THE RELATIONSHIP BETWEEN REWARDS AND EMPLOYEE PERFORMANCE

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Abstract

Many studies have been conducted in the case of the effects of individual reward types on the performance of firms’ employees. However, there has never been a research which included all intrinsic and extrinsic rewards simultaneously in a comprehensive model. Here in this study, focusing on 77 filled up survey questionnaires by different employee types from two Malaysian tourism companies, there has been an attempt to examine the role of different reward types applying the Backward Multiple Regression technique. Overall, the statistical results show that although all reward types (including intrinsic and extrinsic types) have a direct positive relationship with employees‘ performance based on the correlation test, three types (i.e. appreciation, fringe benefits, and bonus) lose their importance when they are considered in a more comprehensive model including other rewards. Furthermore, the study shows that internal rewards have more powerful effects on employees’ performance than the extrinsic rewards.

Keywords: Reward, Intrinsic Reward, Extrinsic Reward, Employee Performance, Malaysia

1. Overview

One of the main targets in any organization is adapting the changes of markets and employees‘ needs. Thus, the managers have huge responsibilities to improve and arrange these relations to act powerfully in the market (Beer, 1984) in which the strategies and the composition of organizations have changed a lot. Therefore, the managers must compile their plans to these changes to set missions, visions and predicted outputs as well as reaching enough efficiency and effectiveness. To reach this goal, they must think about both employees and customers and the way to communicate with them (Harmon, 2007).

Indeed, the “employee” is the main concept to pay attention to in the human resource realm; thus, they are assumed to form the main part of the human resource strategies that managers
adopt in their organization. In this case, for example, when the line managers consider rewards in their human resource strategies, they should prepare a suitable rewarding system for their organization. Even the expertise of rewarding can give new challenging rewarding policies to the organization; however, these policies are needed to be confirmed by the line managers to execute them. In fact, human resource importance is clearer for line managers today and if they do not note the new policies, it causes some negative results for them (Syed Umar Farooq and Muahmmad Imran Ullah; Kalim Ullah Khan, 2010).

Rewarding has been found to be one of the main organizations’ policies which can increase the performance of staff and increase the outputs of organizations (Ajila, 1997). Indeed, with the existing international economic development, many employers have comprehended this fact that productivity is needed for their organizations to compete strongly and also their employees’ productivity is required in shaping the organization achievements. On the other hand, employees’ performance, as a result of the development and the growth is critical for any organization.

This study provides an examination of the relationship of intrinsic and extrinsic rewarding on employees’ performance. Therefore, the rewarding (extrinsic and intrinsic rewarding) is considered as independent and the employees’ performance as dependent variables. In this regard, although a lot of researches are established on reward and employees’ performance, in the real world it does not completely consider its importance. So, it is decided to focus on determining it in the present study. The impact of extrinsic and intrinsic rewards on the performances of employees has been chosen as the topic and issue. And the tourism companies in Malaysia have been selected as the statistical population because the tourism industry is very important in the current world and it can be one of the main income generators for countries like Malaysia which is one of the top countries in hospitality and tourism. In fact, the world knows this country as one of the best choices to spend holidays and to travel. Therefore, motivating the industry’s employees will impact a lot on the whole income of the country if it is positive. The main reason of investment for Malaysia on this industry is that the country lacks natural resources like gas, oil unlike Middle Eastern countries. Thus, this country has chosen tourism industry as the main source of income and it has been successful until now. Focusing on this point, the present study will examine the employees’ performance of Persian Travel Sdn. Bhd and Scicom firms as the target sample.
Scicom, on the other side, is one of the biggest contact centre outsourcing service providers in Malaysia. Up until now, it has provided services to some companies such as the biggest global MNCs in the world. They have a broad knowledge and skill in all contact centre operations, including outsource and in-source operations, training, consulting, quality management and certification services areas. It currently manages customer communications in 40 languages, supports more than 89 countries, and delivers total customer pleasure to more than 40 million customers all around the world.

2. The Relationship between Demographics Elements and Performance

As Bowen and Ostroff (2004) stated, in some countries, the High Performance Work System (HPWS) and Job Satisfaction are two main conversational subjects. In fact, firms use HPWS to improve employees’ performance, satisfaction, and efficiency. Today, HPWS has been applied as a new strategy for productive firms and is characterized as a type of human resources management (HRM) which improves the firm’s productivity. In this case, the organizations try to find out about the connection between HPWS and different employee theories’ approaches which are linked to the demographic elements and to investigate about its effectiveness on the high performance levels for the organizations.

