

# The Relationship Between Non-Monetary Rewards and Employee Performance: A Case Study of YP Plantation Holdings Sdn. Bhd.

Muhammad Faiz Razman<sup>1</sup>, Shakirah Noor Azlan<sup>1</sup>

<sup>1</sup>University College of Yayasan Pahang, Pahang, Malaysia

## ARTICLE INFO

### Article history:

Received Sep 20, 2023

Revised Oct 30, 2023

Accepted Nov 15, 2023

### Keywords:

Non-Monetary Rewards,  
Employee Performance

### Conflict of Interest:

None

### Funding:

None

**Corresponding Author:** Shakirah Noor Azlan, University College of Yayasan Pahang, Kampus Utama, Tanjung Lumpur, 26060 Kuantan, Pahang. Tel. +6013-7470753. E-mail: [shakirah@ucyp.edu.my](mailto:shakirah@ucyp.edu.my)



© Muhammad Faiz Razman, Shakirah Noor Azlan

This is an open access article under the CC BY-SA 4.0 international license.

## 1. Introduction

The accomplishment of the organization depends on the accomplishments of its employees. Thus, employee productivity is critical to its success. The degree to which an employee could add to the company's total productivity is referred to as the individual's performance. According to Noel (2009), the productivity of employees should be in accordance with the objectives of the organization, and the procedures and activities that are carried out correspond to employee performance. The findings of Viswesvaran and Ones (2000), which accept that employee outcomes and attitudes characterize employee performance in fulfilling corporate goals, are equally compatible with this approach. Since employee performance is critical to the firm's success, management must devise an incentive system for employees (Okath, 2014).

Besides that, some researcher had their own opinion about the employee performance. Job performance may be increased if employees are able to work in a good environment and are able to perform jobs effectively (Bushiri, 2014). However, this is different according to Nassazi (2013), who stated that training programs given by firms considerably enhance employee performance by sharing information, skills, and abilities with employees. While non-monetary benefits like recognition and appreciation provided to employees are the

most effective in influencing employee performance (Nelson, 2004). Recognition as a means of achieving employee performance and engagement is widely used (Sun, 2013). The recognition given to employees is very well received and shows that the company obviously cares about its workers (Wiscombe, 2002). According to Kelly (2010), for example, the word thank you, which is often practised, can give encouragement and motivation to employees.

### *1.1 Problem Statement*

Previous research has found that the performance of employees may be related to a variety of different aspects. Non-financial rewards such as career development plans, feedback to workers, employee appraisals, successful mentee mentoring and program learning and a good work environment can have an encouraging impact on employees' productivity at work (Bari et al., 2013). In support of this, research done by Ajila and Abiola (2004) provided a correlation between employee performance and extrinsic rewards but not between employee performance and intrinsic rewards. To inspire employees, a mix of monetary and non-monetary inducements should be applied. Monetary reward is a concept that refers to tangible rewards such as monetary compensation likes bonuses, short-term or long-term incentives, benefits like income protection or allowances and others (Milkovich et al., 2010). Generally, it was not the main reward, but its widespread use makes it worthy of special note (Merchant, 2007). Non-monetary rewards, on the other hand, include elements like praise, recognition, and privileges (Luthans, 2008). In addition, non-monetary rewards also refer to other benefits like paid time off, training, and public recognition (Jeffrey, 2003).

Company productivity is a factor influenced by the list of rewards provided to employees, which in turn becomes key to improving employee performance (Jerez-Gomez et al., 2005; Anakpo et al., 2023). The success of organizations today is highly dependent on the performance of employees in the face of global economic challenges. If employees can improve their work performance, many benefits will be received by employees to improve their skills and benefit the company. In addition, Agwu (2013) has introduced several ways to improve employee performance, including monthly meetings with management and employees, staff policy constantly reviewed on a scheduled basis, employee agreements strictly enforced and the company's industry career development opportunities. Several past researchers, such as Al-Ameryeen (2015), also raised similar issues related to non-financial rewards of employee performance for analysis and study. However, both financial and non-financial rewards each play an important role and affect employee performance (Waqas and Salem, 2014).

