



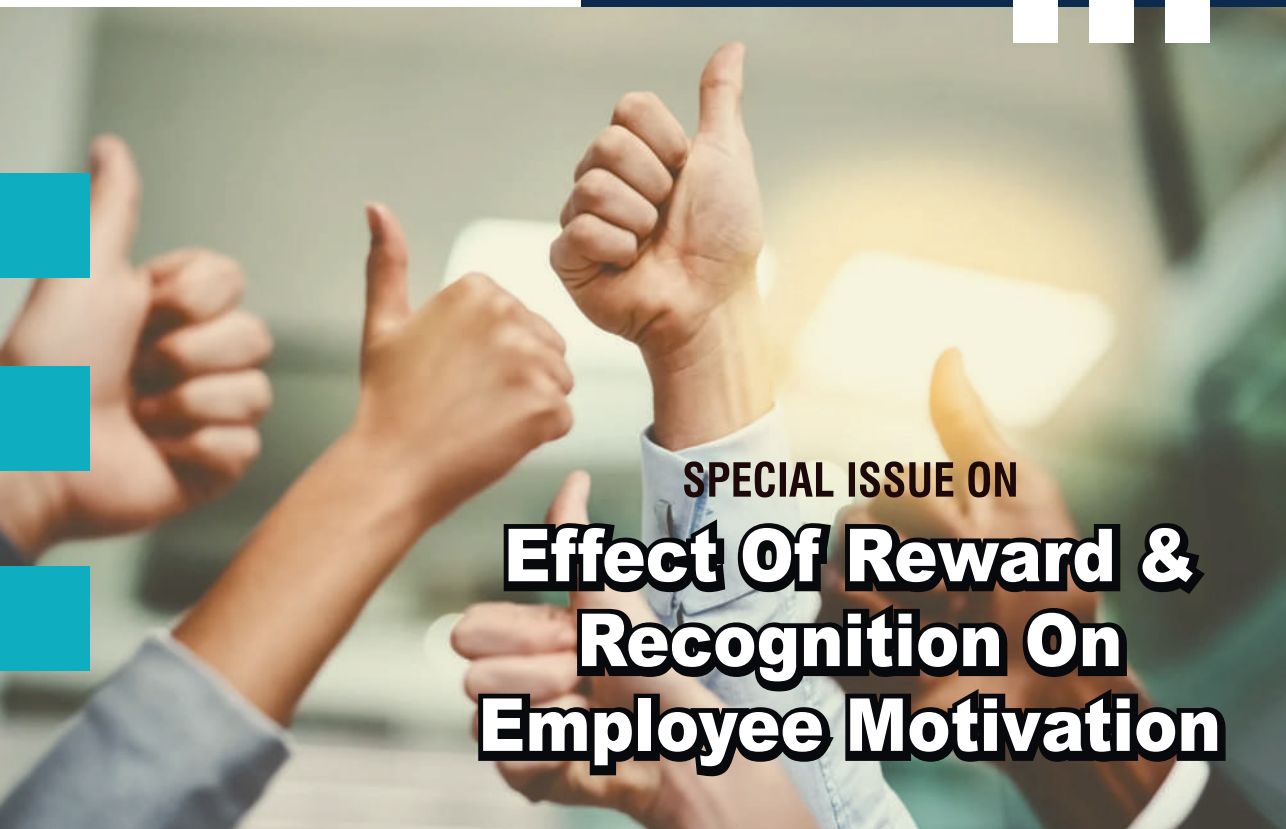
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SPECIAL ISSUE ON

Effect Of Reward & Recognition On Employee Motivation

Editor

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The Mediating role of Salary Satisfaction between Reward and Recognition and Employee Engagement: An Empirical Study.

