

## A Study On Implementing Reward Strategy For Improving Employee Performance Within Paper Industry

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### ABSTRACT

*In this day of intense global competition, a company's ability to attract and keep talented employees is crucial to its success. Motivating workers is essential for optimising their use. To maintain employee interest and enthusiasm for the organization's goals, managers must provide creative solutions. The main data was collected with the help of 275 participants using a questionnaire survey. According to the study, the majority of respondents are happy with how successfully the compensation system impacts employee performance. The study's significance comes in the fact that it adds to our knowledge of the function of incentive strategy in organisations, which in turn paves the way for better methods of encouraging workers to raise output and quality.*

**Keywords:** Reward strategy, Motivation, Compensation, Employee Performance (EP), Productivity.

### INTRODUCTION

It has been learned from experience that one way to increase productivity in the workplace is to pay workers a wage that is commensurate with their efforts. It is now common knowledge among business owners that employee output directly impacts the company's ability to compete successfully in the marketplace. An organisation must know who is contributing most to its success, who needs more training, and who is not. Reward systems, when applied effectively, may reinvigorate a company's overall sense of community and goal. They are a vital resource for developing a company. Rewards and recognition may drive workers to search for more efficient methods to complete their duties, and when they don't feel that way, it can seriously de-motivate their efforts and productivity. Companies use reward management to attract and retain skilled personnel, boost productivity via incentives, and stay in compliance with labour laws and regulations. A incentive system is essential for managing employee performance, thus the company should implement one. In addition to base salary increases during the previous quarter century, companies now have access to a plethora of incentive programmes that serve to motivate employees. Employees get insight into how a compensation system will benefit both parties by seeing the connection between it and the organization's vision and goals.

### REWARD SYSTEM

Staff will be more motivated by an established incentive system that recognises their efforts. Human resource managers utilise the incentive system as a tool to attract and retain top talent and motivate existing employees to raise their game. Employees' ambition to

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achieve well for the organisation improves as a result of receiving incentives. Employees' attitudes and actions towards their jobs may be influenced by whether or not the company's incentives system satisfies their needs and encourages the attainment of individual goals.

Employees appreciate and look forward to receiving rewards because they show that their employers value their efforts and achievements. Reward is one approach to appreciate someone's contribution. Reward systems are crucial to increasing productivity in the workplace. The incentive system of an organisation is a set of policies and procedures designed to recognise and promote outstanding performance while nudging less-than-stellar workers to raise their game. The incentive system of an organisation is a set of policies and procedures designed to recognise and promote outstanding performance while nudging less-than-stellar workers to raise their game. To "attract, retain, and encourage qualified people," as the compensation system puts it. The incentive system is typically based on what the organization's management expects of its workers and what prizes they are ready to provide to those who achieve or beyond those expectations. Therefore, the incentive structure might affect how workers act towards their bosses and their employment. Organisations might use this method to encourage desirable employee conduct. The achievement of each employee must be measured at the most granular levels feasible, and the programme must be designed to reward both overt and covert efforts. Offering appropriate incentives and perks packages is an effective strategy to achieve organisational goals and sustain relationships with loyal workers since employees want their accomplishment to be recognised.

### **TYPES OF REWARD SYSTEM**

Extrinsic and intrinsic rewards come in two varieties; extrinsic rewards are tangible benefits that employees obtain, whilst intrinsic rewards tend to boost a person's sense of fulfilment.

### **EXTRINSIC REWARDS**

Employees are motivated to go above and beyond in their job throughout the year by the promise of a bonus once a year, which may equal many regular pay checks' worth of money. Every corporation has a unique incentive system; some guarantee fixed pay-outs, avoiding the element of asymmetric knowledge; on the other hand, bonuses based on individual performance are handled by several companies. and may result in bias, discouraging workers and generating setbacks. Therefore, managers need to be very cautious and objective.

Salary increases are given to workers as a reward for their efforts during the year, recognition of their attainment of new skills or academic qualifications, and recognition of the value they provide to the company as a whole. Such an honour motivates employees to grow professionally, which ultimately helps the business via increased productivity and performance. This kind of prize might bring forth lasting joy for the recipient. However, managers must also treat all workers equally and fairly and forsake any opportunity for unfavourable selection, which would enable particular staff members to be handled more favourably than others.

