

Effect of rewards on employee motivation assignment



K. A. D. Hokum Guarantee Approved for submission by the academic

supervisor Date: Name of the academic supervisor: Ms. Mulish Generate

Acknowledgement It is with greatest respect and veneration that, I express my sincere thanks to my supervisor Ms. Mulish Generate who has been a source of personal encouragement, moral support, intellectual stimulation, and invaluable guidance throughout the preparation of this research report. She was very kind and helpful to me all the times whenever I faced a problem.

I express my deepest gratitude to managers and employees who are working in efferent departments of Distillates Sir Lankan (Pat) Ltd for providing me the necessary data and assistance to carry out this research successfully.

Besides, I would like to thank the CUBIC campus management for providing us with a good environment and facilities to complete this assignment.

Finally, an honorable mention goes to my family and friends for their understandings and supports on me in completing this research. Without their tremendous support, I would face many difficulties while doing this.

Abstract The purpose of this research study was to investigate and analyze how rewards impact on employee motivation in Distillates Sir Lankan (Pat) Ltd which is a premier telecommunication provider in Sir Lankan. This research was conducted in order to help Distillates to analyze the attitudes of their employees towards the reward systems of the company. More specifically it would help the company to investigate which of the reward systems are most preferred and what other rewards motivate the employees. The theoretical part of the study introduces different theories of motivation and rewarding.

<https://assignbuster.com/effect-of-rewards-on-employee-motivation-assignment/>

The empirical part of the research was conducted by using a quantitative research method. The data was gathered with the help of a structured questionnaire. The research supports the assumption that a well- developed and functional reward system can increase employee motivation and satisfaction. The research results revealed that most of the respondents are not satisfied with the current rewards offered by the company. Majority of the respondents have claimed that they are not satisfied with the current level of salary. It was discovered that, for the majority of the respondents, success of Distillates was not personally important.

It was found out that the respondents from customer care apartment & marketing department are to be least satisfied / motivated. The research results imply that majority of the Distillates employees are not motivated by current rewards offered by the company thus it is crucial for the management to change the prevailing reward system as soon as possible.

Low employee motivation has been one of the most serious issues facing the telecoms industry in Sir Lankan. Researchers have devoted considerable time and effort to better understand and identify ways to increase employee motivation. The purpose of this study was to examine the impact of rewards on employee motivation in Distillates Sir Lankan which is a premier telecommunication provider in Sir Lankan. More specifically the research aims to find out which aspects of the Distillate's reward system functions well, and which aspects could be further developed and improved in order to increase employee motivation.

The theoretical part of the study introduces different theories of motivation and rewarding. Emphasis is put on content theories of motivation and process theories of motivation. This research will add to the body of literature relating motivation factors and impact of rewards on employee motivation, in theoretical framework will describe the motivation indicators or attributes for measurement employee motivation. In order to accomplish the research objectives, quantitative research design was carried out under the deductive approach. Self-designed questionnaire was used as the primary data collection method.

The data was analyzed using descriptive statistics. The study has examined through empirical findings in which including descriptive analyses, histograms, pie – charts and pictogram's for finding the impact of rewards on employee motivation. . 2 Problem statement The past few years have been the most intimidating period for the telecoms sector of Sri Lanka in retaining their employees. It has been identified that low employee motivation is the main reason behind this cause and it has been one of the most serious issues faced by the telecoms industry Sri Lanka.

This research is based on this current problem in the telecoms industry in Sri Lanka. Distillates – which is a premier telecommunication provider in Sri Lanka was selected to carry out this study. The driving force behind this study is to enable the employees of Distillates to give feedback on their work motivation and their attitudes towards the current reward systems and hence perhaps increase their commitment to the company. Based on this information, main objectives of this research work are to find answers to the following problems What motivates the employees of Distillates?
<https://assignbuster.com/effect-of-rewards-on-employee-motivation-assignment/>

Which reward system does the employees perceive the most motivating?

How can the reward systems at Distillates be further developed? 1. 3

Research question The preliminary research question of this study is to find out how do rewards impact on employee motivation in Distillates Sir Lankan (Pat) Ltd. Further, the research aims to mind out what motivates the employees of Distillates? Which reward system does the employees perceive the most motivating? And how can the reward systems at Distillates be further developed? 1. 4 Objectives of the study This study is looking into the impact of rewards on employee motivation in Distillates.

The main objective of the research was to investigate and analyze how well the current reward system of Distillates helps generate employee work motivation. More specifically it aimed to find out which aspects of the reward system functions well, and which aspects could be further developed and improved in order to increase employee motivation. Additional objectives of this research include finding out what motivates the employees of Distillates? Which reward system does the employees perceive the most motivating? And how can the reward systems at Distillates be further improved and developed? . 5 Significance of the study Human resource is considered as a strategic asset in any organization because the accomplishment of an organization's objectives largely depends on employees. Therefore, it is significant to identify factors which motivate employees for achieving goals. Over the past few years low employee motivation has been the main cause which leads to higher turnover of telecoms sector in Sir Lankan whereas rewards influence key outcomes like

retention, attraction, Job satisfaction, performance, skill acquisition, co-operation and motivation of employees.

The research results could be used as a guideline for the private sector organizations in telecommunication industry in Sri Lanka to have better understanding of significance of reward system on employee motivation and furthermore it will help Distillates to design and implement strategic reward system to increase employee motivation and bring competitive advantage.

