

“Impact of Non-Financial Rewards on Employee Attitude & Performance in the workplace”

A case study of Business Institutes of Karachi

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Abstract: The purpose of the study is to find out the impact of non-financial rewards on employee attitude and to get information about the factors which affect their performance at workplace in the business institutes of Karachi. A survey was conducted from the different designation of employees and 9 Universities of Karachi were selected to find out whether the Non-Financial Rewards are offered to employees and if does, so it affects employee attitude in the workplace and increases Employee Performance. Sample of 300 employees were taken, out of which 217 employees from nine Universities responded which were randomly selected. Data was gathered through Questionnaires containing 15 likert scale questions. The data obtained from the research are analyzed through SPSS 15.0. Correlation is used to analyze the data and the results showed that feedback to employees, freedom, career development plan, and valuation of employees, learning programs, open & comfortable work environment and good supervisory relations, all these factors positively impacts employee attitude and performance in the workplace. It would further be suggested that focusing the factors that positively impacts employee attitude and performance would enhance the performance of employee and create a positive work environment which will also help grow the Institute and its productivity. Their classroom performance will also be enhanced and students learning would also move upward.

Keywords: Employee Performance, Employee attitude, non-financial rewards, Performance in the workplace, Extrinsic rewards, Intrinsic rewards. Career development plan, Work life balance, Recognition.

Introduction:

Employee Performance plays a vital role in the Organizational growth. High Performance of employee depends on what kind of reward policies an organization offers. Several methods are used to increase employee performance. Reward policies are one of the important practices of Human Resource among which Monetary rewards directly effects employee performance and also organization offers non-monetary rewards to increase the motivational level of employees which will help increase the performance of employee and result will be the increased productivity of organization. Effective non-monetary rewards can change a person's attitude in the workplace which itself brings a positive change in environment and also enhances employee performance. When employees have positive attitude towards their job, they feel committed with the organization and get engaged

in the work and results will be effective output. And employee feels committed when they receive intrinsic rewards, which also increases job satisfaction and motivate employees. Satisfied employees are less likely to quit their jobs. So an effective organization needs to revise their compensation and benefit plans to retain their employees.

(Ray) The attitudes of employees in the workplace can have a significant effect on the business as a whole. Attitude is one of the hidden, hard-to-measure factors that end up being crucial to the success of a company. Whether for better or for worse, employee attitudes tend to have a drastic impact on the productivity of a business, both directly and through the effect on other job-related factors.

(ANDERSON) Money and other material things cannot fully satisfy one's being. Everyone has their own psychological needs to fulfill and this is a good target for employee rewards. Aside from bonuses and other materialistic prize, employees will also be happy to receive any of the top non-monetary rewards. Rewards do not necessarily have to be expensive to show sincere appreciation. Hardworking people are sometimes satisfied with just the thought that someone recognizes their efforts. Non-monetary employee rewards can be in any form as long as the sincerity is present.

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(Simmons, 2011) If your employees are not performing as well as you would like, it's very likely because they are not very satisfied with their jobs and committed to the organization. Their lack of satisfaction and commitment is most likely a result of a crappy HR practice or system of practices. Stop blaming employees and fix the systems if you want to improve attitudes, behaviors and performance in the workplace.

(Simmons, Bret L. Simmons, 2010) The study did confirm that younger workers do have a sense of entitlement, meaning they strongly value extrinsic rewards (e.g. pay, promotion) but are less willing than previous generations to put in long hours to work for those rewards. More than any other generation, younger workers value leisure and time away from work. The study also confirmed that across all generations, intrinsic rewards remain highly valued. Contrary to popular belief, there really is very little new under the sun when it comes to the fundamentals of motivating behavior at work.

The study is conducted from 9 Universities of Karachi from different level of employees.

a. Problem Statement:

This research is conducted to know how Organizations are using non-monetary rewards to motivate their employees in order to improve their performance and to determine up to what extent non-monetary rewards impacts on employee attitude and performance.

b. Research Questions:

- Are Business Institutes using effective non-monetary rewards to motivate their employees?
- To what extent Organization offers non-monetary rewards to their employees?
- Does non-monetary rewards impacts on employee attitude and performance?