Knowing about job satisfaction and HR issues varies based on demographic elements such as gender, job position, rank, age and region. For example, in many of the developed countries, younger workers get satisfied from extrinsic rewards more than intrinsic ones (Oshagbemi, 1996; Ronen, 1978; Siassi et al., 1975) and in underdeveloped nationalities, such as Uganda, older employees gain more satisfaction from both intrinsic and extrinsic rewards in an equal form (Ssesanga and Garrett, 2005). In addition, the women’s satisfaction on salary and promotion are more than men’s in developing countries (Alam et al., 2005; Santhapparaj and Alam, 2005).

Based on discussions by some of the researchers, there are two theories on HPWS; the first one is social exchange theory (Blau, 1964), which discusses the relationship between job satisfaction and HPWS and is expected to distribute future responsibility. In this regard, the nature of return is not to be bargained but must be left to the arbitration of one who makes it. The second theory is about the characters of Herzberg’s (1959) motivation hygiene theory or two factor theory, which discusses the elements of job satisfaction that are different from the dissatisfaction causing elements.

Other findings on the effect of demographics on performance and satisfaction are discussed by some authors. For instance, in many firms, female employees are shown to perceive various
job satisfaction degrees compared to the men; and it indicates a bias among gender differences (Hunjra, 2010). In addition, it is verified that employees‘ understanding of the organization‘s culture, demographic factors (e.g. age, gender, education), and job security, influences the turnover rate (Cotton and Tuttle, 1986; Huselid, 1995).

Hypothesis 1: There is a significant and positive relationship between Demographic and Performance
Hypothesis 1a: Difference between genders of employees has significant effect on performance
Hypothesis 1b: Difference between ages of employees has significant effect on performance
Hypothesis 1c: Difference between educational levels of employees has significant effect on performance
Hypothesis 1d: Difference between work experiences of employees has significant effect on performance

3. The Relationship between Rewarding and Performance

Rewarding is essential as an incentive and an unbreakable motivator to realize the organizational performance. In addition, today, it has been adopted by different organizations in both public and private sections. In downsizing, for instance, doing more with reward is very important to elevate self-esteem and to establish kindness between managers and their employees (Bowen, 2000).

On the whole, the employees‘ insight into the reward practice clarity depends on two factors: complexity and communication. In other words, the requirement for a clear reward system includes having an obvious communication of the offer and concentration on the rewards as well as the concerns about comprehending the methodologies, targets, and measures applied while introducing rewards. In this case, the employees need to know the relationship between the firm‘s goals, their supply, and the way they are rewarded; and ambiguity in this regard will decrease the motivation rewarding value (Gibbons, 1998). Pertaining to the reward discussion, Ivana, Lovorka, and Nevenka (2009) discussed that rewarding must please an open and full obvious regarding awards. On the other side, communication of the rewards‘ accessibility, the criteria for getting satisfied, and the award recipients recognition should be accessed by rewards (Ivana et al. 2009).
Since the time Deci et al. (1971) published the result on the fact that extrinsic rewards negatively affect intrinsic motivation, the numerous disagreements have been forwarded to different OB generations. Although this issue finally took a back place in the area, the argument has been continued until today. In addition, the drawn conclusions have shown to deeply affect practically and hypothetically. On the whole, while motivation is at the heart of organizational behavior, the interactive and direct effects of extrinsic and intrinsic rewards can be the centre of the motivation study.

Extrinsic motivation behaviors include the actions that are extracted from external rewards, such as payment, esteem, material properties, and positive evaluations. In addition, via the change and the identification of environmental contingencies, involving extrinsic empowerment, the increases of motivation are realized in workplace behaviors such as attendance, selling, promptness, cost reduction, productivity, sales work quality, and customer service (Komaki, 1982).

On the opposite side of extrinsic motivation, the intrinsic one is mentioned to exist when the behavior is done for its exclusive aim rather than to access social empowerment or material. The intrinsic motivation concept has been a significant challenge to behaviorism, and has its roots in White’s (1959) “Intrinsic and Extrinsic Motivation 5”, reflectance or competence motivation. In this regard, Maslow (1943) and Alderfer (1969) addressed the same needs and statements.

Hypothesis 2: Rewarding has significant and positive impact on employees’ performance.

3.1. The Relationship between Financial Rewards (Extrinsic Reward) and Performance

Extrinsic rewards are external to the job and include elements like fringe benefits, pay, promotions, private office space, the social climate, and job security. Other examples are competitive salaries, merit bonuses, pay raises, and indirect payment forms as compensatory time off (Mahaney & Lederer, 2006; Mottaz, 1985).

