et al. (2021) highlight the significance of intrinsic reward such as meaningful work, autonomy, and recognition in fostering a positive organizational climate.

Employee performance, as the dependent variable in this study, is widely understood as a multidimensional construct reflecting both the behaviors and outcomes associated with fulfilling job responsibilities. Borst et al. (2020) explain that performance encompasses not only task-related outcomes but also observable behaviors that contribute to organizational functioning. Key dimensions include task performance, which refers to the effective completion of core job functions, and contextual performance, which involves voluntary behaviors that support a constructive work environment, such as teamwork and cooperation. Additional dimensions such as adaptability, problem-solving ability, initiative, and interpersonal competence further capture employees' capacity to contribute to organizational goals in dynamic and evolving conditions (Alefari et al., 2020).

A comprehensive understanding of these dimensions allows organizations to design more targeted and effective reward strategies. By evaluating employee performance holistically, companies can align reward systems with specific behaviors and outcomes that drive organizational success. This alignment is particularly critical in sectors such as electricity, where workforce motivation and performance directly influence service quality and operational efficiency. Figure 2.1 presents the research framework for this study.
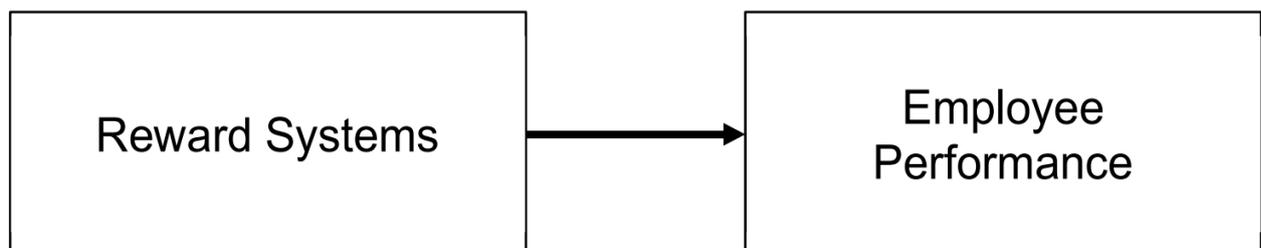

Figure 2.1: Research Framework

The research framework for this study is developed to illustrate the hypothesized relationship between the independent variable, Reward Systems (RS), and the dependent variable,

Employee Performance (EP). Grounded in motivation theory and supported by prior empirical findings, the framework posits that the structure and effectiveness of reward systems play a critical role in shaping employee attitudes, behaviors, and overall performance outcomes.

In this study, Reward Systems (RS) encompass both monetary and non-monetary components designed to recognize and motivate employees. Monetary rewards include financial incentives such as bonuses and salary increments, while non-monetary rewards involve recognition, career development opportunities, and flexible work arrangements. These reward mechanisms are conceptualized as factors that may influence employees' motivation, commitment, and behavioral responses in the workplace.

Employee Performance (EP), as the dependent variable, reflects the extent to which employees effectively fulfill their job responsibilities, contribute to organizational goals, and demonstrate behaviors that support a productive and positive work environment. This includes both task performance and contextual performance dimensions.

The framework proposes a direct relationship between RS and EP, suggesting that variations in the quality, fairness, and relevance of reward systems may lead to corresponding changes in employee performance. To empirically test this relationship, the following hypotheses were formulated:
H_0: Reward systems have no significant impact on employee performance.
H_1: Reward systems have a significant positive impact on employee performance.

The model therefore provides a clear analytical structure for examining how reward practices influence workforce outcomes in electricity companies in Iraq. By establishing this relationship, the research framework guides the empirical investigation and supports a deeper understanding of how strategic reward management can enhance employee performance within the sector.

Methodology

This section outlines the methodological procedures employed to conduct the study, including the research design, population and sampling techniques, research instrument, data collection procedures, data analysis methods, and ethical considerations. The aim is to provide a comprehensive account of how the study was structured and implemented to ensure clarity, validity, and replicability.

Research Design
The research design serves as the blueprint for addressing the research objectives and answering the research questions. This study adopts a quantitative, cross-sectional research design, which is widely used to examine relationships between variables at a single point in time. A quantitative approach enables the collection of numerical data suitable for statistical analysis, making it appropriate for assessing the relationship between reward systems and employee performance. The cross-sectional nature of the design further allows the researcher to gather data efficiently from a large group of respondents within a limited timeframe.

Population and Sampling

The target population for this study consists of employees working in private electricity companies in Iraq, representing a workforce of approximately 250 staff members as of November 2023. Due to practical constraints such as time, accessibility, and workforce distribution, surveying the entire population was not feasible. Consequently, stratified random sampling was employed to ensure adequate representation across different employee groups.

