

An Empirical Analysis of Factors Influencing Reward and Recognition Systems Followed in Selected Garments Industries in Tirupur

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ABSTRACT

Even though people work for salary or wages (rewards), there are numerous ways of rewarding (motivating) employees according to the task or function performed. The underlying principle for the use of rewards is to motivate or induce behaviours among employees which are viewed as beneficial for enhanced performance whilst inhibiting other behaviours which employers and managers perceive as detrimental to organizational effectiveness and efficiency. Thus, rewards serve as a means of motivating desired behaviors. Incentives, rewards and recognitions are the prime factors that impact on employee motivation. Many researchers opined that, employees who are well motivated serve as the competitive advantage for any company because their performance leads an organization to accomplishment of its goals. Among financial, economic and human resources. human resources are the most vital that can provide a company's competitive edge as compared to others. The main aim of the study is to examine the impact of reward and recognition on job satisfaction and motivation. The present study assess the Factors influencing reward and recognition systems followed in selected garments industries in Tirupur.

Keywords: salary, rewards, desired behaviors Incentives, garments industries in Tirupur

I. INTRODUCTION

As Bowen argued, in a world of downsizing which is characterized with doing more with less, reward and recognition are pivotal factors to boosting morale and creating goodwill between employees and managers. Malhotra et al. (2007) define rewards as 'all forms of financial return, tangible services and benefits an employee receives as part of an employment relationship'. Employers expect employees to deliver or execute assigned duties to their satisfaction whilst employees also expect their employers to assure them of adequate wages and salaries (rewards) after they dutifully deliver what is expected of them (Eshun and Duah, 2011). Reward is something given or received in return or recompense for service, merit, hardship, etc. The Cambridge dictionary defined it as "something given in exchange for good behavior or good work". Some theorists also refer to reward as compensation. Mathis and Jackson (2004) are of the view that, compensation rewards people for performing organizational work through pay, incentives and benefits. The ability to achieve the company's critical business goals is the preferred criteria imposed by majority of organizations today to reward their employees. Mayo (1998) argues that, many companies are unable to instill the joy of working in performing duties and responsibilities if there are inadequate rewards being promised. Again, reward provides a visible means of promoting quality efforts and telling employees that the organization values their efforts (Evans and Lindsay, 2003).

Types of Reward Rewards may be classified into extrinsic/external and intrinsic/internal. Shanks (2007, p 30) posits, extrinsic rewards "are a host of external things (tangible) that managers can provide that may serve as incentives for employees to increase their productivity". These, among others, include; money, benefits, flexible schedules, promotion, job responsibilities, change in status, praise and feedback, a good boss, a nurturing organisational culture, etc. Tangible rewards (financial rewards) may be direct or indirect. Direct financial rewards refer to the pay an employee receives in the form of wages, salaries, bonuses, commissions, incentives, merit pay, stock options, etc. That is to say, direct financial rewards constitute base pay and variable pay (performance-base pay). Base pay refers to the basic pay an employee receives which may be a wage or salary and usually influenced by external and internal factors. The former include conditions in the labour market, market rates, government influences, etc. Whilst the latter comprises factors such as job evaluation, collective bargaining with employees' representatives, individual agreements, etc. These rewards are based on time worked and they constitute the bases on which majority of employees are compensated directly (Mathis and Jackson, 2004; Schuler, 1998).

II. RECOGNITION AND ITS FACETS

Employees do not only want attractive pay and benefits, but also expect that their efforts are valued, appreciated and treated fairly. According to Harrison (2011- retrieved from recognitionreward.blobspot.com on 19/09/2011), recognition is the timely, informal or formal acknowledgement of a person's or team's behaviour, effort or business result that supports the organization's goals and values, and which usually is beyond normal expectations. To Brun and Dugas, 2008, recognition represents a reward experienced primarily at the symbolic level, but may also take on emotional, practical or financial value. Deeprose (1994) argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance of organizations. Recognition programs demonstrate respect for employees. A meaningful, thoughtful employee appreciation program is about valuing employees' efforts and having respect for who they are and what they do (Hart, 2011). According to Long and Shields (2010), recognition can be categorised into formal or informal, cash or noncash, and individual or collective.