Gifts are a short-term reward that may be used to express gratitude for a job well done or to celebrate the success of an organization's goal. Any worker would appreciate a monetary reward that shows their superiors appreciate and respect them. An employee is motivated to maintain or raise their efforts in order to gain higher returns and accomplishments when they are provided with a clear image of their ideal route.

Increased employee satisfaction in the long run may be achieved via promotions. As a consequence of the individual's performance, attitude, and tenure with the organisation, they may be offered a promotion to a position with more authority and responsibility. This kind of compensation is necessary because of the repetition and consistency of the work.

By providing such an incentive, management can be certain that their staff will make every effort to earn the privilege of working under their supervision.

### **INTRINSIC REWARDS**

Successful and competent managers always remember this kind of compensation. since they provide employees with either good (help them stay on track) or negative (get them off track) guidance (guidance to the correct path). Additionally, it strengthens the bond between managers and employees.

**Job Evaluation:** Reward management and job evaluation are closely intertwined. Understanding and identifying the relative value of each job inside an organization is crucial. The process of methodically comparing positions inside a company against one another in order to determine the value of each position and uphold the principle of equal pay for equal labour is known as job evaluation. Employers can implement job evaluation to ensure that discernment is eradicated and that the job completed is compensated fairly. For managers to determine which awards should be given out by how much and to whom, this system is absolutely essential. The basis for grading, compensation structures, classifying jobs within those structures, and regulating work and pay relativities is job evaluation. Fairness and objectivity are said to be the fundamental criteria for evaluating the type and scope of each employee's employment.

**Trust/empowerment:** Building trust between real people is essential for success in any enterprise. Such dependence is required for effective job completion. Employees are more empowered when their superiors delegate responsibility to them. This elevates the value of a worker in areas where his decisions and actions can be directly seen. This honour might be useful to businesses because of the old adage that "two heads are better than one."

**Recognition:** Verbal praise is used as a type of payment to recognise an employee's efforts. Formal incentives, such as a meeting, and informal ones, such as a "pat on the back," have been shown to lift an employee's contentment and confidence, which in turn increases their altruism.

### **PERFORMANCE APPRAISAL**

The process through which a worker's work routine is assessed and reviewed is called performance appraisal. To offer job performance feedback, this compares employee conduct to standards already established by the organization. Depending on the results, performance reviews can serve as a kind of motivation via "positive or negative reinforcement".

#### **Appraisal techniques**

**Rank and Yank:** This is a mechanism by which a company compares the performance of its employees, ranks them, and fires the one who comes in last. That lines up with the pulling.

**Critical incident technique:** Using this strategy, organizations gather data and keep track of human actions that have a significant impact, either positively or negatively, on a process or activity. Each person has unique ideas and can contribute to the organization in a positive way. Each worker has a distinct task to complete. Employees need performance evaluations so that their managers can figure out how to get the most out of them.

**Improve performance:** In this context, "performance improvement" means evaluating current levels of production from a given process, and then developing strategies to raise those levels of output while simultaneously increasing staff efficiency and capability.

**Increase motivation:** Motivate your team by giving them a performance review. If the assigned objectives have been met, the individual has shown his worth. The employee will be encouraged to work even more diligently, and his output will quickly improve.

### **REWARD SYSTEM AND EMPLOYEE PERFORMANCE**

Gaining an edge over others via talent is the ultimate goal of encouraging effective individual employee conduct (performance). They maintain the belief that employees are the key to success in a competitive market and recognise that the human element is much more difficult to duplicate than other sources of an edge, such as better product or service design or more efficient operations. In today's competitive business environment, excellent employee performance is crucial at every level of management. Managers and supervisors have a significant responsibility in turning employee talent into performance. Managers that are able to motivate and inspire their staff see increased employee retention, satisfaction, loyalty, and output. Managers and supervisors who are committed to improving output often see an increase in employees' voluntary efforts as a result.