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Abstract

This study investigates the role of successful reward and recognition practises and salary satisfaction in private banking firms, as well as their link with employee engagement. The information for this study came from 536 bank employees. The result suggests that reward and recognition practises alone did not affect how engaged employees were. But the human resource policy helps an employee develop a sense of salary satisfaction, which will affect the level of engagement in the long run. With a focus on the moderating function of salary satisfaction, the current study aims to experimentally analyse and add new knowledge to the existing literature regarding the relationship between employee recognition, salary satisfaction, and employee engagement. This study also looks at the most recent research on reward and recognition policies and how salary satisfaction affects employee engagement. This study looks into HR function practises, reward recognition, and employee participation in service organisations. It showed that participants from four organisations had very positive feelings about reward and recognition practises and were also very involved in their work and organisation. The main conclusion of this study is that Salary Satisfaction acts as a bridge between rewards and recognition practises and employee engagement. Salary satisfaction also has a positive influence on employee engagement and positively moderates the relationship between employee recognition and employee engagement.

Key words:- Reward, Recognition, Employee Engagement, Salary, Satisfaction.

• Introduction

Reward and Recognition system has emerged as one of the most influential determinants of employee engagement with their work. Reward and recognition strategies are crucial to HR strategy. Reward refers to the tangible and psychological payoffs given to an employee in recognition of their good contribution and task performance. Organizations cannot simply imitate the rewards and recognition practises of other organisations; rather, they must develop a rewards and recognition plan to promote their unique culture. Historically, creating a rewards and recognition plan has been more of an art than a science. People desire rewards but do not realise what they require. There is no assurance that the various awards and recognition offered will have the same effect on every employee, and this must be taken into account. Therefore, a rewards system cannot be successful unless the organisation has a comprehensive grasp of the needs, expectations, and values, as well as the education, talents, and potential, of its varied workforce. Consequently, the incentives and recognition plan will be implemented differently based on the employee segment and profile: functions, positions, talents, location, and demographics (age, gender, income level, and family status). Rather than relying on rigorous quantitative analysis to determine what will be more motivating to employees, many organisations base their rewards and recognition packages on

instinct and opinion. When conceived and implemented correctly, a rewards and recognition strategy can be a significant driver of business success. An effective rewards and recognition plan enables organisations to provide the appropriate forms of rewards and recognition to the appropriate individuals, at the appropriate time, for the appropriate cause.

Globally, organisations strive to retain their best employees. It has been demonstrated that the recruiting, selection, and training of a replacement employee incur expensive costs, equivalent to at least one year's salary. Moreover, a company's employees is one of its most valuable assets. Recognized as vital to a company's success, skilled and competent personnel — and their retention — are regarded to be essential. Reward and recognition are valuable resources that can drive employees to achieve organisational objectives and play a crucial role in employee retention. To ensure not only employee retention but also optimum performance, a firm must provide a variety of various methods of compensation. Due to the fact that employees account for approximately 80% of a company's expenses, it is crucial that they are engaged. Employee involvement increases customer happiness, customer loyalty, company reputation, and total stakeholder value. Engagement has been proven to connect with beneficial organisational outcomes such as fewer absenteeism, lower intention to leave, lower costs, and faster growth. Effective incentives and recognition programmes increase employee engagement and productivity (Fairlie 2011). Reward and recognition have been developed for a long time as a precursor to employee engagement. In a world where four out of ten employees are not engaged, rewards and recognition have great potential to increase employee engagement and business performance

(Brown and Reilly 2013). Only 34% of the U.S. workforce is engaged, with 53% not engaged and 13% actively disengaged, according to Gallup (2018).

The enthusiasm with which engaged personnel undertake their duties has a direct impact on their productivity and performance. Employee engagement is a term that your management must take really seriously because it is one of the ultimate benefits of employee recognition. In order to achieve a competitive advantage in the marketplace, organisations have begun to regard their personnel as internal assets. Because of this, in the current market environment, employee engagement has emerged as a crucial corporate driver and has been recognised to depend on structural performance. Employee engagement not only has the power to affect how long employees stay with a company, how much work they do, and how loyal they are to it, but it also has a big impact on customer satisfaction, the reputation of the company, and the overall value to stakeholders. Therefore, it is legitimate to assert that, in order to attain a competitive advantage, firms request that HR develop plans for both employee engagement and commitment. The range of positive involvement, passion, and both physical and mental commitment that an employee feels towards his work and company is referred to as employee engagement. It is a two-way process that strengthens the bond between the organisation and its personnel. An engaged employee will put forth "discretionary or voluntary effort" and is anticipated to be more productive and invested in his job, which tends to boost organisational productivity and decrease employee turnover. In recent years, the corporate sector has been one of the primary contributors to economic growth. It is believed that the growing number of MNCs in India has contributed to the

higher level of employment. The business world is fundamentally distinct. The employees' working conditions, hours, and other factors appear to vary. The staff perform either daytime or nighttime shifts as opposed to standard business hours. Although the corporate world appears to be a place of broad exposure and great compensation, it is also a place where work takes precedence over everything else.

