

## Original Paper

# Investigating the Impact of Reward Mechanisms on Employee Motivation: A Study of Government sector banks in Delhi NCR, India

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### Abstract

*To make sure cutthroat benefit, citizens who are operational for the association should be aggravated by provided that an in proportion recompense and advantage scheme. Payment organization development coats both financial and non-financial recompense. The awareness of the mind reunion is at least as inner in unselfish and society enthusiasm as the industrial basics of the finances and contact portion of remuneration. Hence, in this paper, we find out the job of reason in moving recruits and imply the associations to make proper revision in their remunerations scheme. The reason of this learns is to show the association between the a variety of plunder and staff incentive and also to be acquainted with that to what degree a variety of prize or inducements are used in the personal association to inspire the member of staff. Inducement or plunders is any incomes that makes a worker wish to do improved, try harder and use more power. Associations should believe for a more prepared recompense system that believes both inherent and external payment which in turn prospers high presentation society in the Private banks in Delhi NCR.*

### Keywords

*Incentives, Employees Motivation, Satisfaction, Performance*

## 1. Introduction

Human being supply is measured as the majority significant benefit of each association. In the age of worldwide rivalry, obtain correct labor force and keep it turn out to be the most significant confront of

all associations. Incentive is resulting start the word “reason” which income “to go”. While a cause is boost of act, inspiring is the channelization and commencement of causes, inspiration is the labor performance itself. Drive depends on motive and inspiring, therefore, it develop into a composite development. (Varma & Agarwel, 1994)

For example, Dubin has distinct incentive as go after: Incentive is the multifaceted power preliminary and custody a being at labor in an association. Incentive is amazing those shift a human being to exploit, and persists him in the way of exploit already initiated.

According to McFarln, incentive refers to the method in which advice, force, wish, ambition, determined, or require direct, manage or give details the performance of human beings.

“Inspiration is the act to simulate an important person or oneself to get a preferred course of act, to shove the right key to get preferred consequences”.

- Michel J. Jucius “Stimulus can be amorphous as compliance to expend get-up-and-go to complete a object or loot”.

- Dale Beach

“Inducement” may be distinct as an incentive or support for grater act. When second-hand in state of salary policy, it more often than not refers to extra payment paid to a worker, if the labor units shaped by him go beyond a recognized normal. Incentives are obtainable to employees to give confidence them to better attempt in manufacture than would in general be predictable. From time to time incentive plays that central role to prompt the staff which cannot be achieving by any supplementary ways. (Kapur & punia, 1996))

## 2. Literature Review

Human being reserve is the most precious benefit of every association. In the age of globalization, the place of work reality of previous years no longer exists. The alter has been experiential on the place of work reality in today’s organization. It is essential to amend cautiously as well as assemble and set up new motivational tools to improve member of staff enthusiasm if we want these wealth to hold and furnish their greatest. Before make out the return that induces the human property, we must realize what enthusiasm is.

**Motivation:** The term motive is derived from the Latin word “movere.” which means “to move”. “Motive” is defined as an inner state that energizes, activates (or moves) and directs (or channels) the behavior of individuals towards certain goals. Motives are certain important needs of human beings. These needs have different degrees of potency or strength.

The strong need or motive creates high tension or disequilibrium in a person and makes him restless until the need is fulfilled. For example, the need for professional recognition makes the doctor restless until the co-doctors and patients recognize him as an efficient doctor. In order to reduce the tension, the doctor treats the critical cases. Motives induce the individuals to channel their behavior towards those

actions which would reduce the disequilibrium. Thus, motives are drives which energize individuals to an action with a direction. For example, the strong motive of earning large sums of money directs the students to take up the action of studying course which have fast earnings.

Incentive is resulting from the word reason. "A reason state that energize, make active or shift, and direct or conduit performance towards aim."

"Enthusiasm signifies a disgruntled need which produces a circumstances of strain or disequilibrium, causing the personality to move about in a goal directed guide near renovate a condition of balance by pleasing the require." According to the Encyclopedia of Management, "incentive refers to the amount of willingness of an association to follow some chosen goal and entail the strength of mind of the natural world and locus of the armed forces, counting the amount of willingness." (Criffeth & Hom, 2001)

Stimulus is a method that starts with a physiological or emotional insufficiency or could do with that make active performance or a force that is expected at a objective or 'reason, thus, the procedure of incentive lies in the sense of and association among wants, forces and incentives.

**Need:** Require is insufficiency. Requirements are fashioned whenever you like there is a physiological or emotional difference.

**Drive:** Force is a shortage with course. They are action-oriented and give an up-and-coming push towards objective achievement.