This study focuses on the non-monetary effect of the employee's performance in the organization. Organisations incur negative consequences when they disregard the value of non-monetary benefits on staff retention (Hijazi et al., 2007; Narsee, 2012; Ahmed and Ali, 2023). The non-monetary include Working conditions, Job security and recognition and appreciation towards employees. This research focuses on non-monetary incentives and staff performance in plantation organisations.

### *1.2 Research Objectives*

There are two elements to emphasise in this study between recognition and employee performance.

## **2. Literature Review**

### *2.1 Employee Performance*

Employee performance may be defined as an employee's ability to accomplish their work-related goals, satisfy expectations, and meet the criteria of their position in the workplace (Campbell, 1990; Viswesvaran and Ones, 2000; Aliyyah et al., 2021). According to Aguinis (2009), the concept of performance comprises employee activity rather than the outcomes of employee behaviour (Abdelwahed et al., 2023). It shows that the performance of worker behaviour aspect is more important than the employee's work outcome. In addition, Koopmans et al. (2011) state that organizations should focus on behaviours crucial to the organization's goals rather than outcomes and that employees' success should be measured in terms of behaviour and results (Qalati et al., 2022). Employee contributions to organizational performance constitute task performance (Williams & Karau, 1991; Aggarwal et al., 2022).

According to Cardy (2004), performance assessment is at the heart of performance management. All organizational practices, norms, and design aspects substantially impact an organization's or a person's performance (Al-Kharabsheh et al., 2023). Employee involvement increases employee performance (Anitha 2013). Researchers have shown that staff competency, innovation and talent contribute to the success of a firm (Smith, 2002). Numerous researchers and practitioners believe employee creativity contributes to achieving corporate success (Axtell et al., 2000; Smith, 2002).

### *2.2 Recognition*

There are many ways to increase employee motivation. One of the important ways to boost employee motivation is through recognition. According to Luthans and Dj. Stajkovic (2014) states that genuine appreciation, acknowledgement, and approbation are all parts of the recognition definition (not phoney praise). Meanwhile, according to Christiane et al. (2013), recognition has a huge influence on future performance,

especially when given to the best performers. Recognition schemes may include lunches, gift cards or plaques, according to Emerson (2007). Acknowledging is an effective way to communicate to employees what their bosses care about and what behaviours they appreciate.

### *2.2 Recognition and Employee Performance*

According to Armstrong (2008), one of the most effective motivators is acknowledgement. For people to feel valued, they need to know that their efforts have paid off. Using recognition as a leadership technique, managers may communicate to their colleagues what is important to them and what actions are appreciated (Shah and Shah, 2007). A summary of the research into recognition and employee motivation in Sera Lee corporation (Melcrum Publishing Ltd, 2006 as cited in Claydon: 501) revealed that "While pay is undoubtedly important to employees, employees stay and grow as a team when they are given recognition and grasp the company's goals and difficulties.

According to Daniel (2017), research was undertaken at Kenyatta University to analyse the impacts of incentives and appreciation on employee performance. The findings demonstrated a strong correlation between employee performance and measures of reward and recognition. The findings also found that pay, perks and job security were all lacking at Kenyatta University, which led to employee unhappiness and lowered productivity.

H1: There is a significant relationship between recognition and employee performance.

## **3. Method**

The population of this study are comprised of management and staff who are currently working at YP Plantation Holdings Sdn Bhd. This is because the study aims to discover how employees understand the company's non-monetary incentive scheme. The focus of this study is to examine individuals' perceptions of the effects of recognition have an impact on employee performance. The total population of the company are 280 staff. Therefore, all departments, irrespective of gender status, participated in the study since the researchers considered that each department played a significant part in deciding whether the organization was successful in attaining its goals.

The questionnaire used for this study is the Individual Work Performance Questionnaire (IWPQ) by Koopmans et al. (2013) to measure employee performance. Meanwhile, to evaluate recognition for this research, the questionnaire items were adapted from Paul E. Spector (1988) and the "Employee Recognition Programme Handbook" developed by the Virginia Department of Human Resource Management (2000).