● Literature Review

Employee recruitment, motivation, and retention will all benefit greatly from well-managed incentives and recognition programmes. Employee satisfaction, customer satisfaction, and bottom-line financial factors like sales growth, market expansion, and even profitability can all be improved by motivated, happy staff members. Given that every employee has different needs and preferences, an effective incentives and recognition strategy should take these elements into account. These factors include risk tolerance, career stage, skill level, and reward preferences. New data mining and analytics tools are being introduced by businesses to better understand employee preferences and personalise rewards and recognition programmes. Managers should keep in mind that each employee has a unique perspective on the value of a rewards and recognition programme. They should therefore carefully match rewards and recognition to the employee's unique personal needs. A rewards and recognition program's success depends on management's capacity to tailor it to the needs, circumstances, and preferences of its participants.

Madhani.M.Pankaj.,(2020) This study focuses on incentives and praise that are linked to an employee's productivity. Rewards and recognition programmes can make or break an organisation since people are a potential source of long-term

competitive advantage. Effective strategies for rewards and recognition raise the calibre of internal services. Employee satisfaction and engagement are mainly influenced by a workplace's intrinsic characteristics. Employees who are highly satisfied and engaged tend to be more productive and provide better service than their disengaged competitors. In order to improve organisational performance, HR managers should create superior internal service quality rules and procedures that emphasise employee engagement, satisfaction, and service orientation. Depending on the type of service, different internal service quality methods have different implications on employee satisfaction. As a result, HR managers should customise internal service quality to ensure that the procedures match specific occupations and satisfy employee expectations across a range of service contexts.

Aktar and Pangil (2018) discovered empirically that effective rewards and acknowledgement positively affect employee motivation. Rewarding and recognising employees enhances employee engagement, which increases retention and contributes to a more positive workplace environment overall. Incorporating a rewards and recognition programme increases employee engagement, resulting in numerous advantages for the organisation, such as higher productivity and retention.

A'yunnisa and Saptoto (2015) looked at how recognition affects satisfaction with pay. They used a quantitative design in their study to evaluate important hypotheses. The investigation was conducted in an Indonesian auto manufacturer. Participants were those who had been employed full-time for at least three months. 183 participants were chosen using the purposive sample

technique. AMOS was utilised to analyse the data and evaluate hypotheses using structural equation modelling and the Pearson's correlation test. According to the study, pay satisfaction was favourably correlated with employee engagement but unfavourably correlated with the intention to quit. According to this finding, employees' intent to quit grows as their income satisfaction declines. Additionally, as employees' recognition grows, so does their contentment with their compensation.

Mussie et al. (2013) did a more thorough analysis and took important variables into account. The researchers used data from the US, Vietnam, and Malaysia along with a cross-sectional (correlational) methodology. The following individuals were chosen using the simple random selection method: Americans (n = 457), Malaysians (n = 347), and Vietnamese (n = 391). Data was collected via questionnaires, and conclusions were presented using Pearson's correlation and regression analysis. According to the study conducted by A'yuninnisa and Saptoto, pay satisfaction is positively correlated with recognition (2015). The relationship was considerably stronger, proving that employee contentment was substantially correlated with remuneration in the firms.

Salleh and Memon (2015) investigated the link between employee engagement and wage satisfaction. Unlike the other studies that were reviewed, this study used a review methodology where the literature was thoroughly examined in order to rely on its theoretical and conceptual contributions. The opinions expressed were backed up by pertinent empirical data that had already been verified in other investigations. A conceptual model developed by the researchers views compensation satisfaction as a result of employee recognition.

Their omission to include alternative explanatory factors in their model is a significant flaw given the growing concern among academics (Asiamah et al., 2019) regarding the misleading influence of potential confounders on relationships investigated in cross-sectional studies. The aforementioned research is intriguing, but there aren't many studies that specifically examine the connection between income satisfaction and recognition.