2.5. Job Satisfaction Satisfaction is an evaluative term that describes an attitude of liking or disliking (Ivancevich, 2004). Hence, job satisfaction is a positive emotional state resulting from evaluating one's job experience. On the other hand, dissatisfaction occurs when an individual's expectations from the job are dashed. Mathis and Jackson (2004) explain that, the important factor in job satisfaction is what employees expect from their jobs and what they receive as rewards from their job. Job satisfaction, as defined by Locke (1976) cited in Gruneberg, (1979, p. 3), is "a pleasurable positive emotional state as a result of work appraisal from one's job experiences".

Reward and Recognition Many types of programs exist for the reward and recognition of the employees. According to Bowen (2002) a reward is something given or received against for a service. Benefits received by the workers doing their jobs are included in reward (Kalleberg 1977, Mottaz1988). In simple words, a tangible gift which is given to one who has contributed something in organization. It can be of any form, a candy or monetary base. Reward can be given formally or informally or for completion of specific task. The acknowledgment of one's contribution to the organization in the eyes of public is called recognition (Bowen, 2002). One of the vital factors, which effect the job satisfaction, is reward and recognition. Maurer (2001) emphasized that we should consider the link between organizational successes as the consequence of employee job satisfaction. Reward and recognition is proved key factors, which influence the employee job satisfaction (Jun et al., 2006). No reward system and lack of recognition for completing the tasks, is the result of poor system, which is prevailing in typical organizations, such system that hinders in the way of supervisors to encourage their workers for doing a good job (Pascoe et al., 2002). Simply, poor reward and recognition system reduces job satisfaction. Cronin and Becherer (1999) emphasized that there is significant relation between reward and recognition and Jobsatisfaction as study conducted on nurses. There exist two major categories of reward; extrinsic and intrinsic. In our study our focus revolves around extrinsic factors of reward system. Helms (2006) emphasized that extrinsic reward such as money and promotions are motivating factors for employees. Extrinsic reward as described by many researchers are all those tangible reward that organizations try to provide their workers for keeping them motivated and satisfied, like promotion, benefits, job security, pay, better working conditions (Kallberg,1977; Mottaz,1985; Price and Muller,1986; Tausky,1984). For getting good results, management should develop such reward and recognition system, which will enhance satisfaction of employees.

III. REVIEW OF LITERATURE

Jehanzeb et al (2018) studied the impact of rewards and motivation using perceived amount of rewards on job satisfaction in both public sector and private banks of Saudi Arabia. Through regression analysis they related the perceived amount of reward, motivation and job satisfaction. Results indicated that (a) rewards have a positive significance on job satisfaction, (b) motivation is positively related to job satisfaction, (c) motivation has a positive significant effect on job satisfaction. The study found out that employees of private and public sector in different banks are moderately rewarded, motivated and gratified in their organization. The study concluded that employees in banking sector give more importance to economic or financial rewards.

Pratheepkantha (2019) studied impact of reward system on employee motivation in commercial banks of Sri Lanka. The study found out positive relationship of extrinsic and intrinsic reward on employee motivation. Secondly, higher performance consistency, cooperation, willingness of responsibility, challenging work, growth in job were found to be the determining factors that influence employees' performance. He suggested that the non-monetary rewards like holiday package, bonus, pension benefits, and overtime 15 pay should be improved by the banks. The study mentioned about dissatisfaction of bank staff with financial rewards, responsibility, training and promotion.

