

Impact of Reward Systems on Job Satisfaction of Employees in Select Retail Outlets of Kurnool Town

Dr. Ch. Krishnu

Assistant Professor, SKIM, SK University, Ananthapur-515003

ABSTRACT

This study explored the impact of reward systems on job satisfaction among employees in select retail outlets in Kurnool, Andhra Pradesh. The objectives of this study were to determine the impact of reward systems on job satisfaction. The study utilized a quantitative research design and 96 employees were randomly selected as respondents. Self-administered questionnaires were administered to respondents. This study confirmed that rewards are important for employee job satisfaction. The data was analyzed using Statistical Package for the Social Sciences (SPSS), version 20.0 and WrapPLS. As the results revealed that Monetary rewards has a slight positive correlation to job satisfaction ($P= 0.529$). Whereas, the relationship between non-monetary rewards and job satisfaction has no linear correlation ($P=0.150$) and also the relationship between employee recognition programs and job satisfaction has no linear correlation ($P= 0.289$). However, the study confirmed that monetary rewards will have a more significant impact on job satisfaction comparing to other rewards.

INTRODUCTION

A reward system is a structured approach used by organizations to recognize and reinforce desired behaviors and achievements among employees. It involves providing various types of rewards and incentives to motivate employees and improve their performance, job satisfaction, and overall engagement. The goal of a reward system is to create a positive work environment, enhance productivity, and foster a sense of loyalty and commitment among employees.

TYPES OF REWARDS IN A REWARD SYSTEM

Monetary Rewards: These include salary increases, bonuses, commissions, profit-sharing, and other financial incentives based on individual or team performance.

Non-Monetary Rewards: Non-financial rewards can be equally or even more powerful in motivating employees. Examples include recognition and appreciation, verbal praise, certificates, plaques, or trophies for achievements.

Promotion and Advancement Opportunities: Offering employees the chance to advance in their careers and take on new challenges can be a strong motivator for continued dedication to their work.

Training and Development: Providing opportunities for skill development and training programs can be seen as a valuable reward by employees who seek personal and professional growth.

Flexible Work Arrangements: Offering flexible work schedules or remote work options can be a desirable reward for employees seeking a better work-life balance.

Additional Perks and Benefits: Employee benefits like healthcare, retirement plans, gym memberships, or childcare assistance can contribute to overall job satisfaction.

Employee Recognition Programs: Creating formal programs that acknowledge outstanding performance, teamwork, or innovation can boost morale and job satisfaction.



KEY CONSIDERATIONS FOR AN EFFECTIVE REWARD SYSTEM

Alignment with Organizational Goals: The rewards should be tied to the organization's strategic objectives to ensure that employees' efforts align with the company's mission and vision.

Fairness and Transparency: The reward system should be perceived as fair and transparent by employees, ensuring that rewards are distributed based on performance and not influenced by bias.

Timeliness: Recognizing and rewarding employees promptly for their achievements reinforces positive behaviors and encourages continued excellence.

Customization: Different employees may be motivated by different types of rewards, so a well-designed system should consider individual preferences and aspirations.

Regular Evaluation: Periodic evaluation and feedback from employees can help identify the effectiveness of the reward system and make necessary adjustments to keep it relevant and impactful.

Clear Communication: Transparently communicate the criteria and guidelines for earning rewards to ensure clarity and avoid confusion. When implemented effectively, a reward system can contribute to a positive work culture, higher employee morale, increased productivity, and reduced turnover rates. However, it is essential to continuously assess and adapt the reward system to meet the evolving needs and expectations of the workforce.

Reward systems can have a significant impact on the job satisfaction of employees. A well-designed and properly implemented reward system can motivate employees, enhance their job satisfaction, and improve overall organizational performance. Here are some ways reward systems influence job satisfaction:

Motivation: Reward systems provide employees with incentives to perform well and achieve their goals. When employees feel that their efforts are recognized and rewarded, they are more motivated to work harder and achieve better results.

Recognition and Appreciation: Reward systems often include forms of recognition and appreciation for employees' contributions. Publicly acknowledging their accomplishments can boost their self-esteem and job satisfaction.

Sense of Fairness: A fair and transparent reward system ensures that employees are rewarded based on their performance and contributions. When employees believe that the reward distribution is fair, they are more likely to be satisfied with their jobs.

Job Engagement: Reward systems can increase employees' engagement with their work. Engaged employees feel a sense of purpose, connection, and fulfillment in their roles, leading to higher job satisfaction.

Retention and Loyalty: A well-implemented reward system can enhance employee loyalty and reduce turnover rates. When employees feel valued and rewarded, they are more likely to stay with the organization in the long term.

Job Performance: Reward systems can positively influence job performance. Employees who are satisfied with their jobs are more likely to perform better and contribute positively to the organization.

Team Morale: Rewarding individual and team achievements fosters a positive and collaborative work environment. This boosts team morale and cohesion, contributing to higher job satisfaction among employees.