Ewool, E. M., Azinga, S. A., & Kamil, N. M. (2021) with a focus on the moderating function of salary satisfaction in the Ghanaian banking system, the current study aims to empirically analyse and provide new knowledge to the existing literature regarding the association between employee recognition, wage satisfaction, and employee engagement. This study used a quantitative research methodology, and a sample of 455 respondents, including consolidated bank Ghana personnel from Kumasi and Accra central, were selected using a straightforward random selection process. The gathered data were analysed using structural equation modelling (SEM) using SPSS and AMOS versions 24.0. Three (3) of the study's four primary hypotheses were confirmed, but one (1) was not. In particular, the study found that employee recognition has a positive impact on salary satisfaction and a negative impact on employee engagement after controlling for four important demographic factors, including educational attainment, tenure, employee level, and income. Salary satisfaction also positively moderates the relationship between employee recognition and engagement. According to the study's findings, an increase in wage satisfaction makes the effect of employee recognition on employee engagement stronger.

● **The Relationship Between Reward And Recognition Practice, Salary Satisfaction, And Employee Engagement**

On the basis of social exchange theory, it is hypothesised that employee pay satisfaction will foster a sense of justice and being valued, which, in turn, will result in positive behavioural and attitude outcomes, such as a high level of engagement. Therefore, highly engaged employees are less likely to participate in voluntary movements. As previously indicated, employee engagement is becoming a crucial topic of conversation, particularly when the firm is facing challenges related to the present economic downturn. It has inspired numerous scholars to investigate how employee engagement is fostered within an organisation. An engaged employee typically demonstrates a high level of commitment to their job and business. They are enthusiastic about their work, more driven, and willing to contribute more to the organization's success. Employee engagement is the effort an employee makes to act in accordance with the organization's interests (Kennedy & Daim, 2010). McShane and Glinow (2017) define engagement as a sort of emotional and intellectual motivation in which individuals are highly focused on their work, leading to the attainment of ultimate goals.

The researchers projected the link between RRP, SS, and EE to develop this model. Since the notion and research around these three factors are still restricted, the authors attempted to illustrate the pattern of correlations between them. Each variable has a significant effect on the other, as determined by the researchers. Initially, they presented findings from prior studies that investigated the impact of RRP on SS

and, consequently, its impact on EE. The authors compiled the material from already-presented research papers in databases. The first hypothesis was therefore concluded to be:

H1:- Reward and Recognition will have a significant positive impact in Salary Satisfaction

H2:- Reward and Recognition will have a significant and positive effect on Employee Engagement.

H3:- Salary Satisfaction will have a significant and Positive Effect on Employee Engagement

Our fourth hypothesis is based on the overall discussion of the effect of an independent variable on dependent variables.

H4:- Salary Satisfaction will mediate the relationship between Reward and Recognition and Employee Engagement.

● **Research Methodology**

● **Participants**

Employees from four private sector banks made up the study's participants. Each bank had branches throughout Pune, but only those in Chinchwad- Hinjewadi-Chakan were approached for data collection due to the city's large population and staff concentration. While 52.6% of the participants were men, 61.7% were below the age of 30. 63.5 percent of the population held college degrees. The majority of respondents, 80.5%, reported working a maximum of 56 hours each week.

About 31.3% of respondents had worked for the organisation between 1 and 3 years, and 25.2% between 3 and 5 years. . In conclusion, 67.1% of participants were officers (supervisory role).

The questionnaire was distributed to 650 potential participants, 540 were returned, and 536 usable replies were gathered for the final data analysis. This study's data were collected through an online self-report questionnaire. Researchers maintained adequate levels of participant confidentiality and anonymity. All research-related correspondence was sent through the primary contact (HR employees) in each organisation.