Extrinsic rewards are often applied to demonstrate that the firm is serious about valuing group contributions to quality. In this regard and as a subgroup, the financial rewards include cash as bonus paid to team members. In fact, the bonus is paid separately from the wage and salary. On the other hand, team rewards should be used in a way so that managers can avoid destroying staffs‘ intrinsic motivation in doing their jobs. Indeed, the application of extrinsic rewards which are tightly related to team’s performance can teach the members to become hungry to money and to destroy their intrinsic interest in the job (Balkin & Dolan, 1997).
Extrinsic rewards also drive worker's morale and the distribution of these rewards always has loomed large in companies, especially in accordance with performance evaluations in present globalization eras (Appelbaum et al., 2011; Datta, 2012). Furthermore, giving rewards has become a part of firm's policies as it has been shown to improve workers' performance and the organization's productivity.

Based on all current literatures and by focusing on the links between all of the findings, one can understand that an appropriate compensation package, including financial rewards, will cause a higher performance and efficiency for the firm. This compensation package consists of both extrinsic and intrinsic rewards. Extrinsic rewards include tangible and external rewards to the attempts and performed tasks in terms of salary/pay, promotions, bonuses, job security, incentives, etc. Overall, the highly involved workers who are oriented more to their occupations are dependent more on intrinsic than extrinsic rewards (Wood, 1974).

In addition, a significant and direct association exists between extrinsic rewards and the motivation of employees; however, it is verified that the companies do not spend sufficient budget on financial rewards (Hafiza et al., 2011).

Hypothesis 2: There is a direct relationship between financial rewards and performance.

3.1.1. The Relationship between Pay and Performance

Two extrinsic reward types, which include suitable earnings (bonus and pay), and job security are the most important factors between intrinsic and extrinsic rewards (Kulkarni, 1983). Paying is a vital factor which affects employees' motivation. (Kalim et al., 2010)

Both motivation and satisfaction, as the antecedents of job and pay security, are the most important job simulations to determine the future events and also satisfaction with promotion opportunity is another striking motivator type (Clark, 2001). Rewarding is an initial step like any other HR operations, especially when it confronts with salary, pay, and financial recompense. These functions in HR are often applied in firms; but it is obvious that they refer to the same concept (Milkovich & Newman, 2009; Bergmann & Scarpello, 2002). As McShane & Vin Glinow (2005) and Henderson (2009) mentioned in a HR management scope, rewarding is often seemed as an employer's system, who designs and runs the different types of wage systems to the employees who provide services or accomplish a confident task.

It should be noted that employers plan on rewarding systems are based on their employees' efficiency and effectiveness.
The motivation by pay is based on seniority and is a reward when the staffs do the job well and tend to receive monetary reward; and in such a system, the pay level is because of the staffs’ skills, attempt, and doing their responsibilities as well as the job status (Figart, 2000; Bergmann & Scarpello, 2002; McShane & Von Glinow, 2005).

In a worldwide competitive period, employers have altered the rewarding system paradigms from a usual performance-based compensation to a new kind which is based on the firm’s strategy and maintain the goals at appropriate levels (Lawler, 2000; Henemen et al., 2000). Performance-based pay includes two kinds: group performance pay and individual performance like value bonus, pay, promotion and other different pay types (Milkovich & Newman, 2009). Although the pay rewarding performance has different kinds, most of the managers use the same methods to compensate and this way includes adding extra money to the wage base (Lawler et al., 1993; Chang & Hahn, 2006; Lee et al., 1999).

Hypothesis 2a: Pay/Salary has significant and positive impact on employee performance.

3.1.2. The Relationship between Bonus, Fringe benefit and Performance (Including Salary Sacrificing)

The current employees’ performance can be nurtured by managing a valid performance evaluation, bonus and reward system (Bretz, et al., 1992). It should be considered that the amount of fringe benefits (or certain payback) and bonuses are varied among well-performing and weak-performing employees.

The motivation, which is the result of employees’ encouragement by cash or other things such as bonuses (e.g. car loan and payment increase), will lead to employees’ productivity and better performance. Therefore, it is important to recognize which rewarding strategies lead to higher employees' productivity and to enhance their performance. Considering the result of this study, it can be determined that different motivating elements like promotion and bonuses, and suitable payment compensation have significant connection with higher performance (Oyebanju, 2009).