Literature Review:

(Zhou, 1998) Collected data from 210 participants who performed a role-playing task in a laboratory setting. The study concluded that individual receiving positive feedback, working in a high task autonomy environment, and achievement effects on creative performance.

(Tausif, 2012) Explored the relationship between the non-financial rewards (promotion, job enrichment and job autonomy) and job satisfaction for the educational sector of

Pakistan. Data collected from 200 full time employees from public sector schools show that there is a strong relationship of non-financial rewards with job satisfaction. And also the satisfaction increases with the age. The older employees are more satisfied with non-financial rewards than younger employees.

(Dambisya, 2007) Investigated that the use of nonfinancial incentives for health worker leads to satisfaction of employees. This study was conducted in health sector and found that non-financial rewards affect the performance of an individual.

(Group, 2011) This study was conducted in online staff in business sector that are more satisfy with non-financial rewards rather than financial rewards. He concluded that non-financial rewards effects on performance and also effects to increase the productivity and profitable growth of organization.

(Sammer, 2011) This study was conducted as nonfinancial rewards can create perceptions of the overall fairness of a rewards program. A study of more than 500 professionals conducted by World at Work found that reward fairness focus on nonfinancial aspects of the total reward offering, including (career development opportunities, nonfinancial recognition, and employee development and training).

(Dzuaranin, 2012) Suggested from the results that companies that only have cash incentives must also introduce noncash rewards to their performance incentive systems to increase the motivation level of employees.

(Nsour, 2012) Investigated the incentives approach and the level of performance in Jordanian Universities. Descriptive analysis was used to analyze the data and five Universities were selected for this study. The results showed the significance relationship between moral incentives and learning and growth in Jordanian Universities and also there is a high level of Organizational Performance. Internal business process is ranked in the second place followed by learning and growth.

(Erbasi, 2012) Examined the effect of financial and non-financial incentives on job satisfaction. Questionnaires were applied to eleven employees at food premises. And several techniques were used to analyze data via SPSS. Results showed significant relationship between financial and non-financial incentives and the job satisfaction of employees. Attitude towards financial incentives have strong effect on job satisfaction than attitude towards non-financial incentives.

(Stovall, 2003) Evaluated various non-monetary means of increasing employee participation in fire safety education activities. The purpose was to develop a program emphasizing primarily non-monetary incentives to motivate employees to participate. Evaluative, descriptive and action research were employed. This Research also concluded that organizations using effective reward programs better accomplishes organizational objectives and also influences employee behavior. Three programs were recommended for the fire safety education programs on the basis of research: advancement to participation, progressive participation in the fire fighter career path and providing recognition by the use of low-cost-on-the-spot rewards.

(Roberts, 2005) Investigated whether rewards and recognition impacts on employee motivation. Sample included 184 employees. Inferential tests used include the Pearson Product-Moment Correlation Coefficient, Multiple Regression Analysis and Analysis of Variance (ANOVA). Research resulted that there is a positive relationship between rewards, recognition and motivation. It also concluded that good reward and recognition system contributes to employee satisfaction and the more highly rewarded and recognized employees, more they are satisfied and satisfied employees are less likely to quit the job.

METHODOLOGY:

a. Statistical Techniques Used:

This statistical technique used in this research is Inferential Statistics through Correlation.

b. Hypothesis:

- i. H₁: Individual Extrinsic Rewards (appreciation & recognition, praise and feedback to employees) affects employee attitude and performance.
- ii. H₂: Individual Intrinsic Rewards (assigned tasks & responsibilities, freedom, career development plan and advancement opportunities) affect employee attitude and performance.
- iii. H₃: Collective Extrinsic Rewards (fair opportunity, work-life balance, learning programs and valuation of employees) affects employee attitude and performance.