The required sample size was determined using the widely accepted Krejci and Morgan (1970) sampling table. Based on the total population, a sample of 152 employees was deemed sufficient to achieve a statistically acceptable margin of error and confidence level. This sampling approach enhances the reliability and generalizability of the study findings.

Research Instrument

Primary data were collected using a structured questionnaire, which is suitable for quantitative research and enables standardized responses across participants. The questionnaire comprised items measuring reward systems (independent variable) and employee performance (dependent variable). Instrumentation for the constructs was adapted from validated scales developed by Shatri (2021) and Eshetu (2017).

All items were measured using a Five-Point Likert Scale, which is considered reliable and appropriate for capturing respondents' perceptions (Sharma, 2022). To ensure comprehensibility, the questionnaire was prepared in English and translated into Kurdish for participants with limited English proficiency.

Data Collection Procedures

Data collection commenced after securing the necessary permissions from relevant authorities and company management. Participants were provided with an information sheet and consent form explaining the purpose of the study, voluntary participation, and confidentiality measures. The questionnaires were distributed either via email or administered face-to-face depending on employee availability. A period of one to two weeks was allocated for questionnaire completion and return. All responses were treated as confidential and aggregated for analysis.

Data Analysis

Upon completion of data collection, the raw data were coded and analyzed using the Statistical Package for the Social Sciences (SPSS). The analysis included both descriptive and inferential statistical techniques. Descriptive analysis was conducted to summarize respondent characteristics and to determine the mean levels of reward system usage and employee performance. Following the guidelines of Sekaran and Bougie (2016), mean scores were categorized into low, moderate, and high levels to address the research objectives.

To examine the relationship between reward systems and employee performance, Pearson's correlation and regression analysis were employed. These techniques allow the identification of the strength and direction of the relationship between variables and provide insights into the extent to which variations in reward systems predict changes in employee performance.

The findings offer valuable implications for organizations seeking to enhance performance through strategic reward management.

Ethical Considerations
This study adhered to established ethical standards in social science research. Participants were informed of their rights through a consent letter provided prior to questionnaire distribution. Participation was voluntary, and no respondent was subjected to harm or coercion. Confidentiality was strictly maintained by ensuring that all data were anonymized and used solely for academic purposes. The study complied with institutional ethical requirements and upheld integrity throughout the research process.

Results
This section presents the findings derived from the data analysis conducted using descriptive statistics and Pearson's correlation. All quantitative data were analyzed using the Statistical Package for the Social Sciences (SPSS). The analyses were performed to address the research objectives and hypotheses, ensuring that the results generated are robust and free from significant measurement error.

A total of 152 questionnaires were distributed, and all 152 were returned fully completed, yielding a 100% response rate. This exceptional response rate may be attributed to the relevance of the research topic to the respondents, the accessibility of the survey instrument, and clear communication throughout the data collection process. Such a high rate strengthens the reliability and representativeness of the dataset and mitigates concerns regarding non-response bias. Moreover, the high level of engagement suggests strong interest in the research topic among employees in the electricity sector in Iraq, further enhancing the validity of the findings.

Reliability Analysis
The reliability of the research instrument was assessed using Cronbach's Alpha. Results indicated that both the independent and dependent variable scales demonstrated very good internal consistency, with alpha values exceeding the commonly accepted threshold of 0.80. Specifically, the Reward System scale achieved a Cronbach's alpha of 0.900, while the Employee Performance scale recorded 0.891. These results confirm that the instrument used is highly reliable for measuring the intended constructs.

Table 4.1
Cronbach's Alpha

Section	Dimension	No of Questions	Cronbach's Alpha
B	Reward system	10	0.900
C	Employee performance	16	0.891

Demographic Profile of Respondents
Descriptive analysis was performed to summarize the demographic characteristics of the respondents, including gender, age, marital status, educational attainment, and work experience. The data showed that most respondents were male (88.8%), and most fell within the 30–34 year age group (42.8%). More than half were married (53.9%), and most held

a bachelor's degree (65.1%)**.** Additionally, 75.0% of respondents reported having one to three years of work experience. Overall, these demographics provide a representative profile of employees working in electricity companies in Iraq and offer important context for interpreting the study's findings.

Correlation and Regression Analysis
Pearson's correlation analysis was performed to examine the relationship between the Reward System and Employee Performance. The results revealed a strong and positive correlation (r = 0.653, p < 0.001), indicating that improvements in the reward system are associated with increases in employee performance.

Further regression analysis demonstrated that the reward system explains approximately 42.7% of the variance in employee performance, suggesting that reward mechanisms play a significant role in shaping performance outcomes within the electricity sector in Iraq. These findings underscore the importance of effective reward strategies in enhancing organizational productivity.