Hypothesis 2b: Bonus has significant and positive on employee performance

Hypothesis 2c: Fringe Bonus has significant and positive on employee performance
3.1.3. The Relationship between Promotion and Performance

An optimistic link exists between job uncertainty and intentions to turnover; and also there is a small negative association between job insecurity and employees’ commitment (Filipkowski & Johnson, 2008). Furthermore, there is a direct link between job satisfaction elements like pay, promotion, co-workers, and the work condition itself and the performance of the employees. Promotion is an important feature of employee’s life style and occupation, affecting other job experience levels (Kosteas 2009, Cobb-Clark 2001; Blau and DeVaro 2007; Francesconi 2001; Hersch & Viscusi, 1996; Pergamit & Veum 1999; Olson & Becker, 1983; McCue, 1996) and can have an obvious impact on other job aspects like job attachment and responsibilities. In this case, the firms can apply promotions as a compensation factor for high-performance employees, developing an encouragement for them to do their superior effort. Additionally, promotion can influence the instrument of exerting better attempts, if employees put an important value on it. If not, the companies would focus on pay increase to reward high effort and productivity. Indeed, the employees may be worth the promotions since they make an increase in job services like spending account or a bigger office (the visible elements which managers do not have enough information about) or since they enjoy good performance; and this is the result of the promotion (Pergamit & Veum, 1999).

Hypothesis 2d: Promotion has significant and positive impact on Employee Performance.

3.2. The Relationship between Non-financial rewards and Performance

Non-financial rewards may include higher status, recognition, more responsibility, positive feedback, and more assertiveness. In hindsight, recognition is one of the main significant non-financial rewards that are specifically valued by some staffs. In this regard, being noticed and valued can be a majestic motivator which encourages workers to stay with a manager (Frey, 1997).

Although the extrinsic rewards enhance a subsistence level, the intrinsic ones are strong motivators just as much. In fact, staffs need to be motivated by intrinsic rewards such as being satisfied by doing an effective job and a feeling to do something valuable and worthwhile. However, both extrinsic and intrinsic rewards stimulate the employees to have higher levels of performance and productivity (Reio & Callahon, 2004). Overall, intrinsic motivation,
obtained from person or its movement, impacts the performance and the well-being feeling (Ryan & Deci, 2000).

On the other hand, other rewards should not be noted as a substitution for a valid pay plan. However, they can also motivate and inspire employees to stay with the firm. Some of these rewards are additional birthday and holiday’s presents, work-life balance benefits (e.g. flexible working hours, free tea and coffee, cinema tickets, and subsidized different sport facilities, subsidized services or goods related to business networks or suppliers).

These benefit types are valued by staffs since they enhance the working life. Furthermore, rewarding the employees’ attempts and causing them to feel appreciated will add value to the hiring contract. In fact, researchers should consider the outcomes that the rewards may cause for both employee and employer. To redefine intrinsic rewards, remember that they exist in the job itself like satisfaction of being prosperous in performing a task, getting admiration from management, and autonomy; however, extrinsic ones are tangible rewards such as pay, fringe benefits, bonuses, and promotions (Ajila & Abiola, 2004).

Relevantly, the self-determination theory is derived from the work of Edward Deci and Richard Ryan (1985). They assume that self-determination is obtained by an intrinsic motivation, which means that it gives satisfaction to the person without any paying.

Motivation is the study of behavior principles; and behavior indicates the attempt to perform situation adaptation (Franken, 2002). In this regard, Franken mentioned that employees have an intrinsic motivation to overcome and survive. If the logical mind investigates a situation and finds it out to be unthreatening, the brain shuts down the emotional response; and if the environmental situations are recognized to be relaxed, then he/she feels no need to reply, react, and defeat. Arguably, a person requires sufficient incentive to develop the internal motivation to do something else. Additionally, the author states that rewarding for having better performance or behavior is an external reward or motivation. While, those rewards, similar to the viewpoint of reaching one’s job height, develop an intrinsic motivation to accomplish more. Then, the individual designs a path or action plan to realize that objective. In addition, the emotions role is to enable individuals to develop one’s situation and view, and to create steps for feelings of stimulation to perform better.

Emotions guide people to effective experiences like displeasure or pleasure. They also assist a person to form a cognitive clearance for cause and effect. Additionally, they influence people’s heartbeats and otherwise they will affect negatively on health and situations. Moreover, emotions are good drivers for an individual as behavioral alternatives, such as
adaptive, expressive, or goal-directive treatments. Goal-directive behavior is the association between emotion, internal motivation, and improved performance. The emotional motivation requires the development of an individual and the specialized relationship (Hiam, 1999).

Hypothesis 3: There is a significant and positive relationship between non-financial rewarding and employee performance.

3.2.1. The Relationship between Appreciation, Recognition and Performance

Psychological or intangible rewards (intrinsic) such as recognition and appreciation plays an important role in motivating employees and raising their performance. Relevantly, the employees' commitment is based on appreciation and rewards (Andrew, 2004). The relationship should be established based on trust so that people find out their leader keeps their best interest at heart. Indeed, individuals' roles will be done better with the availability of social support and an affiliation intelligence (McClelland, 1989); and people discover or seek issues when they have developed a security feeling (Frodi et al., 1985). In this regard, the staffs with a good performance will predict that their significant contributions will be realized and valued by the top managers (Bowen, 2000).