Motivating employees with efficient incentive plans that increase performance is the key to building a successful and highly productive organisation. The performance of employees is influenced by a wide range of circumstances. Finding these elements can enhance organizational performance in terms of recruitment and retention. Each person has a particular working style, and some have the highest capacity regardless of the incentive while others could occasionally need a kick-start. Increased productivity and improved employee performance may result from properly managing reward programs. To establish a good edge and enhanced performance to maintain that good benefit at least for a longer period of time, if not permanently, employees in an organization must develop a absolute dedication to meeting or exceeding targets. The performance of the workforce may be impacted by a variety of variables. Varied reward strategies may have different effects on each employee. Finding the best compensation plan that favourably affects recruitment, retention, and organizational outcomes can be beneficial. A reward system may have the ability to increase motivation in certain ways while reducing it in others. It's crucial to take into account the peculiarities of the circumstance and the variety of the workforce while developing reward methods.

### **REWARD STRATEGY AND ORGANIZATIONAL PERFORMANCE**

The efficacy of the incentive system has an influence on employee performance and the efficiency of the organisation as a whole. A company's commitment to its workers is reflected in the benefits it offers them. Employee contributions are outlined, as are the possible responses one can expect from the organisation in exchange for their efforts. Acknowledging employees' efforts and expressing gratitude in public are two components of recognising exceptional achievement. Businesses fare better when they have a comprehensive incentives programme in place. The relationship between incentive systems, tactics, and organisational success is beneficial. To increase output and encourage individuals and businesses to grow their talents, a rewards system is essential. Companies often use incentive systems to boost morale and productivity in the short and long term.

### **PAPER INDUSTRY REWARDS AND PERFORMANCE**

Personnel in the paper business must be pleased and motivated. Rewards may be used to motivate people to do better in their jobs if realistic objectives are set. Employees will be motivated to do a better job if they know they will be financially rewarded for going above and beyond. When people are applauded and acknowledged, they frequently do better. This is another incentive that businesses may use to motivate their employees to work harder. Praise might be shared in a company's newsletter or discussed during meetings. When managers take the time to personally recognise and reward employees for exceptional work, everyone benefits. Motivation is fundamental to organisational

behaviour, regardless of whether incentives' interactive and direct consequences serve as the motivating driving force.

### **BENEFITS OF REWARDING EMPLOYEES FOR GOOD PERFORMANCE**

The following are some advantages of rewarding staff for strong performance:

- Employees are valued more.
- Motivated employees work harder.
- Boosts employee productivity, dedication, work happiness, and corporate loyalty.
- Establishes role models for other workers
- Encourages cooperation and teamwork
- Promotes talent retention
- Fosters a positive workplace culture
- Promotes the expansion of the entire firm

### **REVIEW OF LITERATURE**

The effect of intrinsic incentives on productivity was studied by **Manzoor, Wei, and Asif (2021)**. It takes into account the employee's intrinsic drive as a separate but equally important component. In order to do this, questionnaires have been used to collect data from Pakistani SMEs. Four hundred surveys were sent out to the specified population, and only three hundred were returned. The hypotheses have been tested using structural equation modelling and confirmatory factor analysis. The study's key takeaways all pointed to the positive and substantial effect that intrinsic incentives have on an employee's performance. The research concludes that intrinsic incentives are most effective when combined with high levels of employee motivation.

**Nurul Asyiqin Noorazem et al. (2021)** looked into how a company's reward program affected workers' productivity. Salary, bonuses, appreciation, and medical benefits are among the variables that this study investigated. This research used convenience sampling and sent 132 questionnaires to participants. Then, using SPSS software, a number of studies including correlations analysis and regression analysis were performed on the data. The findings indicate that all factors significantly affect employees' performance. The firm can use the study's findings to enhance its incentive program and make sure it will contribute to better EP.

**Francis, F., Zirra, C. T. O., and Mambula, C. J. (2020)** discussed the use of rewards systems as a tactic to improve employees' performance in the workplace. A company may get what it needs by changing its workers' low productivity behaviour (which is influenced by incentives) to fit the needs of the company. The research was conducted utilising perceptive analysis from a number of articles based on the incentive system. Descriptive and exploratory approaches were used to achieve the study's objectives. The research found that financial incentives had a significant impact on worker output, performance, and loyalty. But it's important for companies to establish their incentive systems with a strategy that reflects their values.