### *3.1 Research Design*

In this study, questionnaires were the primary technique. Two sorts of variables are used, which are dependent and independent variables. The performance of employees is the dependent variable, whereas the independent variable includes their recognition, training, and a good work environment.

The terms "nominal scale," "interval scale," and "ratio scale" refer to the three different scales of measurement that were applied. The researchers used a nominal scale to categorise the participants into various groups or categories such as age, marital status, and job title. In the meanwhile, researchers are doing some arithmetical calculations on their data using an interval scale.

Consequently, a five-point Likert scale may be used to evaluate both a dependent and an independent variable and an interval scale was applied to do so. To indicate the length of services and age groups, this research uses a ratio scale.

The surveys were distributed to each member of YPPH's personnel and management. It will be required of respondents that they provide a response to the statement of the question utilizing a five-point Likert scale ranging from 1 "strongly disagree" to 5 "strongly agree" to record the degree to which they evaluate and perceive each item.

## **4. Results and Discussion**

The Statistical Package for the Social Sciences (SPSS) was used to analyse the data in this study. Because the data was given in percentages, descriptive statistics were employed. To investigate whether there is a connection between employee performance and non-monetary compensation, the Pearson correlation was

applied. The prediction and contribution of independent factors on the dependent variables were tested using multiple regression.

Multiple regression analyses were carried out to investigate whether there is a connection between the research variables and the hypotheses. A dependent variable may be estimated from a combination of two or more independent variables, which this approach is used for. The primary goals in this research were examined using a multiple regression analysis. Analysis findings are presented in Table 1.0.

Table 1. Multiple Regression Analysis Between Recognition, Training and Good Working Environment on Employee Performance.

Variables	Standardize Coefficients Beta	T	Sig
Recognition	.423	5.601	.000
Training	.530	7.503	.000
Good Working Environment	.520	7.314	.000

Dependent Variables: Employee performance

The study's initial goal was to determine the relationship between employee performance and their level of recognition. A hypothesis was constructed to explore the direct relationship between employee performance and recognition. There are two ways to look at this:

H1: There is a significant relationship between recognition and employee performance.

According to the multiple regression analysis, which is displayed in Table 4.17 above, employee performance and recognition have a mean correlation value of  $p=0.000$ ,  $p<0.05$ . This connection has a beta coefficient of 0.423 and a value of 5.601. Hence, the answer to H1 is ACCEPTED. Recognition has a direct impact on how well employees perform.

## 5. Conclusion

The purpose of this research was to evaluate the relationship between employee recognition and performance. The conclusion reveals a positive and statistically significant relationship between employee recognition and performance in this company, as evidenced by the results of Table 4.17 of the Multiple Regression Analysis, which was statistically significant with a mean p-value of 0.000. This association has a beta coefficient of = 0.423 and a value of  $t = 5.601$ . Consequently, H1 is ACCEPTED. This result was consistent with Ngatia, Z. M. (2014) findings, which indicated that acknowledgement as a non-monetary reward was an effective technique for enhancing employee performance. Still, the researcher's findings indicated that recognition had no association with employee performance. This may be because the respondents in this survey came from various business types and industries. The findings are also consistent with those of Bradley, Durz, Neckermannx and Non (2015), who revealed that recognition had a strong beneficial association with employee performance. In terms of the hypothesis, this result was comparable to the findings of Jeffrey and Schaffer (2007), Stone (2002), and Mason (2001) regarding the favourable association between employee recognition and performance. This study's findings validated Herzberg's Two-Component Theory by demonstrating that recognition is a motivating factor that increases employee performance. However, the recognition towards employee performance had lower results of finding, among others, independent variables that need suggestions for improvement to be taken by the management.