Khalid et al. (2020) explored the impacts of employee's rewards and employee' motivation on employee's job satisfaction between public and private water utility organization in Malaysia. Author took three factors under reward namely pay, autonomy, and co-workers relationship. Motivation was taken from extrinsic and intrinsic needs of the employees and measured job satisfaction from nine dimensions namely, pay promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of work and communication. Study revealed that employee's reward was positively related to motivation. Both employee's reward and employee's motivation were found to have positive influences on employees' job satisfaction. The study comes out with some interesting findings like, employees in public

water utility organization scored significantly higher level of employees' reward, motivation and job satisfaction; and motivation have more impact on job satisfaction as compared to rewards in both public and private water utility organizations.

Shafiq and Naseem (2018) examined the association between rewards and employee motivation in banking sector of Pakistan. The study found positive relationship between reward and motivation. Authors also tried to identify the association of demographic factors like age, gender, educational qualification, experience, and income with the reward variables like good salary, interesting work, job security, promotion, appreciation, opportunity of advancement, loyalty to employees, sympathetic personal help, good working environment and other benefits. The study found out that gender is associated with salary, workload and praise, income is associated with bonus and incentives, and experience is associated with job security. The results also showed that salary is much important factor for employee motivation as compared to other variable factors like promotion, job security, working condition, appreciation and other benefits

Armstrong et al. (2019) explored the reasons of non-evaluation of effectiveness of reward policies and practices by the organizations. Authors observed the approaches used by the organizations to evaluate the effectiveness of their reward policies and practices, and developed evidenced based model to describe how evaluation take place. This case study found that organizations where powerful tradition of human capital measurement, and highly disciplined as well as performance oriented approach to 16 measurement exists are interested in measuring the effectiveness of reward policies and practices. The study identified the reason on non-evaluation of effectiveness of reward system such as lack of resources and time, lack of information or data, senior management indifference, organization changes and lack of analytical skill. The study concluded that lack of resources or time is the most important reasons for non-evaluation of the effectiveness of reward system. The study found out that there is no set pattern of conducting an evaluation of effectiveness of reward policies and practices.

IV. METHODOLOGY AND TOOLS ADOPTED

The present research work is a descriptive and analytical study based on empirical observations and a comprehensive survey. Both the Primary Data and Secondary Data were collected, analyzed and interpreted. The Sample Design is Based on convenient sampling and it is issued to 450 employees working in selected garment units in Tirupur District of Tamilnadu and Reliability analysis and factor analysis is adopted to assess.

V. RELIABILITY ANALYSIS

The reliability of scales used in this study was calculated by Cronbach's coefficient alpha. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. The coefficient alpha values exceeded the minimum standard of .70. It's provided good estimates of internal consistency reliability.

- The formula is as follows:

$$\alpha = \frac{kr}{1 + (k - 1)r}$$

- K is the number of items in the scale.
- R is the average correlation pairs of items.
- As the number of items in the scale (k) increase, the value of alpha becomes larger.
- If the inter-correlation between items is large, the corresponding alpha will also be larger.

Table 1.1: Reliability For Factors Related To Reward And Recognition System Followed In Selected Garments Industries

S.NO.	ITEMS	SCALE MEAN IF ITEM DELETED	CRONBACH'S ALPHA IF ITEM DELETED
1	Local recognition events are important in a recognition program	124.975	0.899
2	Reward with special recognition by team management at team meetings	125.195	0.898
3	Reward with certificate for "dinner for two" or evening out	125.365	0.898
4	Recognition should be given for creative suggestions that improve performance	125.365	0.896
5	Recognition should be given for significant achievement "on the spot"	125.455	0.895
6	The primary value of recognition is acknowledgement of	125.425	0.895

	performance by management		
7	Senior management should determine who receives an award	125.415	0.895
8	Team members should be able to nominate other team or peers outside of their team for an award	125.295	0.897
9	Formal recognition events increase the motivational value of a recognition program	125.265	0.896
10	Informal recognition is of equal importance as formal recognition events	125.305	0.903
11	Broad recognition at a national event increases the motivational value of a recognition program	125.265	0.903
12	People who perform their jobs well generally get rewarded	125.195	0.903
13	Providing non-monetary recognition helps to achieve job goals	125.195	0.898
14	Most of the recognition received is remembered fondly	125.215	0.898
	MEAN		125.281
	VARIANCE		169.11
	STD. DEVIATION		13.29
	CRONBACH'S ALPHA		0.892
	NO. OF ITEMS		14