**Incentives:** Inducement is no matter which that will ease a require to decrease a force.

**Incentives/Rewards** are by and large renowned that natives may collect two most important categories of plunder from labor. One is inherent plunder, which are plunder that are interior to personnel and which they provide themselves. Inherent plunder comprise self-worth, a intelligence of achievement, and a emotion of enlargement or growth of particular skills and talent. Many of these prizes are preferred from the labor itself. Inherent rewards are linked to the worker's awareness of the work and, hence, are exaggerated by job plan; inherent plunder may be called as "non-financial/non- monetary rewards.

Monetary motivators may be in the form of other salary and remuneration, extra profit-sharing (ESOPs), leave with pay, checkup repayment, company-paid cover or any of the other things that may be known to human resources for presentation. The economist and most director consider cash and monetary incentives as significant motivators. Behavioral scientists, on the other hand, be inclined to put them near to the ground. Neither sight is almost certainly correct.

Fiscal encouragements are used to induce the people for unbreakable effort. However persons have special needs to assure while operational in the association. People usually at higher levels need more socio-psychological incentive to please the needs which cannot be content by the cash alone. Thus organization in adding to the monetary incentives provides non- financial incentives also to inspire the member of staff. (Gomez-mejia, & Balkin, 1992) For example if an persons gets endorsement in the association so it please him more expressively that is he gets improved status, more demanding job,

right, etc. the monetarily he gets more pay also by encouragement.

***Impact of Rewards on Employees' Motivation (Empirical Review):***

Incentive is the inexpensive incentive that causes us to act. The incentive may be a require or a drive that energizes sure behaviors. At work, inspiration is a mixture of all factors in our operational setting that lead to optimistic or unenthusiastic efforts. If we appreciate what prompts us, we are supplementary possible to realize our private and qualified ambitions.

Likewise, if organization knows how to induce employees, they can enlarge efficiency. This aptitude to increase manufacture is more and more significant as associations struggle in the worldwide marketplace. While all corporations make a number of efforts to inspire employees, a growing figure of organizations are bring in new policy including dissimilar recompense packages, as a means of inspiring today's employees (Dalton & Watts, 2003)<sup>10</sup>. Thus rewards and incentive are unified. (Milkovich & Newman, 1993)

Money as a main inspiring thing was authorized by *Taylor (1947)*<sup>11</sup>, the originator of methodical running. Populaces were seen to be provoked by self-interest and were keen to distinguish the deal with to take full advantage of their income. The "economic man" school of thought gave way to the individual relations perception expound by *Mayo (1949)*<sup>12</sup>. Subsequent a series of experiments on the communal and ecological conditions at work, the significance of credit and good social association at work as motivational factors causal to confidence and output was heavily underline.

*Herzberg* <sup>13</sup> maintained that cash is a so called "hygiene factor" which dish up as a possible dissatisfied if not there in suitable quantity, but not as a possible satisfier or optimistic incentive.

*Lawler and Porter (1967)* proposed that presentation augment pleasures from beginning to end the midway effect of repayment. In order to encourage staff for superior directorial performance, it would be obligatory to present encouragements and situational reason in such a system that their delicate needs are included with secretarial goals.

The power of incentive varies depending on the variable such as reason, expectation and incentives which can be shown in the following equation (*Atkinson, 1958*).

Motivation = f (motive X expectancy X incentives)

From the above equation, the values of anticipation and encouragement are by and large based on the precedent knowledge of the person worried. The slanted appraisal of these factors is therefore, more significant in formative incentive of a being than the worth that may be allocate to these issue from side to side object capacity. (Dilworth, 1996)

*Equity theory (Adams)* <sup>16</sup> exposed that approval with pay is connected to insight concerning the ratio stuck between what one receive from the job (outcomes in the form of pay) to what one puts into it (inputs in the form of efforts and skill) compounded with the ratios attained by others. (Henderson, 1994)

Research Design and Methodology

Explore and survey mean

Prime data was unruffled during the survey and resultant facts from weekly and book, etc. Random sampling method was adopted to choose sample associations. Thus 30 Private sector organizations, located in Delhi NCR were chosen for the reason of the learn.

Plunder and inspiration in the here study were calculated by a survey which consists of 15 announcements for payments, and 20 accounts for inspiration. These statements were to be counter to on a seven point scale array from “strongly agree” to “strongly disagree”. The number of survey issued to different institute was 600 and only 316 (59%) were traditional in the state of practice.