- iv. H₄: Collective Intrinsic Rewards (encouraging employees, open & comfortable work environment and supervisory relations) affects employee attitude and performance.

c. Data Collection and Techniques:

Primary data was collected through Questionnaires that contains 15 likert scale questions. And data was gathered from different business institutes of Karachi which were randomly selected.

Secondary data was collected from internet that includes theories and reviews.

d. Sample:

Sample of total 300 employees were taken from Business Institutes in Karachi out of which 217 employees responded. The sample includes Professors, Lecturers and Assistant Professors from 9 different Business Institutes that were randomly selected.

Data Analysis:

Demographic Information:

Gender * marital status Crosstabulation

		marital status		Total
		Single	Married	Single
Gender	Male	42	84	126
	Female	59	32	91
Total		101	116	217

Gender * age group Crosstabulation

		age group				Total
		23-30	31-40	41-50	51-60	23-30
Gender	Male	36	56	21	13	126
	Female	46	32	8	5	91
Total		82	88	29	18	217

Correlation Analysis:

Employee attitude and Performance		
Variable	Spearman correlation	Significance (2-tailed)
Appreciation & Recognition	0.063	0.359
Praised	0.024	0.727
Feedback to Employees	0.173**	0.011
Assigned tasks/ responsibilities	0.022	0.751
Freedom	0.342**	0.000
Advancement Opportunities	0.110	0.115
Career Development Plan	0.258**	0.00
Fair Opportunity for complaints & suggestions	0.110	0.196
Valuation of Employees	0.413**	0.000
Work Life Balance	0.054	0.430
Learning Programs	0.371**	0.000
Encouraging Employees	0.126	0.065
Open & Comfortable Work Environment	0.176**	0.009
Good Supervisory Relations	0.436**	0.000

**** Correlation is Significant at the 0.05 level (2-tailed)**

Interpretations:

This result indicates that appreciation and recognition of employees do not correlate with employee attitude in the work place and performance in Business Institutes of Karachi. Correlation Coefficient is 0.063 and significant value is 0.359 > 0.05. Appreciation and Recognition does not support H₁ i.e. Individual Extrinsic Rewards affects employee attitude and performance in Business Institutes.

No Significant relation is found in Business Institutes while praising the employees in their attitudes and performance. Correlation Coefficient is 0.024 and significant value is 0.727 > 0.05. Hence praising the employees in the workplace also does not support H₁ i.e. Individual Extrinsic Rewards affects employee attitude and performance in Business Institutes.

There is a significant relation between feedback and employee attitude and performance. It directly affects the dependent Variable. Correlation value is 0.173 and significant value is 0.011 < 0.05. Feedback supports H₁.

There is no significant relation found between assigned tasks and responsibilities with the employee attitude and performance in Business Institutes of Karachi. Correlation Coefficient value is 0.022 and significant value is 0.751 > 0.05. Assigning tasks and responsibilities does not support H₂ i.e. Individual Intrinsic Rewards affects employee attitude and performance in Business Institutes of Karachi.

There is a positive relationship between freedom in the workplace with employee attitude and performance. It has a positive influence on the dependent variables. Spearman Correlation is 0.342 and significant value is 0.00 < 0.05. Therefore, freedom in the workplace supports H₂ i.e. Individual Intrinsic Rewards affects employee attitude and performance in Business Institutes of Karachi.

There is no relation between advancement opportunities with employee attitude and performance in the Business Institutes of Karachi. Correlation value is 0.110 and significant value is 0.115 > 0.05. Hence an advancement opportunity for employee does not support H₂.

There is a positive relation between career development plan and employee attitude and performance in Karachi Business Institutes. Correlation value is 0.258 and significant value is 0.00 < 0.05. It shows that career development plan also supports H₂.