1. 6 Outline of the study Chapter one is allocated to describe the background of the study, identify problem statement, research question, objectives of the study and significance of the study.

Second chapter looks at relevant theories of motivation and the findings of empirical studies which have examined the effects of rewards on employee motivation. Chapter three presents the method of study. Chapter four includes data presentation and analysis. The fifth chapter presents conclusion, recommendations and the limitations of the study. Contents of this research project are illustrated in figure 1. 1 as a summary. Figure . – Contents of the research project Source – Author's original work (2014) 1. Project plan Chapter 02 LITERATURE REVIEW 2. 1 Introduction In order to identify the underlying theoretical and methodological rationale for the study, this chapter looks at the literature of motivation including definition of motivation, theories of motivation and other findings of empirical studies which have examined the effects of rewards on employee motivation. For this purpose, theories associated with motivation and impact of rewards on motivation has been explored through extensive review of books, articles and web pages. 2 Employee motivation According to Arnold et al (1991) the <https://assignbuster.com/effect-of-rewards-on-employee-motivation-assignment/>

three components of motivation are, 1 . Direction - what a person is trying to do. 2. Effort - how hard a person is trying. 3. Persistence - how long a person keeps on trying To motivate people it is necessary to appreciate how motivation works. This means understanding motivation theory and how the theory can be put into practice, as further discussed in this chapter. 2. 3

Theories of motivation 2. 3. 1 Content Theories of Motivation Content Theories of Motivation are based on the needs of individuals.

These theories try to explain why the needs of individuals keep changing overtime and therefore focus on the specific factors that motivate them. In general, these theories explain motivation as the product of internal drives that encourage an individual to move towards the satisfaction of individual needs. Major content theories of motivation are Maslow's hierarchy of needs, McClelland's learned needs theory, Alder's ERG theory and Herzberg's motivation-hygiene theory from which the firstly mentioned will be closer discussed. (Farewell & Clayton, 2007, p. 92). 2. 3. 2 Process Theories of Motivation Process Theories of Motivation try to explain how behavior change occurs and why individuals act in different ways. In other words, they focus on how workers' needs influence their own behavior. Process theories originate from early cognitive theories, which state that behavior is the result of conscious decision-making processes. Most famous process theories of motivation include reinforcement theory, expectancy theory, equity theory, and goal setting theory. (Toss, Orzo & Carroll, 1994, p. 226). 2. 3. Summary of theoretical models of motivation Source - Armstrong M. 201 1), A

Handbook of Human Resource Management Practice, p. 319 2. 4 Rewards " Reward is the benefits that arise from performing a task, rendering a service

or discharging a responsibility. ” (Colon Pits, 1995, p. 11 .) Pay is the most significant and motivating benefit that is received in return for performing a task or service. It is pay that motivates individuals to go out and seek work. Pay is also one of the few ways to set a mutually acceptable common value to the individual’s work contribution.

Pay can also be a powerful denominator, if employees are not satisfied with the reward cage. The packages typically include; bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more. (Pits, 1995, p. 13). 2. 4. 1 Total reward system This is a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system both tangible and intangible rewards are considered valuable.

The components of the total rearward can be described as in the following fugue. (Armstrong & Brown, 2006, p. 22). Figure . – The components of total reward system Source: Armstrong M. (201 1), A Handbook of Human Resource Management Practice As Sandra O’Neal (1998) has explained: ‘ Total reward embraces everything that employees value in the employment relationship’. An equally wide definition of total reward is offered by Worktable (2000) who state that total rewards are ‘ all of the employer’s available tools that may be used to attract, retain, motivate and satisfy employees’. . 5 Results of empirical studies on rewards and motivation So many researchers have carried out researches in this area. Empirical research tidies have found a significant relationship between rewards and employee motivation. According to Jail (1997) an intrinsically motivated <https://assignbuster.com/effect-of-rewards-on-employee-motivation-assignment/>

individual, will be committed to his work to the extent to which the Job inherently contains tasks that are rewarding to him or her and an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her Job.

He further suggested that for an individual to be motivated in a work situation there must be a need, which the individual would have to perceive a possibility of satisfying through some reward. If the reward is intrinsic to the Job, such desire or motivation is intrinsic. But, if the reward is described as external to the Job, the motivation is described as extrinsic. Williams (2004) had investigated the impact of rewards on motivation.

He had collected data from four different industries; finance, information technology, engineering and education on five variables using questionnaire technique from 357 American knowledge workers and had used correlation technique to find out the impact of rewards on employee motivation. He had found the most significant factor which effect the motivation depend the nature f organization practices and these practices enhance the personal goals and motivate the work force and reduce turnover.

Broom (1964), supported the assumption that workers tend to perform more effectively if there wages are related to performance which is not based on personal bias or prejudice, but on objective evaluation of an employee's merit. John, A. (1993) investigated the effects of training and development activities on employee motivation for the Turkish telecoms sector. He collected the data using questionnaire technique from 31 firm's employees and interviewing from large small firms collected wide range of data.

He used correlation technique to find out the effect of training and development on employee turnover and collected the data into three levels, low level employees training, mid-level employees training and high level employees training. He recommended that through training and development may increase motivation in low level and mid-level employees but no significant effect on motivation of top level management. Research has suggested that rewards now cause Job motivation and satisfaction, which leads