## References

- Abdelwahed, N. A. A., Soomro, B. A., & Shah, N. (2023). Predicting employee performance through transactional leadership and entrepreneur's passion among the employees of Pakistan. *Asia Pacific Management Review*, 28(1), 60-68.
- Ahmed, B., & Ali, T. (2023). Effects of Non-Monetary Rewards on Employee Job Performance in Banking Sector of Pakistan A Case Study of Leading Commercial Banks. *Journal of Marketing and Management*, 14(1), 48-62.
- Ajila & Abiola (2004). Influence of Rewards on Workers' Performance in an Organization. *Journal of Social Science*, 8(1): 7-12.
- Al-Kharabsheh, S., Attiany, M., Alshawabkeh, R., Hamadne, S., & Alshurideh, M. (2023). The impact of digital HRM on employee performance through employee motivation. *International Journal of Data and Network Science*, 7(1), 275-282

- Aggarwal, A., Sadhna, P., Gupta, S., Mittal, A., & Rastogi, S. (2022). Gen Z entering the workforce: Restructuring HR policies and practices for fostering task performance and organizational commitment. *Journal of Public Affairs*, 22(3), e2535.
- Aliyyah, N., Prasetyo, I., Rusdiyanto, R., Endarti, E. W., Mardianah, F., Winarko, R., ... & Tjaraka, H. (2021). What affects employee performance through work motivation? *Journal of Management Information and Decision Sciences*, 24(1).
- Anakpo, G., Nqwayibana, Z., & Mishi, S. (2023). The Impact of Work-from-Home on Employee Performance and Productivity: A Systematic Review. *Sustainability*, 15(5), 4529.
- Bushiri, C.P., (2014). The Impact of Good Working Environment on Employees' Performance: The Case Of Institute Of Finance 11anagement In Dar Es Salaam Region (: \laster's thesis, Open University of Tanzania), Retrieved from [http://repository.out.ac.tz/608/1/MHRM-D ISSERTATION .pdf](http://repository.out.ac.tz/608/1/MHRM-D%20ISSERTATION.pdf).
- Hijazi, S., Anwar, A., & Mehbood, S. (2007). Impact of Non-Financial Rewards on Employee Motivation. *The Business Review*, 7(2), pp. 272 -277.
- Kelly T. G (2010). Recognition and Reward... takes more than just a paycheck. URL: [http://www.orcpa.org/pressroom/hotnews/ employeeerwards.htm](http://www.orcpa.org/pressroom/hotnews/employeeerwards.htm). Accessed on the 9th of September 2015
- Koopmans L, Bernaards CM, Hildebrandt VH, Van Buuren S, Van der Beek AJ, De Vet HCW. Development of an individual work performance questionnaire. *International Journal of Productivity and Performance Management*. 2013;62(1):6-28.
- Narsee, N. (2012). Comparing the impact of monetary and non-monetary reward programmes towards employee and organisation motivation (Doctoral dissertation, University of Pretoria).
- Nelson L (2004). Non-monetary rewarding in Organisations. Retrieved September 12, 2012, from [<http://www.101rewards.com/nonmonetary-rewards.html>]
- Nassazi, A. (2013). Effects of training on employee performance.: Evidence from Uganda.
- Noel, T. W. (2009). The Impact of Knowledge Resource on New Venture Performance. *Journal of Small Business Management*, 47 (1), 1-22.\
- Viswesvaran, C., & Ones, D. S. (2000). Perspectives on models of job performance. *International Journal of Selection and Assessment*, 8 (4), 216-226.
- Wiscombe, J. (2002). Rewards get results, *Workforce*, 8 I (4), 42-47. Retrieved from [www.workforce.com/section/02/feature/2 3/2 0/04/232006 .html](http://www.workforce.com/section/02/feature/23/20/04/232006.html).
- Qalati, S. A., Zafar, Z., Fan, M., Limón, M. L. S., & Khaskheli, M. B. (2022). Employee performance under transformational leadership and organizational citizenship behaviour: A mediated model. *Heliyon*, 8(11).
- Zati, V. D. A., Syaifuddin, S., & Safiyan, S. (2023, September). Efforts to Improve Employee Performance through Employee Voice and Reward and Recognition. In *Proceeding of The International Conference on Economics and Business* (Vol. 2, No. 2, pp. 28-37).