Table 4.2
Correlations between Reward System and Employee Performance

Variables	Mean_RS	Mean_EP
Reward System	1	.653**
		<.001
Employee Performance	.653**	1
	<.001	

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

Discussion and Recommendation
This study set out to examine the effectiveness of the reward system, assess employee performance, and explore the relationship between these variables within electricity companies in Iraq. The findings revealed a strong and positive relationship between the reward system and employee performance (r = 0.653, p < 0.001), aligning with extensive literature that emphasizes the central role of rewards in shaping employee attitudes, motivation, and work outcomes.

The results support the argument that a well-designed reward system significantly enhances employees' motivation and productivity. Given the physically demanding and stressful nature of work in the electricity sector, the presence of clear, equitable, and transparent reward mechanisms becomes particularly critical. As noted by Siraj and Hágen (2023), fairness in rewards fosters stronger motivation, which subsequently improves employees' productivity and reduces turnover intentions. The findings of this study corroborate this view, as employees who perceived the reward system to be equitable demonstrated higher levels of performance.

In addition, the discussion extends to the importance of incorporating both individual and team-based rewards. Electricity companies rely heavily on teamwork to ensure operational reliability and safety. Consistent with Naing (2021), this study highlights that reward systems that acknowledge team contributions help strengthen collaboration, encourage shared responsibility, and improve collective problem-solving. Such practices ultimately contribute to improvement in overall performance, job satisfaction, and employee morale.

The findings also reaffirm the significance of non-monetary rewards. Recognition, opportunities for training and development, career advancement pathways, and work–life balance initiatives were found to be equally vital in sustaining long-term employee engagement. Drawing on Maslow's hierarchy of needs, once basic financial needs are satisfied, employees actively seek fulfillment of higher-order needs including esteem and self-actualization. Maharvi and Ahmad (2022) argue that addressing these needs through non-monetary reward strategies can enhance employees' sense of belonging and commitment. The results of this study align with this theoretical perspective.

Another important insight relates to the alignment between organizational goals and the reward system. When employees perceive that rewards are tied to strategic priorities, they are more likely to align their efforts with the company's mission and objectives (Gede & Huluka, 2023). This study indicates that such alignment can strengthen organizational performance by ensuring collective focus on shared goals.

Lastly, the findings underscore the importance of regular review and continuous improvement in reward systems. Employee engagement and expectations evolve over time; therefore, static reward structures may lose their effectiveness. Consistent with Baqir et al. (2020), this study highlights that integrating employee feedback and performance indicators into reward system revisions ensures relevance, supports adaptability, and enhances the long-term sustainability of employee motivation and performance.

Overall, the results of this study are consistent with established theories, including Maslow's hierarchy and Herzberg's Two-Factor Theory, both of which emphasize the need for a balanced combination of extrinsic and intrinsic rewards (Ihensekhien & Joel Arimie, 2023; Manzoor et al., 2021). Employees who perceive fairness and clarity within the reward system are more committed, motivated, and likely to demonstrate improved performance (Uka & Prendi, 2021).

Based on the findings of this study, several recommendations are proposed to enhance the effectiveness of reward systems in electricity companies in Iraq. First, organizations should strengthen fairness and transparency by clearly communicating reward criteria and regularly assessing employees' perceptions to build trust and reduce dissatisfaction. It is also important to implement a balanced reward structure that combines monetary incentives, such as bonuses and allowances, with non-monetary rewards, including recognition, flexible work arrangements, and opportunities for personal development, as this approach addresses both extrinsic and intrinsic employee needs. Given the teamwork-oriented nature of electricity operations, companies are encouraged to introduce team-based rewards that foster collaboration, shared accountability, and collective problem-solving.

In addition, reward systems should be aligned with organizational goals so that employees understand how their efforts contribute to broader strategic objectives. Continuous review of the reward system is also essential; organizations should regularly update reward practices using employee feedback, performance data, and industry benchmarks to ensure relevance and effectiveness. Providing opportunities for professional growth through training and career development programs is equally important for sustaining long-term engagement and retention. For future research, scholars may explore additional mediators or moderators such as job satisfaction, organizational commitment, or leadership style; employ qualitative methods for deeper insights; expand samples to other regions or sectors; and compare reward practices between public and private electricity companies to improve generalizability and understanding of reward system effectiveness.

Conclusion

This study demonstrates that reward systems have a positive and significant relationship with employee performance in electricity companies in Iraq. Drawing on Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory, the findings indicate that well-designed reward systems not only satisfy employees' basic and esteem needs but also serve as a strong motivator to enhance performance. The results highlight the importance of implementing both monetary and non-monetary rewards, aligned with organizational goals, to foster employee engagement, motivation, and job satisfaction. Therefore, organizations should establish and continuously maintain comprehensive reward systems and employee development programs to sustain high levels of performance. For future research, it is recommended to broaden the scope by including additional industries, exploring mediating or moderating variables, and employing both quantitative and qualitative methods to provide a deeper understanding of how reward systems influence employee performance across different organizational contexts.

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