● Measurements

Each of the employed measures was a self-report measure in which participant perceptions were used to answer a series of questions. All measures were assessed on a 6-point continuum ranging from 1 ("strongly agree") to 5 ("strongly disagree"), with 1 representing "strongly agree" and 5 representing "strongly disagree." Using a questionnaire with sixteen components, Reward and Recognition practise was assessed. The Cronbach's alpha estimate of dependability was 0.88. The creators of Wage Satisfaction utilised nine factors to define salary satisfaction. Cronbach's alpha was 0.9002. Based on Schaufeli et al., fourteen measures were constructed to measure employee engagement (2002). Several sample responses included 'Enthusiastic about my career,' 'Proud of the work that I perform,' and 'My work is meaningful and purposeful.' Cronbach Alpha was 0.896% for these items. The same is presented in the table below-

Table-1 Cronbach's Alpha

Items	No. of items	Cronbach's Alpha
Reward and Recognition	16	0.889
Salary Satisfaction	9	0.902
Employee Engagement	14	0.896

● Results and Discussions

The collected data indicate that RRP has an average rating of 4.32, placing it inside the moderate category. Participants believed that the reward and recognition practise was effectively implemented inside the organisation but less so. As for the SS, our average score is 4.62, which falls within the effective range. It indicates that participants were content with the current pay and salary. Our average score for employee engagement was 4.5, which is considered strong. This is a positive indicator for businesses, but there is opportunity for development. Table 2 displays the values for all variables' means, standard deviations, and correlations. There is a connection of 0.62 between RR practise and SS. This is consistent since the correlation is greater than 0.500, we may conclude that this is a strong association. RR practise and SS had a correlation of 0.62 and 0.74 with employee engagement, respectively. This shows a strong correlation between these variables.

The Hayes (2018) Macro Process application was utilised to analyse the impact of the independent variable (RR practise and SS) on the dependent variable (employee engagement). This method was utilised by the researchers because it has profited from the bootstrap method. According to Sekaran and Bougie (2016), bootstrap is a statistical strategy based on resampling existing data to generate a sample distribution for a statistic. The benefit of bootstrap is that there is no need to assume a normal distribution, which is difficult to achieve in the real world. In this study, SS will be considered a mediating variable if both the Upper Level and Lower Level Confidence Intervals (ULCI and LLCI) contain 0.

Before discussing the mediation study, the effect between variables was evaluated. RR practise becomes a predictor of SS.

(coefficient, 0.681; p-value 0.001). In our study, however, we discovered that the RR practise did not influence employee engagement (coefficient = 0.024; p-value > 0.05). This indicates that our results differ from those of previously cited articles. SS predicts employee engagement (coefficient, 0.329 p-value 0.01), which is consistent with the findings of earlier studies. Overall, the hypotheses H1 and H3 were supported, whereas H2 was rejected.

The direct and overall effects of Reward and Recognition practises on Employee Engagement are outlined in Table 4. There is no direct effect because p is greater than 0.001. Our research revealed that the type of Reward and Research or policy implemented in a firm has no direct effect on the level of employee engagement. With the addition of Salary Satisfaction as a mediator, the total effect becomes significant (p-value 0.001). Salary Satisfaction demonstrated to be an efficient intermediary between Reward and Recognition practise and Employee engagement. The H4 hypothesis has been validated. Figure 1 depicts the flow of the relationship between variables.

Table-2 Mean, Standard Deviation and Correlation

	1	2	3	4	5	6	7	8	Mean	SD
Gender	1								1.36	0.44
Age	0.621	1							2.08	0.96
Education	0.434	0.738	1						2.54	0.87
Tenure	0.381	0.322	-0.44	1					1.2	0.4
Position	0.454	0.671	0.538	0.488	1				2.81	0.92
Reward and Recognition	0.224	-0.019	0.025	0.678	0.581	1			4.32	0.81
Salary Satisfaction	0.299	0.568	0.165	0.342	0.748	0.624	1		4.62	0.64
Employee Engagement	0.32	0.37	0.799	0.642	0.652	0.741	0.382	1	4.38	0.28

Table3- Regression Coefficient and Model Summary

Summary	Salary Satisfaction			Engagement		
	Co-efficient	S.E	P- Value	Co-efficient	S.E	P- Value
Reward and Recognition Practise	0.681	0.026	0.000**	0.024	0.048	0.388
Salary Satisfaction				0.329	0.003	0.000**
Constant	1.076	0.141	0.000	3.184	0.196	0.000**
R Square			0.453			0.114
F=595.748				F=46.343		
P=0.000**				P=0.000**		