Personal Development: Reward systems that include opportunities for growth, skill development, and career advancement can increase job satisfaction. Employees appreciate organizations that invest in their professional development.

However, it is crucial to note that the effectiveness of reward systems on job satisfaction can vary based on factors such as organizational culture, employee preferences, and the type of rewards offered. Designing a reward system tailored to the specific needs and desires of the workforce is essential for achieving the desired positive impact on job satisfaction. Regular assessments and feedback from employees can also help fine-tune the reward system to maintain its effectiveness over time.



RESEARCH METHODOLOGY

Objectives of the study

- To know the impact of reward systems on job satisfaction of employees in select retail outlets, Kurnool, Andhra Pradesh and
- To examine the factors this impacts on job satisfaction.

Sample selection and size

The respondents had been selected from select retail outlets from Kurnool, Andhra Pradesh and have been categorized based on their age, gender, and different factors. Sample size of the study is confine to 96 respondents of the selected area.

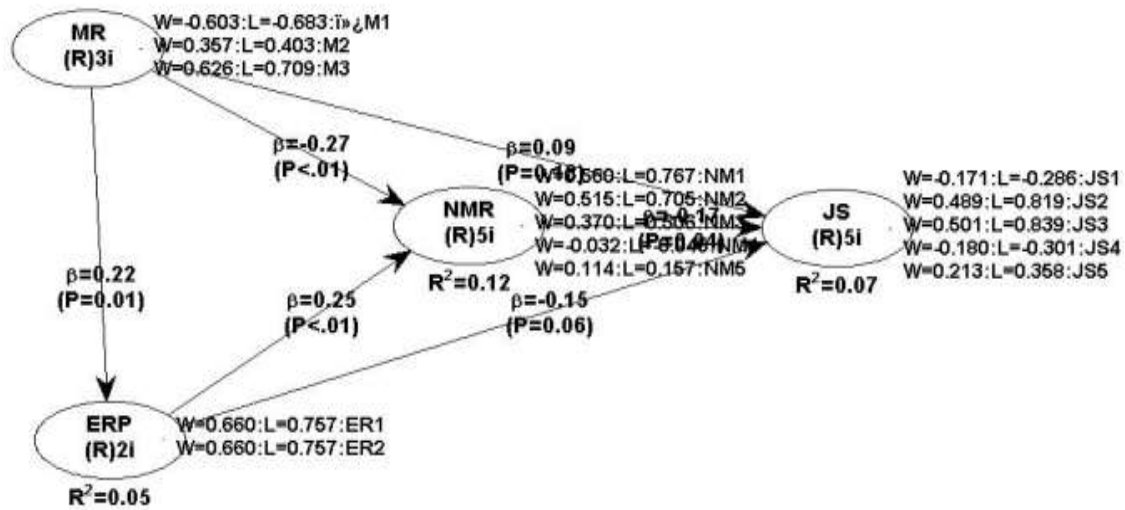
Data collection method

The structured questionnaire was prepared and used to get relevant information from the respondents we select. The questionnaire was prepared in such a way that, it had included the demographic profile of the respondents as well as the factors of reward systems which impacts on job satisfaction.

Tools of analysis

The data was collected and then interpreted using SPSS package meant for social science. To compute the collected data specific tools that will be used are Frequency tables, Percentages. Data was also analyzed and interpreted using Factor analysis performed by using WRAPPLS software.

RESULTS AND DISCUSSIONS



Model fit and quality indices

Model fit and quality indices suggest that the measurement model was good fit enough for the data; the evaluated values were as follows.



Table-1: Model fit and quality analysis

Model fit and quality analysis		Criteria Fit
1.	Average Path coefficient (APC) Average Path coefficient (APC) Average Path coefficient (APC)	Accepted, P = 0.012
2.	Average R squared (ARS)	Rejected, P = 0.106
3.	Average adjusted R squared	Rejected, P = 0.138
4.	Average block VIF (AVIF)	Accepted, AVIF= 1.016
5.	Average full collinearity VIF	Accepted, (AFVIF)=1.036
6.	Tenunhaus GoF (GoF)	Small (GoF) =0.177
7.	Symphson's Pradox ratio	Ideal (SPR) =1.000
8.	R squared contribution ratio	Ideal (RSCR) =1.000
9.	Statistical suppression ratio	Accepted, (SSR) =1.000
10.	Non linear bivariate causality direction ratio (NLBCDR)	Accepted, (NLBCDR) =0.750

The model fit and quality indices values can be seen in Table 4.28. Based on Table 4.28, it was known that all of the model fit and quality indices were analyzed and therefore, it can be said that the Goodness of Fit model was fulfilled partially and the model in this study can be used for hypothesis testing if needed. The indices of Average path coefficient (APC), Average R squared (ARS) and , Average adjusted R squared should be less than 0.05 to fit ,the above analysis results shows fit as P=0.012, P=0.106,P=0.138 respectively so that ARS and AARS are rejected . Average block VIF (AVIF) and Average full co linearity VIF (AFVIF) will be accepted if the fit is greater than or equals to 5, analysis results are AVIF=1.016 and AFVIF=1.036. Tenunhaus GoF (GoF) is small as fit is > 0.1, Symphson's Pradox ratio is ideal and fit if it is greater than or equals to 0.7, R squared contribution ratio is ideal as fit is greater than 0.9, Statistical suppression ratio and Non linear bivariate causality direction ratio (NLBCDR) is accepted if the fit is greater than or equals to 0.7 and the results of the study for this are SSR=1.000 and NLBCDR=0.750 respectively.