**Muogbo, US, and Jacobs, Chineze J. (2018)** using a case study of a few bank branches in Nigeria, investigated effective incentive management as a strategy for boosting EP. The primary objective of this research is to determine how feasible it is to use incentive management as a strategy for increasing productivity in a private sector business. In all, 180 consumers from different bank locations were chosen to participate. The inquiry made use of both primary and secondary resources. The data was analysed using statistical methods such as descriptive statistics and correlation. Regression and analysis of variance were used to examine the significance of the association between the dependent and

independent variables. The results also backed up the theory that both monetary and non-monetary rewards have a positive effect on employee output.

### **STATEMENT OF THE PROBLEM**

To maintain an edge over rivals and increase sales, businesses need to implement effective strategies across a wide range of operational domains. The productivity and success of a business are directly related to the performance and enthusiasm of its employees. Management may utilise an effective incentives programme to motivate employees, especially low-performers, and to increase work satisfaction, especially among high-performers. However, owing to differences in personality and inclination, some workers are more motivated by extrinsic advantages, while others are more interested in internal incentives. Consideration should also be given to the long-term career development of employees. Fair pay also sends the message to employees that management appreciates and values the job they do. The key take away from this research is that old strategies for maximising productivity still work in the new workplace setting. Companies need an efficient incentive system for their whole staff if they want to maintain and increase employee motivation. This is because factors such as employee motivation and performance may fluctuate and even decline over time. The paper industry's incentive structure is the subject of this investigation.

### **SIGNIFICANCE OF THE STUDY**

The research raises employee knowledge of the firm's incentive system at all levels, particularly on their performance, giving the company a competitive edge. Knowing the incentives system inspires employees to improve personally and professionally and seek new career paths. The study paper's main purpose is to advise the company on how to improve remuneration and staff productivity. This study's suggestions to the selected organisations may aid other firms with similar employee compensation schemes; hence the findings may benefit other businesses in this sector.

### **OBJECTIVES OF THE STUDY**

- To study about reward system implemented as a major human resource strategy
- To analyze the influence of rewards on EP
- To provide suggestions on how reward strategy can be enhanced so as to improve EP

### **SCOPE OF THE STUDY**

This study's findings might pave the way for more research into the relationships between employee motivation, remuneration, and feelings of accomplishment and job performance and satisfaction. Paper manufacturing businesses may profit from the results and research approaches, and other organisations with identical aims may find them useful in upgrading their present compensation structures. The findings of this study may be used by those in the paper sector who are tasked with making suggestions to chosen companies in order to improve their existing compensation system and also EP.

### **RESEARCH METHODOLOGY**

The study's methodology is described in this section. This comprises the target population, sampling procedure, size of the sample, and data gathering techniques. Every methodological strategy utilized in the study has an effort made to support it.

**Research Design:** A research design is a strategy, outline, or scheme used to come up with solutions to research challenges. A descriptive research design was used to carry out the investigation. It involves gathering data by distributing a questionnaire to a sample of

respondents (workers of the paper industry) in order to determine the efficacy of reward techniques in influencing their work performance.

**Target Population:** The 275 employees of particular Tamil Nadu paper industries made up the target population. The population of the study comprises of G V G Paper Mills Private Limited (Udumalpet), Karur K.C.P Packagings Limited (Karur) and Unipres India Private Limited (Sripreambudur) from Tamil Nadu.

**Research Instrument:** Based on the aims of the study, the researcher developed a methodologically sound instrument. The first part of the questionnaire gathered basic demographic data, while the second part focused on survey questions related to compensation and performance. In both parts, respondents were asked to score the questions evaluating the impact of incentive methods on workers' performance. They were graded on a 5-point Likert scale, with 1 representing extreme disagreement, 2 moderate disagreement, 3 neutral agreement, 4 agreement, and 5 strong agreement.