There is no relation between fair opportunity for complaints & suggestions with employee attitude and performance. Correlation value is 0.110 and significant value is 0.196 > 0.05. Hence, it shows that fair opportunity for complaints & suggestions does not support H₃ i.e. Collective Extrinsic Rewards affects employee attitude and performance in Karachi Business Institutes.

There is a positive relationship between valuation of employees and employee attitude and performance in Karachi Business Institutes. Correlation value is 0.413 and significant value is 0.00 < 0.05. It shows that valuation of employees strongly correlates with dependent variable and also supports H₃.

There is no relation between work-life balance of employees and employee attitude & performance in Business Institutes of Karachi. Correlation value is 0.054 and significant value is 0.430 > 0.05. It shows that work-life balance strongly correlates with dependent variable and also supports H₃.

There is also a positive relationship between learning programs of employees and employee attitude & performance in Business Institutes of Karachi. Correlation value is 0.371 and significant value is 0.00 < 0.05. It shows

that it has a positive effect on dependent variable and also supports H₃.

There is no positive relation between encouraging employees and employee attitude & performance. Correlation value is 0.126 and significant value is 0.065 > 0.05. It shows that it does not support H₄ i.e. Collective Intrinsic Rewards affects employee attitude and performance.

There is a positive relationship between open & comfortable work environment and employee attitude & performance. Correlation value is 0.176 and significant value is 0.009 < 0.05. It shows that open & comfortable environment in the workplace directly and positively impacts dependent variable and also supports H₄.

There is a positive relationship between good supervisory relations and employee attitude & performance in Karachi Business Institutes. Correlation value is 0.436 and significant value is 0.00 < 0.05. It shows that good supervisory relation with employees strongly correlate with dependent variable and it supports H₄.

Conclusion and Recommendation:

This survey found that various factors directly and positively affect employee attitude and their performance in the Business Institutes of Karachi. The factors studied in this survey includes various factors among which some factors positively impacts employee attitude and performance are feedback to employees, freedom, career development plan, and valuation of employees, learning programs, open & comfortable work environment and good supervisory relations. Some factors are supporting Hypothesis while others not. It could also be concluded as the better the feedback, freedom, career development plan, valuation of employees, learning programs, open & comfortable environment and good supervisory relations provided to employees, the higher is the employee performance and positive attitude in the workplace and therefore it would result the higher performance and good environment in the workplace which will increase the productivity of organization. However, Business Institutes could use the outcome of this study to recognize its focusing area and further work on it.

(Simmons, Bret L. Simmons, 2009) Build relationships with your employees, ask them what they think and seek their suggestions on how to improve the work they do, and then involve them in implementing those changes. According to Simmons building relationship with employees must be focused. Employees feel that they are being valued and this study also proved that valuation of employees positively impacts employee attitude and also performance in the workplace.

The findings of this study also concluded that employees' not receiving non-monetary rewards that has positive impact on employees in the Business Institutes of Karachi have low positive attitude in the workplace towards their job and performance than those who receive.

Limitations:

This study has many limitations. Firstly, the limitation occurred in measuring the variables of 'Employee Attitude and Performance in the Workplace'. It is all based on respondents' perception and attitudes through the Questionnaire. Therefore, there might be possible error in the data set. Secondly, the time period and resources were short to complete the targeted sample size, some questionnaires were not returned back to us and also the problem faced was that some Institutes Management straightforwardly denied to survey in their Institute. On the other hand, more Business Institutes would be included in the population area but there were unavailability of employees because of their schedule. Besides it, this study would be specific in the Business Institutes of Karachi.

Future Recommendation:

Institutes has an increasingly competitive environment, so by revising their non-monetary reward policies that has positive influence on employee attitude and performance, they can help retain their employees. They would get benefit by focusing and effectively using the factors that has positive influence. Recognizing employees effort can impact positively not only on employees performance but also upon organization's image. Non-financial rewards has long-run impact, so this is strongly recommended to institutes that turn their focus on intrinsic and extrinsic rewards. A public applaud and a tap on shoulder could be impact greatly on employee's performance.

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