Loading and cross loading

Loadings and cross loadings in factor analysis have been used to explain the correlations between observed variables using a smaller number of factors.



Table-2: factor analysis

	MR	NMR	ERP	JS	TYPE(as defined)	Standard error	P value
MR1	(-0.683)	0.182	-0.440	-0.105	Reflective	0.085	<0.001
MR2	(0.403)	0.181	-0.374	0.360	Reflective	0.092	<0.001
MR3	(0.709)	0.073	-0.211	-0.306	Reflective	0.084	<0.001
NMR1	0.051	(0.767)	-0.086	-0.099	Reflective	0.083	<0.001
NMR2	-0.097	(0.705)	-0.083	-0.011	Reflective	0.084	<0.001
NMR3	-0.007	(0.506)	0.316	-0.005	Reflective	0.089	<0.001
NMR4	0.084	(-0.045)	0.435	-0.323	Formative	0.101	0.330
NMR5	0.233	(0.157)	-0.105	0.461	Formative	0.098	0.057
ERP1	0.062	-0.188	(0.757)	-0.185	Reflective	0.083	<0.001
ERP2	-0.062	0.188	(0.757)	0.185	Reflective	0.083	<0.001
JS1	0.330	0.211	-0.166	(-0.286)	Formative	0.095	0.002
JS2	-0.074	-0.034	0.188	(0.819)	Reflective	0.082	<0.001
JS3	0.042	-0.016	0.027	(0.839)	Reflective	0.081	<0.001
JS4	-0.266	-0.158	0.447	(-0.301)	Reflective	0.094	<0.001
JS5	0.111	0.149	-0.251	(0.358)	Reflective	0.093	<0.001

Source: testing tools

From the above table 4.29 it is scrutinized that Monetary rewards indicators i.e., MR1, MR2, MR3 are reflecting on job satisfaction. Non monetary reward indicators i.e., NMR1,NMR2,NMR3 are reflecting where as NMR4 and NMR5 are not reflecting which means it is formative type on job satisfaction and Employee recognition programs indicators i.e.,ERP1 and ERP2 are reflecting on Job satisfaction. Whereas Job satisfaction indicators i.e., JS2,JS3,JS4 and JS5 are also reflecting but JS1 indicator is formative type on all above indicators.

Correlation among latent variables and errors:

The use of correlation among latent variables and errors can serve to reduce the dimensionality of data. And will perform the analysis and says the relationship among variables. Many observable variables are aggregated and will make it easier to understand the data.



Table-3: Correlation among latent variables with square roots of AVEs

	MR	NMR	ERP	JS
MR	(0.614)	-0.085	0.061	0.065
NMR	-0.085	(0.523)	0.158	-0.149
ERP	0.061	0.158	(0.757)	-0.110
JS	0.065	-0.149	-0.110	(0.579)

P values of Correlation:

	MR	NMR	ERP	JS
MR	1.000	0.413	0.555	0.529
NMR	0.413	1.000	0.127	0.150
ERP	0.555	0.127	1.000	0.289
JS	0.529	0.150	0.289	1.000

The correlation between job satisfaction and all the factors which impacts on it. If we observe the correlation between job satisfaction and monetary reward is 0.529 which indicates there is moderate correlation between two variables. Correlation between job satisfaction and non monetary reward is 0.150 which indicates there is no linear correlation among them. Correlation between job satisfaction and employee recognition programs is 0.289 which indicates there is very slight linear correlation among them. Correlation between job satisfaction and job satisfaction is 1.000 which says there is positive linear correlation among them.

CONCLUSION

The impact of reward systems on job satisfaction of employees in select retail outlets can be substantial and positive. When designed and executed effectively, reward systems in retail outlets can play a crucial role in motivating employees, improving their job satisfaction, and contributing to the overall success of the business. Overall, a well-structured reward system in select retail outlets can foster a positive work culture, improve employee morale, increase job satisfaction, and ultimately lead to better customer service and business outcomes. However, it's important to remember that no one-size-fits-all approach exists, and tailoring the reward system to the specific needs and preferences of the retail employees is crucial for its success. By addressing individual motivations and recognizing employees' contributions, retail outlets can create a motivated and satisfied workforce that positively influences the overall success of the business.

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