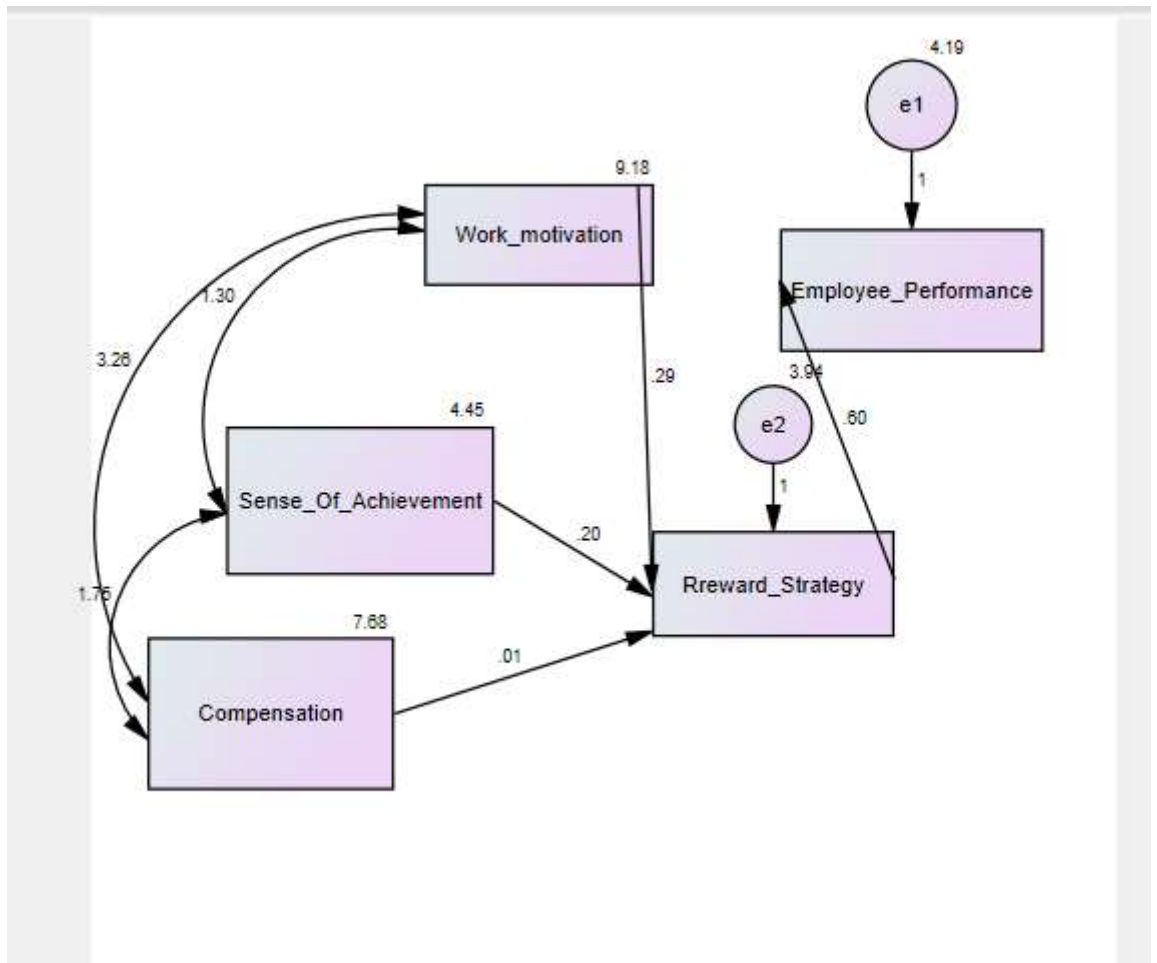
**Data collection:** Data was gathered for this investigation. Through the use of a self-structured questionnaire created by the researcher, a survey was carried out among the staff of particular paper factories in Tamil Nadu to collect the main data. For the current study, secondary data were gathered through government annual reports, numerous journals, books, websites, etc.

**Sample size and sampling method:** The sample size for the current study was determined to be around 275 members of the target group who answered favourably to all of the information provided in the questionnaire. Simple random sampling was used as the sampling strategy for this study.

**Statistical Tools:** In the current study, Chi-square and SEM were employed to test the hypothesis.

**Data Analysis:** The data was entered and analysed using SPSS version 20 and AMOS version 20 from the Statistical Package for the Social Sciences.