Objectives of the study:

The prime thing is to look at the association flanked by the rewards and member of staff inspiration in confidential division organization based in Delhi NCR. The precise objectives of the learn are:

- i) To judge the measure of rewards widespread in the midst of the employees of secretive zone Institutions in Delhi NCR.
- ii) To examine the request of rewards scheme in inspiring employees of confidential area association in Delhi NCR.
- iii) To propose the associations to make appropriate alterations or take remedial act in their prizes scheme.
- iv) Hypothesis of the study:

The subsequent suggestion has been in use for the learn:

1. There is no affiliation between plunder and member of staff drive in Private sector institute.
2. There is no rapport between financial remuneration and poorer point needs.
3. A bond can be pragmatic connecting non-monetary remuneration and elevated level needs.
4. Considerable divergence can be noticed between economic incentive and non-monetary incentive.

Process of Data:

A survey was used to review the level of prize, and motivation apparent by the human resources in confidential division. The survey consists of 15 statements for recompense and 20 for incentive and the response were deliberated on seven point scales variety from “strongly agree” to “strongly disagree”.

The total achieve for prize was alienated into three groups as 15-45-

low, 45-75-average and 75-105 high, likewise 20-60 low, 60-100 average and 100 – 140 high in respect of motivation. Thus the levels of rewards and motivation perceived by the employees in Private sector are given below:

**Table 1. Levels of Rewards and Motivation Perceived by the Employees in Private Sector**

<b>Levels of rewards and motivation</b>	<b>Low</b>	<b>Average</b>	<b>High</b>	<b>Total</b>
Rewards	38 (12.0)	109 (34.5)	169 (53.5)	316 (100.0)
Motivation	40 (12.7)	45 (14.2)	231 (73.1)	316 (100.0)

The above table shows the level of rewards and the level of motivation of the employees in Private sector. Most of the employees come under the high level of rewards constituting 53.5% and high level of motivation with 73.1%. Only 12% and 12.7% of the employees are in lower level rewards component and motivation respectively. (Henderson, 1994)

#### 1.9 Financial and non-financial rewards:

Total rewards are divided into two classes namely, monetary rewards and non monetary rewards. These two types of rewards/incentives have an equally important role in motivating employees. Reward strategies should, therefore, ensure that both are used effectively as part of an integrated total reward process. Role of these types of incentives may depend on the perception. Hence the levels of rewards are presented under two heads of monetary, and non-monetary rewards. (Maslow, 1951)

**Table 2. Level of monetary and non-monetary rewards perceived by the employees in Private sector**

<b>Level of Rewards</b> <b>Type of Rewards</b>	<b>Low</b>	<b>Average</b>	<b>High</b>	<b>Total</b>
Monetary rewards	37 (11.3)	120 (38.0)	159 (50.3)	316 (100.0)
Non-Monetary rewards	56 (17.7)	80 (25.3)	180 (57.0)	316 (100.00)

Source: Computed data.

From the above table, the level of monetary and non-monetary rewards is found high among high level with 50.3% and 57%, and least number of employees fall under the lower level constituting 11.7% and 17.7% in respect of both two type of rewards. (Gangadhar & Keswarni, 2002) Then, the significant difference between the mean score of monetary and non monetary rewards was analysed by Z-test.

**Table 3. Z-test for Financial and Non-financial Rewards on the Perception of Employees in Private Sector**

<b>Variables</b>	<b>No. of sample</b>	<b>Mean</b>	<b>S.D</b>	<b>Z-Value</b>
Financial Rewards	316	4.66	12.69	27.74
Non-Financial Rewards	316	24.14	8.18	

Source: Computed data:.

The table shows the Zo value of 27.74 which is significant at 0.05 level. Hence, there is a significant difference between financial and non-financial rewards on the perception of employees. (Dalton, Hoyle, & watts, 2003) It reveals that the employees in Private sector gave much importance to financial

rewards than non-financial rewards. The difference between financial and non financial reward may vary with the employee status which mean, lower level, middle level and high level. Here lower level and middle level

employees give much importance to financial rewards where as high level executives emphasis non-financial rewards. It reveals that nearly 83% of the employees try to meet their financial rewards and rest 17% meet non-financial rewards. Following the above analysis, the factors of rewards and employees motivation had been identified. A list of some what items has prepared and asked the employees to rank order them in terms of their availability and importance to employees. Their rankings are given below. 1 indicates the highest rank and 9 the lower rank. (Taylor, 1947)

**Table 4. The Factors Ranked by the Employees in Private Sector**

Ranking	Rewarding Factors	Motivational Factors
1.	Retirement benefits	Good interpersonal relationships
2.	Salary increment and bonus	Freedom of work
3.	Medical facilities	Sufficient salaries and fringe benefits
4.	Prospect of promotion	Social relationship
5.	Appreciation and participation in decision making	Safety in work
6.	Merit pay and sales incentives	Congenial working condition
7.	Recognition rewards	Feasible rules and regulations
8.	Accommodation and child care benefits	Job involvement
9.	Stock option	Less hour of work

Source: Primary data.

