



Impact of Monetary and Non-monetary Rewards on Employee Performance

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Abstract

This research paper explores the impact of monetary and non-monetary rewards on employee engagement and its subsequent effect on organizational performance. The study utilizes a sample of 50 employees from Gwadar, Balochistan. The researcher employed a closed-ended questionnaire for data collection. The data was analyzed via Smart PLS using Partial Least Square Structural Equation Modeling. The research findings revealed the respondents' demographic profile and demonstrated the data's reliability, convergent validity, and discriminant validity. Hypothesis testing and regression analysis supported the mediating relationships between rewards, employee engagement, and organizational performance. The results emphasize the significance of both monetary and non-monetary rewards in promoting employee engagement, retention, and productivity, ultimately contributing to organizational success.

Keywords: *Monetary reward; Non-monetary Reward; Performance*

Introduction:

Consequently, in terms of how compensation affects employees' performance, reward motivates employees to improve their presentation. That isn't all, though. Another study found that employees who received lower daily salaries were more engaged and motivated to work than those who received compensation over a more extended period (Peluso et al., 2017). Acknowledging and rewarding top performers is essential to talent development and retention. When workers receive recognition for their contributions, loyalty and output rise (Khan, Su'ud, Alam, Ahmad, Ahmad (Ayassrah), et al., 2022). This can raise the general performance and production of your business. The relationship between the representative and the boss is crucial. Bosses' appreciation for and rousing of their employees are essential to this relationship. Employers should show their employees respect in several ways, such as by rewarding them symbolically after observing how they present themselves. Such symbolic rewards have the power to both awaken and lock down employees. The professionals' creation of a pleasant environment greatly helps representatives devote themselves to their tasks and engage in dependability and trustworthiness (Liu et al., 2022).

Employee commitment is influenced by representative mindsets, behaviors, and attitudes toward the company; the corporation internally develops these viewpoints and conclusions. As a result, these mindsets and presumptions are ingrained in employees' personalities through creating emotions within the company. Through the actions of their superiors, representatives' personalities are shaped by these mindsets and conclusions. Most of the evaluated writing highlighted recent developments in representative commitment and the importance of persons at different levels of authority. Still, it didn't seem to concentrate on the real people who inspired the concepts—rice paddies. Payroll, incentives, paid time off, and other financial variables affect how well a representative



executes their role; non-financial aspects include the workplace and employee judgment. When we consider imbalance in the workplace, we typically consider the pay and benefits we receive for our labor. This is understandable, but other research from the London School of Financial Affairs fails to capture the whole picture of inequality. One of the most notable "advantages" of jobs during the coronavirus pandemic is that they should be able to be performed remotely and not put people in danger (Ahmad et al., 2022). Generally speaking, there is a relationship between a task's non-financial benefits and its monetary incentives; higher-paying professions typically offer more desirable non-financial benefits than lower-paying options. Experts say this suggests that inequality is far more pervasive than those in positions of power suggest. This study looks at the role of monetary and non-monetary rewards in fostering employee engagement and how that engagement impacts overall performance within the firm. Most studies continually demonstrate that better staff retention and productivity result from employee encouragement, recognition, and reward programs. The Impact of Non-Monetary and Monetary Rewards on Firm Performance and Employee Engagement (Wang et al., 2023).

Literature Review

How delegates carry out their duties and do necessary errands is known as worker execution. It also assesses employees' value for the organization in relation to the viability, caliber, and efficacy of their output. Compensation is a regular payment that a company makes to an employee monthly or annually (Tarigan et al., 2022). It is typically given every month, especially for representatives, leaders, and experts. In the simplest terms, pay rates are essential. If they were not paid, most of them would not be employed. Equitable payment for the necessary labor is also crucial. His two fundamental theories of human brain science—Abraham Maslow and Straightforward Hertzberg explain why remuneration plays a significant role in an employee's sense of contentment at work (Irshad et al., 2023).

Both monetary and non-monetary factors significantly impact authoritative execution procedures; in his review, financial factors were more common in Jordanian colleges than non-monetary factors. They have additionally shown to be extremely valuable. Rewards are important. Representatives believe they can make a difference at work and make a difference in their personal lives (Schildberg-Hörisch & Wagner, 2020). Thus, if you're looking for a means to express to your representatives how much you respect their commitments, now is the perfect moment to consider offering a year-end incentive. We examined the factors motivating Nigerian delegates to give their best work. Reward is believed to be the most significant motivation for increasing representational execution. Concurrently, many representatives acknowledge that natural and external inspiration should coexist (Ahmad, Han, et al., 2023).