Hypothesis 3a: Appreciation has significant and positive impact on employee performance.

3.2.2. The Relationship between Empowerment and Performance

According to Deci and Ryan (2000), intrinsic motivation is accessed by a feeling of autonomy, and by not feeling controlled. In this regard, other studies have concluded that intrinsic motivation includes a feeling of competence which can be raised by positive performance feedback; and on the other hand, can be declined by a negative performance feedback.

To reach to that level, leaders should give protection, instruction, advice, instruments, and all other needed resources to ensure that knowledge and development is being managed. The worker, on the other hand, should have the feeling and attitude toward —I can do it, and the supervisor must nurture this feeling instead of being distracted, abusive, and a quick criticizer. Indeed, the supervisor must train, support, and help employees improve their competencies.

An emotionally-clever manager is able to join with his subordinates emotions and relate this knowledge to the setting of the firm. Similarly, the emotionally-intelligent manager is
responsible for generating interest and hope. That emotion will cause intrinsic motivation, which will lead performance to soar in turn (Goleman et al., 2004).

Hypothesis 3b: Empowerment/Autonomy has significant and positive impact on Employee Performance

3.2.3. The Relationship between Delegation and Performance

Delegation is a process which includes assigning tasks to subordinates, giving responsibility to the subordinates for formal decisions made by the manager, and raising the amount of allowed job-related discretion to subordinates, involving the authority in making decisions without looking for prior manager’s approval (Yukl and Fu, 1999). In this case, Leanna (1986) argues that delegation is different from other decision making procedures, like participation, in two major ways: (1) delegation includes decision makings by an individual subordinate instead of by subordinates as a group or by supervisors; and (2) delegation puts emphasis on subordinates’ autonomy in decision making (Leanna, 1986; Locke & Schweiger, 1979).

Relevantly, in the Western empirical and theoretical literature, delegation is widely known as a necessary factor of effective management. Four benefits of delegation identified from the literature include: (1) delegation fulfils managers’ need for success and autonomy by introducing a stimulus for more entrepreneurial behavior and motivation (Mintzberg, 1979); (2) delegation decreases the work overload for upper level managers (Yukl and Fu, 1999); (3) it provides a training area for the more complicated strategic decisions which managers are likely to confront in top-level managerial positions (Yukl and Fu, 1999); and (4) delegation puts decisions in levels at which there could be greater specialty on particular problems which provides extra information processing advantages to the firm; and this may result in better quality and more efficient decisions (Ito & Person, 1986; Galbraith, 1973). Therefore, the Western firms’ behavior and the literatures (e.g., Leanna, 1986, Argyris, 1964; Yukl and Fu, 1999; Johnstone, 2000; Schriesheim et al., 1998) have acknowledged the positive association between delegation and job-related consequences, such as job satisfaction and subordinate performance.

Hypothesis 3c: Delegation has significant and positive impact on Employee Performance
4. Method and Results

The current study has a quantitative research approach, which is chosen based on the research objectives. The research examines the relationship between financial and nonfinancial rewards and employees’ performance, therefore, the employees of two tourist companies including Persian Sdn.Bhd and Scicom were chosen as the statistical population. Also, the financial and nonfinancial rewards have been chosen as the independent, and the employees’ performance has been selected as the dependent variables.

The applied instrument for this study is a survey questionnaire which consists of three sections. The first section includes general information about the respondents containing 6 statements (i.e. gender, age, marital status, education, work experience, and position).

Section B includes 20 statements to investigate the relationship between pay, promotion, bonus, fringe benefits, appreciation, empowerment, and delegation. Furthermore, this section has a statement about total performance of the respondent.

Section C includes 28 statements and investigates the variables in section B for getting more exact results.

Section D includes one statement and investigates the employees performance. (See Figure 1)
The answers are measured using Likert’s 5-point scale including —very satisfied (5), satisfied (4), neutral (3), dissatisfied (2), very dissatisfied (1) for section B. Also, section C consists of 28 statements which examine the choices of employees on reward system tools, motivation, and their performance.

100 employees were randomly selected and a total of 77 filled up questionnaires were returned. Therefore, the response rate is 77% for this study which is higher than the expected response rate. Furthermore, the hypotheses used in the research are tested through statistical methods, and the selection of the statistical tests are based on the level of data measurement, the influence of the selected statistical test, the validity of the used instrument for measuring the variables, and the research methodological limitations (Teddie & Tashakkori, 2008).

