

THE INFLUENCE OF REWARD SYSTEM ON EMPLOYEES'  
PERFORMANCE AMONG NON-ACADEMIC STAFFS IN  
MASTERSKILL UNIVERSITY COLLEGE OF HEALTH SCIENCES

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## ABSTRACT

Employees are the most valuable asset to organizations. Employee's performance is the main factor in determining the organization's performance and ensuring the organization to run smoothly and successfully. In order to maintain a good employee's performance, an effective performance management is compulsory. The purpose of this study is to examine the relationship between reward system (monetary and non-monetary rewards) and employee's performance in Masterskill University College of Health Sciences (MUCH). A survey involving 91 executive and non-executive staff was carried out. Three monetary reward factors (basic pay, merit/cost of living, performance bonus) and four non-monetary reward factors (recognition, learning opportunity, challenging works and career advancement) were tested. The data was analyzed using SPSS version 19. Pearson Correlation Coefficient analysis was run and employed to examine the affect of reward systems on the performance of MUCH employees. The result from Pearson Correlation Coefficient revealed that there is a positive significant relationship between reward system (monetary and non-monetary rewards) and employee's performance. Based on the results, it can be concluded that employees' performance is influenced by both monetary reward and non-monetary reward at 57% and 69.8% respectively. This study proposes that HRM must review the important of monetary and non-monetary rewards which can affect the employee's performance in their organization. In view of the results, other implications and recommendations are also discussed.

## ABSTRAK

Pekerja adalah aset yang paling berharga kepada organisasi. Prestasi pekerja yang baik dapat memainkan peranan yang penting dalam menentukan prestasi sesebuah organisasi serta memastikan ianya berjalan lancar dan berjaya. Bagi mengekalkan prestasi pekerja pada tahap yang baik, suatu pengurusan prestasi yang efektif diperlukan. Tujuan kajian ini dijalankan adalah untuk mengenalpasti hubungan antara sistem ganjaran (ganjaran kewangan dan ganjaran bukan kewangan) dengan prestasi pekerja di MUCH. Satu kaji selidik melibatkan 91 orang staf eksekutif dan bukan eksekutif telah dijalankan. Tiga faktor ganjaran kewangan (gaji asas, merit/kos sara hidup dan bonus prestasi) dan empat faktor ganjaran bukan kewangan (penghargaan, peluang belajar, tugas mencabar, peluang kerjaya) telah diuji. Data dianalisis menggunakan SPSS versi 19. Analisis "Pearson Correlation Coefficient" dijalankan dan digunakan untuk mengkaji keberkesanan sistem ganjaran terhadap prestasi pekerja MUCH. Keputusan daripada analisis ini menunjukkan bahawa terdapat hubungan positif yang kukuh antara sistem ganjaran dengan prestasi pekerja. Berdasarkan kepada keputusan, didapati bahawa prestasi pekerja dipengaruhi oleh ganjaran kewangan (57%) dan ganjaran bukan kewangan (69.8%). Kajian ini menyarankan supaya pihak Pengurusan Sumber Manusia mengkaji semula kepentingan sistem ganjaran kerana ia dapat mempengaruhi prestasi pekerja dalam organisasi. Berdasarkan kepada keputusan yang didapati, implikasi dan saranan lain turut dibincangkan.

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# TABLE OF CONTENTS

	<b>Pages</b>
<b>DECLARATION</b>	<b>i</b>
<b>PERMISSION TO USE</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>ABSTRAK</b>	<b>iv</b>
<b>ACKNOWLEDGMENT</b>	<b>v</b>
<b>LIST OF TABLES</b>	<b>ix</b>
<b>LIST OF FIGURES</b>	<b>x</b>
<b>CHAPTER 1: INTRODUCTION</b>	
1.1 Introduction	1-2
1.2 Problem Statement	3-4
1.3 Research Questions	4
1.4 Research Objectives	4
1.5 Significance of Study	5
1.6 Scope of Study	5
1.8 Organization Study	5-6
<b>CHAPTER 2: LITERATURE REVIEW</b>	
2.1 Performance and Reward	7
2.1.1 Overview of Employees Performance	7-8
2.1.2 Overview of Employee's Rewards	9-12
2.1.3 Monetary Rewards and Employee Performance	12
2.1.3.1 Basic Pay and Employee Performance	12
2.1.3.2 Merit/Cost of Living and Employee Performance	12-13



2.1.3.3 Performance Bonus and Employee Performance	13
2.1.4. Non-Monetary Rewards and Employee Performance	13
2.1.4.1 Recognition and Employee Performance	13-14
2.1.4.2 Learning Opportunity and Employee Performance	14
2.1.4.3 Challenging and Employee Performance	14
2.1.4.4 Career Advancement and Employee Performance	14