Table-4 Effects of Reward and Recognition Practice on Employee Engagement

	Effect	S.E	Boot LLI	Boot ULCI	P-Value
Direct Effect	0.029	0.048	-0.062	0.122	0.638
Total Effect	0.28	0.056	0.149	0.284	0.000
Mediation of Job Satisfaction	0.257	0.043	0.163	0.248	

Figure-1: Mediation Model of Salary Satisfaction



•Discussion

The present study sheds new light on the examination of the relationship between variables under inquiry. While we agree that RR practise has a considerable effect on SS and on the relationship between SS and employee engagement, our data indicate that RR practise has no direct effect on employee engagement. We recognise it takes time to create stronger engagement. Not only time, but also specific programmes that frequently have indirect or delayed effects. Nonetheless, organisations must have and implement comprehensive RR programmes that include the opportunity to enhance employees' skills and knowledge, provide a fair and clear career path, flexible and competitive remuneration packages from which employees can choose, and a supportive and friendly work environment that is characterised by the management's full attention and care.

Human capital is the most precious asset, particularly in service-oriented enterprises. To deliver services, hotels, hospitals, telecommunications, and banking rely on people. A highly engaged employee will provide superior service, which can positively affect customer

satisfaction. Particularly those firms that operate 24/7 to resolve consumer issues. Fortunately, the employees in these businesses are already deemed to be highly engaged, as they cannot forecast the nature of the requests or problems that must be addressed. With management's assistance, they can overcome workplace issues. According to the results, however, there is still potential for development. Employees believe that their roles can be improved. Management might conduct an internal poll to determine individual RR programme requirements. It must be determined whether these measures will affect employees' opinions about Social Security. This can be accomplished by implementing a successful RR approach that enhances employee engagement through the provision of superior SS. The organisation must modify its RR practise in order to accommodate flexibility and individual demands. Importantly, enterprises must comprehend that RR practise is not a short-term objective. Time is required to alter employee perceptions. Management must execute the programme with dedication and consistency.

● Conclusion

Employee engagement and happiness are influenced by compensation, job security, flexibility, meaningful work, and possibilities for career advancement. The phrase "compensation" refers to the monetary benefit that employer pays to an employee in exchange for his or her "services," which may include knowledge, time, and effort. This study focuses on employee awards and recognition that are contingent on job performance. As individuals are a possible source of a sustained competitive edge for businesses, rewards and recognition become crucial to their success or failure. Reward and recognition programmes that are effective enhance the quality of internal services. The majority of what makes people happy

and engaged at work originates from the workplace environment. Employees that are engaged and satisfied work harder and give greater service, resulting in a higher level of total service performance. To improve the performance of the organisation, HR managers should implement stronger policies and practises for internal service quality that emphasise employee involvement, contentment, and service orientation. Effective tactics for rewards and recognition make employees happier. Happy staff provide excellent service, which makes consumers satisfied, which in turn increases customer satisfaction and profitability. The benefits of internal service quality practises on employee satisfaction rely in part on the type of service; therefore, HR managers should customise internal service quality to ensure the practises are compatible with the occupations and fulfil the expectations of employees in various service contexts.

This study investigates Rewarding and Recognition methods, Salary Satisfaction, and employee involvement in service organisations. We investigate the role of salary satisfaction as a relationship mediator. It shown that participants from four private banking businesses had positive perceptions of Reward and Recognition policies and were highly engaged in their work and organisation. This may indicate that the participants are dissatisfied with their work lives despite the fact that their work-life balance needs improvement. This study's key finding is that SS mediates the association between Reward and Recognition procedures and Employee Engagement. This implies that firms must devise techniques of assisting employees in achieving a higher Salary Satisfaction criterion. On the basis of these findings, firms can optimise their HR policies and implement numerous ways to enhance SS and guarantee employee well-being. Policies that lessen the stress between work and life, such as flexible

working hours, special leave for family matters, and assisting employees in providing assistance to their children or ageing parents. This study's cross-sectional design is one of its drawbacks because it is difficult to identify how the factors interact over time. In this instance, longitudinal research should be used to further studies in order to gain a larger perspective.

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