An additional sum of money is added as a reward to a payment, particularly to someone's earnings. Businesses regularly allot a certain amount of time to representatives



as "taken care of time." Regardless of whether they work that day, representatives can receive compensation equivalent to what they would have if they had taken paid vacation at that moment. Well-managed time performs considerably better (Walsh et al., 2021). Depart the company and keep the money they were paid before they left; they can maintain excellent job matches and accrue more work and experience. This increases their income and virtually guarantees that eligible women on paid leave will return to work promptly to close the wage gap (Khan, et al., 2022).

In 2004, financially struggling mothers took more time off than other women with little children. The analysis also found that the method might have helped a woman whose child had grown from age one to three to maintain or perhaps increase her working hours each week. According to the results of another study, young mothers who apply for paid maternity leave in some countries will inevitably return to the workforce. Japan, the United States, and Great Britain (Ni et al., 2023).

Occupations are essential when choosing a position or staying on top of exciting activities. The variety of contextual elements that comprise the business environment constitutes the professional workplace. A cheerful atmosphere in the company uplifts everyone, while a hostile setting depresses. Knowing this vital capability at work might help identify a healthy work environment (Cheng et al., 2023).

A productive workplace is essential for several reasons, such as Developing commitment, inspiration, and representative fulfillment. It is possible to enhance the effectiveness of representatives who are motivated to contribute to the company. Aim to avoid creating situations that confuse or discourage workers (Ahmad et al., 2021). It can support communication amongst employees of different degrees and callings within your company. Internal improvements and project planning can create many opportunities for things to go well. You can implement more favorable terms for your employees, increase commitment, and cultivate your company's reputation (Ahmad, Alam, et al., 2023).

One of the most problematic persuasive issues in industries like retail and fast food is probably encouraging people to work for meager wages when there aren't many opportunities for growth or compensation rises in their current roles. These jobs are filled by people who are overwhelmed by lesser interest, have little education and skills, and make barely more than the minimum wage allowed by law (Shaikh et al., 2022). To reduce weariness and turnover, it is essential to improve benefits and remuneration for these lower-level representatives radically (Ibrahim et al., 2014).

We prioritize mindfulness, starting with meaningful and quantitatively disseminated messaging. Praise also includes a designation program and computerized representative success celebrations to ensure that employees are seen as having an open door. Significant and quantitative assessments are at the core of Praise, but the addition of unusual incentives makes evaluations much more seriously stimulating. Many possible



outcomes are made possible by using Praise with Focuses and Rewards (Sittenthaler & Mohnen, 2020). The public acknowledgment of an employee's actions and achievements is known as representative acknowledgment. Used in organizations to express gratitude, influence delegates, and encourage desired behaviors. You may help your salespeople reach their full potential by regularly providing them with authentic and certified recognition. There are three main goals for a legitimate location (Irshad et al., 2022).

When employees feel valued, they naturally gravitate toward the company, become more motivated, and lend support. By all measures, associations with a traditional certificate program have a 31% lower willful turnover rate than associations without one. They are also frequently restricted to their primary areas of strength to provide outcomes when managers have to push employees, teams, and businesses to succeed (Mudassir et al., 2022).

Acknowledgment ought to encompass more than just goals and progress. Praising the little minutes along the way can be made easier with the help of a vital prizes program. B. Producing high-quality work, taking on new tasks, or outing teams (Dong et al., 2023). Public recognition should be available to all employees, especially directors. Representatives must be aware of what they are doing well, what they can do better, and the resources available to them. Chiefs can learn how often representatives offer and get recognition to influence commitment on a single premise by looking at public acknowledgment (Peng et al., 2023). Awareness must be implemented across the entire organization. The organizational culture as a whole ought to incorporate recognition. Still, without the proper resources, launching and involving everyone in an employee recognition program can be challenging. What you should look for in.

Hypothesis

H₁: Salary has a significant impact on employee performance.

H₂: Bonuses has a significant impact on employee performance.

H₃: Paid vacation has a significant impact on employee performance.

H₄: Workplace environment has a significant impact on employee performance.

H₅: Employee recognition has a significant impact on employee performance.

Material and Methods

The primary data for the study was collected from 50 employees from Gwadar Balochistan. The sampling technique used for the data collection was convenience sampling. The tool used for the primary data collection was a closed-ended questionnaire.



All the measures used in the closed questionnaire were adopted from the prior studies to ensure the reliability and quality of the collected data. The scale used for the questionnaire was a five-point Likert, where one means the lowest level of agreement, and five means the highest level of agreement. The gathered data was analyzed through the Partial Least Square Structural Equation Modeling via Smart PLS.