The Private Institution employees ranked retirement benefits and salary and bonus as 1 and 2 indicating that these are the most important variables of rewards in the minds of employees. While the good interpersonal relationships and freedom of work as the most significant variables of motivation. Stock options and accommodation and child care benefits are considered as the least important in respect of rewards. Likewise, less hour of work, and job involvement are considered as the least important motivation factor. Therefore, an organisation can inspire the employees to achieve the goals by paying attention to these factors. (Mayo, 1949)

### **Rewards and Motivation:**

People can be motivated by rewards and incentives which will enable them to satisfy their needs or will provide them with goals to attain. In order to test this validity, the relationship between rewards and

motivation is found with the following table.

**Table 5. Relationship between Rewards and Motivation in Private Sector**

	X	Low	Average	High	Total
Y					
Low		36	04	-	40
Average		02	32	11	45
High		-	73	158	231
Total		38	109	169	316

*Source:* Computed data X - Level of motivation Y - Level of rewards.

From the above table, Bi-variate correlation was computed to find out the relationships between rewards and motivation. Correlation value,  $r = 0.745$  in Private sector and it shows that there is a close relationships between rewards and motivation. (Herzberg, 1992)

Hence, the main objective and hypothesis is accepted. The study of motivation is based on Maslow's hierarchy needs theory. Needs can be divided into two groups, such as lower level needs, and higher level needs. Here, lower level needs are satisfied by financial rewards and higher level needs are satisfied by non financial rewards.

In order to discover the association between monetary rewards and lower level needs the following table has been presented. (Lawler & Porter, 1967)

**Table 6. Monetary Rewards and Lower Level Needs in Private Sector**

	Y	Physiological needs		Safety needs		Total
X		4-20	20 >	4-20	20 >	
Direct Compensation	5-20	15	07	14	12	48
	20 >	12	45	07	45	109
Indirect Compensation	5-20	14	05	15	03	50
	20 >	14	47	12	49	122
Total		55	104	48	109	316

*Source:* - computer data X - Monetary rewards Y - Lower level needs.

From the table 6,  $X^2$  technique was used to test the association between monetary rewards and lower



level needs.  $X^2 = 74.33$  which is significant at 0.05 level. Hence, there is very close association between monetary rewards and lower level needs in Private Sector.

Following the testing of association between monetary rewards and lower level needs, the association between non-monetary rewards and higher level needs is analysed. (Atkinson, 1958)

**Table 7. Non-monetary Rewards and High Level Needs in Private Sector**

X \ Y	Social needs		Esteem needs		Self Actualization Needs		Total
	4-20	20 >	4-20	20 >	4-20	20 >	
Non-Monetary rewards	5-20	27	04	28	03	18	93
	20 >	28	46	18	56	07	223
Total		55	50	46	59	25	316

Source: Computed data.

X - Non-Monetary rewards Y - High Level needs

Table 7 shows the  $X^2$

value of 89.68 which is significant at 0.05 level. It indicates that there is very close association between non-monetary rewards and high level needs in Private sector.

### Suggestions:

Based on the study, the following suggestions are made to the organizations. An organization should identify the most important factors which is perceived by the employees, then should concerned with these factors and the organizations should provide a reasonable and maximum salaries /wages to the workers, because wages and salaries are the most significant factor in motivating employees. (Argyris, 1957)

The employees should be given higher responsibility for the operations of the tasks assigned to them. This would enhance the employee's motivation. The organizations should perceive the type of needs in hierarchy preferred by the workers and then should be adopted appropriate rewards system. For example, monetary rewards may be applicable to lower level employees, where as non-monetary rewards applicable to high level executives.

Since, employees should also be accountable to their performance which increase their sense of awareness and involvement in their job, it is better to provide the performance related pay which will lead to motivate them, for this purpose, the management must periodically review their level of performance and they should be identified and recognized on the basis of their performance, then they should be awarded with monetary benefits. Some organizations there adopt this system. (Mc Gregor,

1960)

Finally an appropriate training programme or competition programme with relevant incentives may be organized with the resource persons. (Jackson, 1986)

### Conclusion

From the results obtained from the study, it is apparent that, the perceived level of rewards and motivation have significant relationship among the Private Institutions employees and the monetary rewards have a significant effect on employee motivation than the non monetary rewards. (Dehigama Nayana, 1996)

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