Meanwhile, the reason for asking socio-demographic questions is to investigate the average employees’ response rate according to their age, education level, and etc. Besides, the position, education level, and work experience of the respondents are necessary to check the validity of the answers and also the aim is to know whether these factors have any relationship with performance.
For testing reliability of the dimensions, Cronbach’s alpha values are tested in, as all values were greater than 0.7, it can be concluded that all of the dimensions are reliable.

Table 1 demonstrates the differences between the performance of two groups of respondents including males and females. Indeed, the test of independent t-test shows that there is no significant difference between these two groups.

Table 1: Independent t-test for gender

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>1.659</td>
<td>.202</td>
<td>-.588</td>
<td>75</td>
<td>.558</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td>-.574</td>
<td>54.871</td>
<td>.568</td>
</tr>
</tbody>
</table>

Furthermore, the same result is obtainable from Tables 2; the difference between groups is not significant at the p<0.05 level. Therefore, performance difference does not exist between married and single respondents.

Table 2: Independent t-test for marital status

<table>
<thead>
<tr>
<th></th>
<th>F</th>
<th>Sig.</th>
<th>t</th>
<th>df</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>1.262</td>
<td>.265</td>
<td>2.290</td>
<td>75</td>
</tr>
<tr>
<td>Married</td>
<td></td>
<td></td>
<td>2.328</td>
<td>70.532</td>
</tr>
</tbody>
</table>

For other socio-demographic variables, the one-way ANOVA test is run as there are more than two categories for each. Table 3 shows the statistical results for the Age variable. In fact, the non-significant values give the proof that no difference is available in performance for different groups of respondents based on their age.
Table 3: ANOVA for age

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>3</td>
<td>1.971</td>
<td>1.103</td>
<td>.354</td>
</tr>
<tr>
<td>Within Groups</td>
<td>73</td>
<td>1.787</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05

Next table (Table 4) also indicates that there is no difference in performance between different groups of people focusing on their work experiences. In fact, the significance value of 0.252 proves this statement because the value is greater than the 0.05 cut point.

Table 4: ANOVA for work experience

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>5</td>
<td>2.373</td>
<td>1.353</td>
<td>.252</td>
</tr>
<tr>
<td>Within Groups</td>
<td>71</td>
<td>1.753</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05

The results are also correspondent for the different groups of people based on their education degrees. Table 5 provides the non-significant value of 0.20.

Table 5: ANOVA for education degree

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>4</td>
<td>2.657</td>
<td>1.521</td>
<td>.205</td>
</tr>
<tr>
<td>Within Groups</td>
<td>72</td>
<td>1.746</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05

Finally, ANOVA test is run to check the performance differences for different groups of people with different job positions. In this regard, the value of 0.899 non-significant from
Table 4.15 indicates that people in different positions have had the same levels of performance.

Table 6: ANOVA for positions

<table>
<thead>
<tr>
<th></th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>5</td>
<td>.604</td>
<td>.321</td>
<td>.899</td>
</tr>
<tr>
<td>Within Groups</td>
<td>71</td>
<td>1.878</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05

From these results, it can be concluded that for different categories of gender, age, work experience, job position, marital status and education of the employees, there are not any differences among their performances. Therefore, the demographic elements brought in this study do not have any relationship with the performance and in fact, they do not change the performance levels in a significant manner.

So, as the result of the demographic-related hypothesis which was about the direct relationship between it and the employees‘ performance, the main hypothesis i.e. H1, and its sub-hypotheses including H1a, H1b, H1c, H1d, H1e are rejected; and this shows that the demographic elements have no effects on the performance. In other words, different demographic categories make no difference in the performance levels. For example, about the gender, the male and female are shown to have the same performance; and it is true for other demographic elements in this study.

To examine the relationships between other independent variables (i.e. empowerment, appreciation, delegation, pay, bonus, and fringe) and —performance as the dependent factor, multiple regression technique has been run in the backward mode. However, before reporting the results, it should be noted that considering the obtained values from bivariate correlation test (Table 7), all of the mentioned variables have a significant relationship with performance individually.
Also, it would be a valid idea to test the effect of these predicting factors on the dependent variable once in a comprehensive model simultaneously. Therefore, backward multiple regression technique is applied to do that. The results shown in Table 8 indicate that by four times of rotation, the regression model has reached an optimum level.