**Figure No – 1: SEM ANALYSIS**



Source – AMOS output

Table – 1: Testing of Hypothesis

Variables Relationship	Estimation	SE	CR	P-Value
Reward Strategy <--- Work Motivation	0.287	0.043	6.641	0.000
Reward Strategy <--- Sense of Achievement	0.197	0.060	3.302	0.000
Reward Strategy <--- Compensation	0.014	0.048	0.279	0.780
Employee Performance <--- Reward Strategy	0.602	0.055	10.934	0.000

\*Significant at 1% level

Table - 2

Null Hypothesis	P Value	Statistical Inference	Result
H <sub>01</sub> - Work motivation has no significant influence on Reward Strategy	0.000	Significant	Rejected



<b>H<sub>02</sub> - Sense of Achievement has no significant influence on Reward Strategy</b>	<b>0.000</b>	<b>Significant</b>	<b>Rejected</b>
<b>H<sub>03</sub> - Compensation has no significant influence on Reward Strategy</b>	<b>0.780</b>	<b>Not Significant</b>	<b>Accepted</b>
<b>H<sub>04</sub> - Reward Strategy has no significant influence on Employee performance</b>	<b>0.000</b>	<b>Significant</b>	<b>Rejected</b>

**Table – 3: Model Fit Indices**

S.No	Factors	Acceptable values for Good Fit	Research Model values
1	GFI	>.9	.936
2	AGFI	>.9	.911
3	RFI	>.9	.922
4	TLI	>.9	.909
5	CFI	>.9	.939

### Discussion

The fit indicators (AGFI, RFI, TLI, GFI and CFI) were all greater than 0.9 which indicates the strong fit of the model with data. RMSEA was 0.032 which is also Supportive of the model Fit.

**Table – 4: Chi-Square Test**

**H<sub>04</sub>** – There is no association between demographic factors of respondents.

Factors	Value	Significant Value	Degree of Freedom	Inference
Age vs. Income	227.483	0.000	16	Rejected
Monthly Income vs. Education	67.166	0.000	8	Rejected
Gender vs. Education	82.404	0.000	2	Rejected

**Source: Primary Data**

### Interpretation

Since the obtained p-value is less than the significant value (5%), it is evident from Table 3 that there is a significant link among the components. Age and monthly income have a substantial link, and there is evidence of a relationship between monthly income components and education. Gender and education also have a significant relationship.

## FINDINGS

- SEM Analysis shows that all of the fit indicators were more than 0.9, indicating an excellent match between the model and the data. The model's fit is additionally supported by the fact that the RMSEA was 0.032.
- Chi-Square test proves that there is significant connection between age and monthly income; there is an association between monthly income factors and education also it proves that there is significant relationship between Gender and education.

## SUGGESTIONS

- The creation of a compensation plan is a crucial part of human resource management since it affects an organization's development and productivity. Therefore, the selected paper businesses should make it a priority to implement robust compensation plans for their employees. It's hoped that this would help staff zero in on and complete their strategic performance objectives.
- In order to get the most out of its employees, it is advised that the business adopt the proper reward mix that meets their needs. The three components of compensation—basic pay, incentives, and benefits—should be effectively utilized in the whole compensation package.
- A developed strategy that is ingrained in the culture of the organization should be used to design the rewards system in the organization. In order to establish sustainable incentive strategies that will promote employee performance, productivity, and retention in an organization, management of an organization should consider the demands of its employees when developing its reward systems.
- The incentive strategy's objectives should be made clear to management and employees alike so that erroneous and subjective motivations can be minimized while effectively advancing the shared goal. There is no doubt that this will allow for effective organizational performance.

## CONCLUSION

Based on all measures, reward strategies help provide a unified and consistent range of management of human resources processes that are mutually supportive and improve organisational effectiveness. Therefore, management should establish reward/compensation plan objectively and construct, define, and use it in order to increase the accomplishment of overall organisational objectives with the aim of acquiring the finest contributions and supporting effects from organisational personnel. There was a statistically noteworthy correlation between reward systems and performance, as shown by the results. The findings suggest that by enhancing the incentives available to workers, productivity may be increased.

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