It reveals that all the fourteen measurement scale items related to reward and recognition system followed in selected garments industries are reliable as the Cronbach alpha coefficient of 0.892 It is greater than the threshold level of 0.70. It's provided good estimates of internal consistency reliability and also coefficient alpha values ranged from 0.903 to 0.892 for all the constructs. It is indicating that the scales used in this study were reliable. It clearly indicates that above scale items are consistent with each other and they are reliable measure of factors related to reward and recognition system followed in selected garments industries , so that it can be taken forward for factor analysis.

VI. DIMENSIONALITY OF THE MULTI-SCALE ITEMS (FACTOR ANALYSIS)

Factor Analysis is a set of technique which by analyzing correlations between variables reduces their numbers into fewer factors which explain much of the original data, more economically. Even though a subjective interpretation can result from a factor analysis output, the procedure often provides an insight into relevant psychographic variables, and results in economic use of data collection efforts. The subjective element of factor analysis is reduced by splitting the sample randomly into two and extracting factors separately from both parts. If similar factors result, the analysis is assumed as reliable or stable

Table 2: Kmo And Bartlett's Test For Factors Related To Factors Related To Reward And Recognition System Followed In Selected Garments Industries

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.756
Bartlett's Test of Sphericity: Approx. Chi-Square	2241.35
Sig	0.000**
S/NS	S

**P<0.001 *P<0.05 S-Significant

From the above table 2, two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows the value of test statistics is 0.756 which means the factor analysis for the selected variable is found to be appropriate or good to the data. Bartlett's test of sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among variables.

Table 3: Eigen Values And Proportion Of Total Variance Of Factors Related To Reward And Recognition System Followed In Selected Garments Industries

component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.653	26.092	26.092	3.653	26.092	26.092	2.305	16.465	16.465
2	1.906	13.613	39.705	1.906	13.613	39.705	1.892	13.514	29.979
3	1.203	8.591	48.295	1.203	8.591	48.295	1.872	13.374	43.352
4	1.124	8.029	56.325	1.124	8.029	56.325	1.816	12.972	56.325

Extraction Method: Principal Component Analysis

The results of the factor analysis presented in the table 1.3 factors related to, have revealed that there are fourteen factors that had Eigen value exceeding “one”. Among those four factors, the first factor accounted for 26.09 percent of the variance, the second 13.61 percent, the third factor 8.59 percent and the fourth factor 8.029 per cent of the variance in the data set. The first four factors are the final factors solution and they all together represent 56.325 percent of the total variance in the scale items measuring the factors related TO Reward And Recognition System Followed In Selected Garments Industries.

Table 4: Rotated Component Matrix For Factors Related Reward And Recognition System Followed In Selected Garments Industries

Variable code	Component			
	I	II	III	IV
x10	0.758	0.233	0.064	0.042
x12	0.721	0.211	0.043	-0.031
x8	0.652	-0.150	0.373	-0.004
X9	0.600	0.160	0.303	0.112
x13	0.167	0.753	0.120	-0.095
X11	0.459	0.648	-0.034	0.060
X4	0.030	0.601	0.295	0.198
X14	0.413	0.591	0.210	-0.282
X6	0.144	0.091	0.742	0.073
X7	0.158	0.316	0.696	-0.179
X5	0.115	0.047	0.644	0.212
X2	0.055	0.063	0.112	0.797
X1	0.112	-0.179	-0.016	0.787
x3	-0.286	0.394	0.181	0.580

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 Rotation converged in 12 iterations.