Table 8: Model Rotation Values

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R-Square</th>
<th>Adjusted R-Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.861a</td>
<td>.742</td>
<td>.715</td>
<td>.715</td>
</tr>
<tr>
<td>2</td>
<td>.860b</td>
<td>.740</td>
<td>.718</td>
<td>.712</td>
</tr>
<tr>
<td>3</td>
<td>.857c</td>
<td>.734</td>
<td>.715</td>
<td>.715</td>
</tr>
<tr>
<td>4</td>
<td>.851c</td>
<td>.725</td>
<td>.710</td>
<td>.722</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), FRI, BON, APP, PAY, PRO, DEL, EMP
b. Predictors: (Constant), FRI, BON, PAY, PRO, DEL, EMP
c. Predictors: (Constant), BON, PAY, PRO, DEL, EMP
d. Predictors: (Constant), PAY, PRO, DEL, EMP

Table 9 shows the rotated model coefficients for each independent variable. As it is obvious from the table, since the regression technique is run in the backward mode, all variables are entered in the original model. Then, the variable with the least significant coefficient has been eliminated; and this has happened in the next rotation steps. Finally, the last rotation results show that by removing three factors (i.e. appreciation, bonus, and fringe), the model will be optimum and significant enough for providing the conclusions.
Furthermore, the direct relationship between pay and the employees' performance is correspondent with the studies by (Kalim, et al, 2010) who concluded that pay is a significant factor which impacts the employees' motivation. Other studies (Bergmann et al., 2002; Figart, 2000; McShane & Von Glinow, 2005) concluded on the motivating role of pay as a monetary

**Table 9: Table of coefficient**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-2.424</td>
<td>.467</td>
<td>-5.187</td>
</tr>
<tr>
<td>EMP</td>
<td>.582</td>
<td>.120</td>
<td>.436</td>
<td>4.831</td>
</tr>
<tr>
<td>APP</td>
<td>.071</td>
<td>.103</td>
<td>.051</td>
<td>0.790</td>
</tr>
<tr>
<td>DEL</td>
<td>.321</td>
<td>.111</td>
<td>.215</td>
<td>2.887</td>
</tr>
<tr>
<td>PAY</td>
<td>.190</td>
<td>.103</td>
<td>.130</td>
<td>1.843</td>
</tr>
<tr>
<td>PRO</td>
<td>.244</td>
<td>.098</td>
<td>.176</td>
<td>2.487</td>
</tr>
<tr>
<td>BON</td>
<td>.162</td>
<td>.089</td>
<td>.122</td>
<td>1.809</td>
</tr>
<tr>
<td>FRI</td>
<td>.106</td>
<td>.079</td>
<td>.092</td>
<td>1.352</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>-2.306</td>
<td>.434</td>
<td>-5.320</td>
</tr>
<tr>
<td>EMP</td>
<td>.618</td>
<td>.108</td>
<td>.463</td>
<td>5.700</td>
</tr>
<tr>
<td>DEL</td>
<td>.328</td>
<td>.110</td>
<td>.220</td>
<td>2.969</td>
</tr>
<tr>
<td>PAY</td>
<td>.193</td>
<td>.102</td>
<td>.133</td>
<td>1.891</td>
</tr>
<tr>
<td>PRO</td>
<td>.249</td>
<td>.098</td>
<td>.180</td>
<td>2.555</td>
</tr>
<tr>
<td>BON</td>
<td>.154</td>
<td>.088</td>
<td>.116</td>
<td>1.742</td>
</tr>
<tr>
<td>FRI</td>
<td>.096</td>
<td>.077</td>
<td>.083</td>
<td>1.248</td>
</tr>
<tr>
<td>3</td>
<td>(Constant)</td>
<td>-2.165</td>
<td>.420</td>
<td>-5.153</td>
</tr>
<tr>
<td>EMP</td>
<td>.645</td>
<td>.107</td>
<td>.483</td>
<td>6.051</td>
</tr>
<tr>
<td>PAY</td>
<td>.197</td>
<td>.103</td>
<td>.135</td>
<td>1.922</td>
</tr>
<tr>
<td>PRO</td>
<td>.258</td>
<td>.098</td>
<td>.186</td>
<td>2.640</td>
</tr>
<tr>
<td>BON</td>
<td>.138</td>
<td>.088</td>
<td>.104</td>
<td>1.574</td>
</tr>
<tr>
<td>4</td>
<td>(Constant)</td>
<td>-1.974</td>
<td>.406</td>
<td>-4.858</td>
</tr>
<tr>
<td>EMP</td>
<td>.659</td>
<td>.107</td>
<td>.494</td>
<td>6.147</td>
</tr>
<tr>
<td>DEL</td>
<td>.387</td>
<td>.108</td>
<td>.259</td>
<td>3.583</td>
</tr>
<tr>
<td>PAY</td>
<td>.215</td>
<td>.103</td>
<td>.147</td>
<td>2.088</td>
</tr>
<tr>
<td>PRO</td>
<td>.264</td>
<td>.099</td>
<td>.190</td>
<td>2.675</td>
</tr>
</tbody>
</table>
reward. They confirmed that when the employee does his/her tasks well, this type of reward is very important and has a high impact on their performance.