## **CHAPTER 3: RESEARCH METHODOLOGY**

3.1	Introduction	15
3.2	Research Design	15
3.2.1	Type of Research	15
3.3	Research Framework	16
3.3.1	Employees' Performance (Dependent Variables)	16
3.3.2	Reward System (Independent Variables)	16-17
3.4	Hypothesis Development	17-18
3.5	Questionnaire Development	18
3.5.1	Questionnaire Design	18-19
3.6	Pilot Test	20
3.7	Questionnaire Refinement	20
3.8	Conducting the Survey	20
3.8.1	Sample Selection (Quatitative)	20-21
3.8.2	Sampling Framework	21
3.8.3	Data Collection	22
3.9	Data Analysis	22
3.9.1.	Descriptive Analysis	22
3.9.2	Pearson Correlation Analysis	23
3.9.3	Data Screening	23
3.9.3.1	Reliability Analysis	24
3.9.3.2	Linearity Analysis	24

## **CHAPTER 4: FINDING**

4.1	Introduction	25
4.2	Reliability Analysis	25
4.3	Data Screening	26
	4.3.1 Linearity Analysis	26-27
	4.3.2 Normality Analysis	28
4.4	Descriptive Analysis	29
	4.4.1 Demographic Characteristic	29-31
4.5	Data Analysis	31
	4.5.1 Pearson Correlation Analysis	31
	4.5.1.1 Monetary and Employee Performance	31-32
	4.5.1.2 Non-Monetary Rewards and Employee Performance	32
	4.5.1.3 Monetary and Non-Monetary Rewards and Employee Performance	33
4.6	Summary of Hypothesis	33

## **CHAPTER 5: DISCUSSION**

5.1	Introduction	34
5.2	Monetary Rewards and Employees' Performance	34-35
5.3	Non-Monetary Rewards and Employee Performance	35-36
5.4	Limitation of Study	36
5.5	Implication of Study	36
	5.5.1 Organization	36-37
	5.5.2 Employees	37
5.6	Conclusions	37
5.7	Recommendation	38

<b>REFERENCES</b>	<b>39-41</b>
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## **APPENDIX A : QUESTIONNAIRE**

## List of Tables

Table 3.1: Proportionate Stratified Random Sampling	21
Table 3.2: Interpretation of Strength of Correlation Coefficient	23
Table 4.1: Reliability Analysis	25
Table 4.2: Descriptive Tables on Demographic Factors	30
Table 4.3: Relationship between Monetary Reward (Basic Pay, Merit/Cost of Living and Performance Bonus) and Employee Performance	32
Table 4.4: Relationship between Non-Monetary Rewards (Recognition, Learning Opportunity, Challenging Work, Career Advancement) and Employee Performance	32
Table 4.5: Relationship between Monetary and Non-Monetary Rewards and Employee Performance	33
Table 4.6: Summary of Hypotheses Testing	33

## List of Figures

Figure 3.2: Research framework on the relationship of monetary and non-monetary rewards toward employee's performance	17
Figure 4.1: The Scatter Plot between Monetary Rewards and Employee Performance	26
Figure 4.2: The Scatter Plot between Non-Monetary Rewards and Employee Performance	27
Figure 4.3: The Normal Q-Q Plots of Types of Rewards-Monetary Rewards and Non-Monetary Reward and Employee Performance	28

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

#### 1.1.1 Background of the study

The main purpose of this study is to examine the association between reward system and the performance of employees in Masterskill University College of Health Sciences (MUCH). Masterskill University College of Health Sciences (MUCH) is one of the famous University College and also the biggest nursing college in Malaysia. MUCH is established since 1997 and was officially attained its university college status in the year 2008. The college's mission is to become a premier college for Nursing and Allied Health Education in the Malaysia and also in Asia. It also in a path of realizing an objective in fulfilling the future demand of providing professional candidate for Malaysian health industry.

Employees are the most valuable the asset to Masterskill University College of Health Sciences (MUCH) and they play an important role in preserving the successful image of an MUCH. Employee performance is the main factor in ensuring the organization to run smoothly and successfully. Good employee performance will improve the organization performance. To maintain a good employee performance, a suitable performance management is needed. According to the Hermann (2007), performance management is defined as a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.

Performance management requires all managers to ensure that all of their employee activities and outputs are congruent with the organization's goal and therefore help the organization to gain a competitive advantage, (Aguinis, 2009), organization that have a good performance management will have many advantages such as increased in self esteem, clear mind regarding

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