Table 4 represents the Rotated Component Matrix, which is an important output of principal component analysis. The coefficients are the factor loadings which represents the correlation between the factors and the twenty variables (X₁ to X₁₄). From the above factor matrix it is found that coefficients for factor-I have high absolute correlations with variable X₁₀(Informal recognition is of equal importance as formal recognition events), X₁₂(People who perform their jobs well generally get rewarded), X₈ (Team members should be able to nominate other team or peers outside of their team for an award) and X₉ (Formal recognition events increase the motivational value of a recognition program) that is, 0.758, 0.721, 0.652 ,0.600 respectively.

Similarly factor-II has high absolute correlation with variable X₁₃(Providing non-monetary recognition helps to achieve job goals), X₁₁ (Broad recognition at a national event increases the motivational value of a recognition program), X₄ (Recognition should be given for creative suggestions that improve performance) and X₁₄ (Most of the recognition received is remembered fondly), 0.753, 0.648, 0.601, and 0.591 respectively.

Next, factor III has high absolute correlation with variable X₆ (The primary value of recognition is acknowledgement of performance by management), X₇ (Senior management should determine who receives an award) and X₅ (Recognition should be given for significant achievement “on the spot”), that is, 0.742,0.696 and 0.644 respectively.

Factor-IV has high absolute correlation with variable X₂(Reward with special recognition by team management at team meetings), X₁(Local recognition events are important in a recognition program) and X₃ (Reward with certificate for “dinner for two” or evening out), that is, 0.797, 0.787 ,0.580 respectively

Table 5: Component Transformation Matrix

Component	1	2	3	4
1	0.766	0.65	0.633	0.173
2	-0.151	0.075	0.363	1.041
3	0.807	-0.511	-0.153	0.353
4	0.233	0.677	-0.66	0.375

The above table reveals the factor correlation matrix. If the factors are uncorrelated among themselves, then in the factor correlation matrix, the diagonal elements will be 1's and off diagonal elements will be 0's. Since matrix was rotated with Varimax, barring some variables all other variables are found to have, even if not zero correlations but fairly low correlation.

Thus the fourteen variables in the data were reduced to four Component factor .

Table 6: Showing The Factors Related Reward And Recognition System Followed In Selected Garments Industries

x10	Informal recognition is of equal importance as formal recognition events	0.57%	Factor I
x12	People who perform their jobs well generally get rewarded	0.52%	
x8	Team members should be able to nominate other team or peers outside of their team for an award	0.42%	
X9	Formal recognition events increase the motivational value of a recognition program	0.41%	
x13	Providing non-monetary recognition helps to achieve job goals	0.57%	Factor II
X11	Broad recognition at a national event increases the motivational value of a recognition program	0.42%	
X4	Recognition should be given for creative suggestions that improve performance	0.41%	
X14	Most of the recognition received is remembered fondly	0.38%	
X6	The primary value of recognition is acknowledgement of performance by management	0.55%	Factor III
X7	Senior management should determine who receives an award	0.48%	
X5	Recognition should be given for significant achievement "on the spot"	0.41%	
X2	Reward with special recognition by team management at team meetings	0.63%	Factor IV
X1	Local recognition events are important in a recognition program	0.62%	
x3	Reward with certificate for "dinner for two" or evening out	0.45%	

VII. CONCLUSION

Reward management in a business organisation is basically the way in which that particular business forms and implements strategies and policies to reward the employees to a fair standard and in accordance with how the organisation values them. Reward management in a business organisation usually consists of the business analyzing and controlling the employee's remuneration and all of the other benefits for the employees. The present study emphasises the factors related reward and recognition system followed in selected garments industries. It is evident that "Informal recognition is of equal importance as formal recognition" events followed by "People who perform their jobs well generally get rewarded" and Team members should be able to nominate other team or peers outside of their team for an award Formal recognition events increase the motivational value of a recognition program are the most influencing factors among all which influences reward and recognition system followed in selected garment industries

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