Additionally, about the direct relationship between the bonus plus fringe benefits and employee performance which is resulted from the current study, it is compatible with the research done by Bretz et al. (1992) who stated that the performance of the study can be improved by qualified bonus system in the organization; and also it is adopted by the findings of Oyebanju’s, (2009) study who found that different suitable payment systems such as compensation, promotion, fringe and bonus have significant relationships with performance. Another extrinsic reward that is considered in the present study is promotion which like other rewards types has a direct relationship with the employees‘ performance. This result is supported by previous findings (e.g. Filipkowski & Johnson, 2008; Kosteas 2009; Blau & DeVaro 2007; Cobb-Clark 2001; Francesconi 2001; Pergamit & Veum 1999; Hersch and Viscusi, 1996; McCue, 1996; Olson & Becker, 1983; Pergamit and Veum 1999). They support and agree to the fact that a direct relationship exists between promotion and employees‘ performance. For example, Filipkowski and Johnson (2008) stated that there is a link between the lack of promotion and weaker performance. This finding indicates the importance of the promotion chance in the organizations and shows that when the employees have more chance for improvement and to be more advanced, they will try more and do their tasks better with more excitement; and it is important to consider this element in the organizations to motivate them more for having a better outcome.

To sum up, while all of the extrinsic rewards in the current study have a direct relationship with the employees‘ performance, it is possible to assume that the extrinsic rewards are the only ones to have a direct relationship with performance. However, Frey (1997) stated that both extrinsic and intrinsic rewards have an initial impact on employees‘ performance. Consistently, hypotheses 3, 3a, 3b, and 3c are supported in the existing study.

On the other hand, hypothesis number 2 which is about the direct relationship between rewarding and performance is proven by this study. Previous studies with the same result include (e.g. Bowen (2000); Porter et al. (1975); Prendergast (1999), Jibowo (1977); Egwuridi (1981)).

So, based on these statements, it is better to have a good reward system in the organization and evaluate it on the employees‘ performance to know more about its strengths and weaknesses and to improve it. Today, the world is experiencing a human resource competition
among the companies thus, to be more successful in this kind of market, considering the best motivators to make the employee satisfied and more qualified, hard work is essential.

To conclude, the employees need to be more identified, and their needs should be clearer to manage a better rewarding system. For example, the culture, income, and the family situation of the employees have an effect on their preferences of the reward kinds. So, the detail and the exact information about the employee is one of the main tasks of the organization’s managers; and also conducting some surveys among the employee about their reward type preference can be helpful.

Indeed, the managers should consider the employees’ preferences of the rewards types to be more successful in motivating them, and should know that this evaluation is very important if they want to be successful in the human resource development of their companies.

Overall, the statistical results show that although all reward types (including intrinsic and extrinsic ones) have a direct positive relationship with employees’ performance based on the correlation test, three reward types (i.e. appreciation, fringe, and bonus) lose their importance when they are considered in a more comprehensive model including other rewards. Furthermore, the study shows that internal rewards have more powerful effects on employees’ performance than the extrinsic ones.

5. Conclusion

This study includes two objectives: first, evaluating the influence of the demographic elements (age, gender, marital status, job position, work experience and education level), and second, assessing the impact of the reward elements (both extrinsic and intrinsic) on the employees’ performance in two Malaysian tourism organizations as the study’s sample population. The aim of choosing the study population is the ranking of Malaysia as one of the most important countries in the tourism industry, and therefore, this research is very important for this nation as the industry is one of the main income generators.

On the whole, based on the obtained results, first the relationship between the demographic and rewards elements is investigated. From these results, it can be concluded that for different categories of gender, age, work experience, job position, marital status and education of the employees, there are not any differences among their performances. Therefore, the demographic elements brought in this study do not have any relationship with the performance and in fact, they do not change the performance levels in a significant manner.
Additionally, the results of the statistical analysis for the relationship between rewarding elements and employees' performance indicate that there is a significant positive relationship between pay, bonus, fringe benefits, promotion, appreciation, empowerment, and delegation in one hand and employees' performance on the other hand.

**Suggestions for Future Studies**

As there was a discussion on more related potential variables to the rewards, which can be the employees' performance predictors, one of the main things that should be considered in future studies is taking them into account. Some of them include the number of children, the home situation (rent, landlords), and the income amount. These items help to analyze the financial rewards and their relationship with performance better. For example, the wealthy people perhaps consider the intrinsic rewards more important than extrinsic.

The other suggestion for improving future studies is to consider the previous studies more based on a more variety of situations in terms of geographic, economic, and cultural elements to make the study more popular and to know the differences of priorities better.
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