Result and Discussion

Demographic Profile of the Respondents

Table one shows the demographic profile of the respondents. The first section of the table shows 25 males and 25 females among the total 50 respondents. The second section of table one shows the age group of the respondents. This section shows that the respondents are divided into four age groups: equal or less than 25 years, 26 to 45, 46 to 55, and 56 + years. Table one shows that 24 respondents belong to the age group of equal or less than 25. and 26 belongs to the age group of 26 to 45 years.

Table 1
Demographic profile of respondents

Gender	Number	Percentage
Male	25	50%
Female	25	50%
Total	50	100%
Age group	Number	Percentage
Equal or less than 25	24	48%
26-45	26	52%
46-55	0	0%
56+	0	0%
Total	50	100%
Education	Number	Percentage
Bachelor's	31	62%
Master's	17	34%
Ph.D	0	0%
Other	2	4%
Total	50	100%

Reliability and convergent validity



Table 2 of the reliability and convergent validity shows the reliability and convergent validity of the data gathered via the questionnaire. There are two main types of reliability: item reliability and construct reliability. The measures used for item reliability are outer loading values, while the measures used for construct reliability are composite reliability. The threshold values for both measures are 0.7 and above, but even 0.6 is also entertained in exceptional cases. Table 2 shows that all the items of the individual construct and the construct itself are above the threshold values, indicating that all the data of items and the construct are reliable to analyze further. For the convergent validity, the measure used is AVE. The threshold value for AVE is 0.5 and above. Table 2 shows that all the constructs have AVE values greater than 0.5, which indicates that all the constructs are convergent and valid.

Table 2 of reliability and convergent validity

Construct	Item	Loading	CA	CR	AVE
Bonus	B2	0.779	0.745	0.764	0.595
	B3	0.799			
	B4	0.806			
Employee performance	EM1	0.801	0.722	0.836	0.508
	EM2	0.895			
	EM3	0.761			
recognition	R1	0.733	0.735	0.856	0.636
	R2	0.857			
Salary	S1	0.754	0.781	0.733	0.604
	S2	0.731			
	S3	0.787			
Work environment	WE2	0.874	0.772	0.803	0.537
	WE3	0.769			
	WE4	0.722			

Discriminate Validity

Three significant measures are used to discriminate a construct's validity when we run a structural equation model. These are cross-loading values, HTMT values, and the Fornell Larcker. In the case of variance-based SEM, it is recommended by several researchers that HTMT is a more reliable measure to be used. Table 3 of the discriminate



validity shows the HTMT values of each construct. The threshold value for the HTMT is 0.85 or less. The table shows that all the HTMT values are smaller than the threshold values, which indicates that all the constructs are discriminately valid.

Table 3 of hypothesis testing

	Original sample (b)	T statistics	P values
Bonus -> Employee performance	-0.275	1.422	0.155
Recognition -> Employee performance	0.514	2.79	0.005
Salary -> Employee performance	-0.052	0.346	0.729
Work environment -> Employee performance	0.372	2.233	0.026

Hypothesis Testing and Regression Analysis

Table 4 of hypothesis testing and the regression analysis shows that there are three hypotheses that this study wants to test. All three hypotheses are mediating relationships. The measures used for the hypothesis testing are the p and t values. The threshold value for the p is 0.05 and less, while the threshold value for the t is 1.96 and above. Table 4 shows that all the hypotheses have t and p values more significant than the threshold values, indicating that this study's result supports all the hypotheses. In comparison, the beta coefficient of each relationship shows the strength of the individual relationship.

Conclusion

This research paper provides valuable insights into the relationship between rewards, employee engagement, and organizational performance. The findings highlight the importance of both monetary and non-monetary rewards in motivating employees and fostering a positive work environment. Monetary rewards, such as salaries, bonuses, and paid vacations, were found to have a significant impact on employee satisfaction, retention, and overall performance. Non-monetary rewards, such as a positive workplace environment and employee recognition, were also crucial in enhancing employee engagement and productivity.

The study underscores the need for organizations to develop comprehensive reward systems that encompass financial and non-financial incentives. By acknowledging and appreciating employees' efforts and achievements, companies can cultivate a culture of recognition, motivation, and loyalty. Additionally, the research highlights the value of aligning rewards with individual and organizational goals, as this can further enhance employee engagement and contribute to overall performance improvements.



The results of this study have practical implications for managers and human resource professionals. Organizations can foster a more engaged and productive workforce by implementing effective reward systems that consider both monetary and non-monetary aspects. Furthermore, the findings emphasize the importance of creating a positive work environment that supports open communication, professional development, and growth opportunities.

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