
STUDY ON RELATIONSHIP AMONG REWARD, WORK PRODUCTIVITY AND EMPLOYEES' PERFORMANCE

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Abstract

Satisfactory reward is a continuing concern for organizational leaders, especially for the health industry. Appropriately rewarded employees will result in a higher labor productivity. Employee reward is the most important human resource productivity enhancer, given that the importance of human resources in the organization's resource palette, the human resource being the one that ensures the organization's operation at its maximum capabilities and high performance, regardless of the economic sector in which they operate (public, private or non-governmental). The purpose of our research is to analyze and evaluate the reward policies of employees and their effects on the productivity and performance of employees within a hospital unit belonging to the emergency medical system. In order to achieve this goal we conduct a research at the County Emergency Hospital Slatina (Romania), carrying out a statistical analysis of employees' perceptions regarding the impact of policy compensation on labor productivity and individual performance. The results of the research we have transposed into a tool which we have called pyramid of influences of the reward policies on labor productivity and employee performance.

Keywords

Reward policy, productivity, employee performance, motivation.

JEL Classification

J33, O15

Introduction

The efficiency and effectiveness of organizations depends not only on non-human factors (technological and non-technological) but also on labor efficiency. Employees are responsible and involved in all the activities of an organization, therefore their effective use and control must be the primary objective of the organization.

There are many challenges facing the health sector today, such as resources scarcity systemic deficiencies, the high cost of human resources, sanitary materials and drugs, labor productivity playing a crucial role, which can be improved by some proactive measures. Labor productivity occupies an important place in any organization, as employees are involved from the beginning to the end of any activity. If labor productivity is higher, it ultimately increases the overall performance of the organization. Labor productivity can be improved by an appropriate reward system that motivates employees and gives them

opportunities for growth and development. Constantinescu et al. (2008) state that labor productivity is useful to increase the overall productivity of any organization, as long as each employee provides maximum effort as a result of effective motivation. Motivation through its core element, reward, is an essential vector in the organization's work, which if not properly managed can affect the organization's productivity.

Over time, it has been remarked that there is a significant relationship between reward and work productivity and, implicitly, the performance of employees and organizations. For example, Mayson and Barret (2006) found that organization's capacity to attract, motivate and retain workers by providing competitive salaries has direct positive effects on organizational performance and growth. Also in areas where employees work directly with customers, and especially in sales, Noe et al. (2016) have found that the reward system has significant effects on individual performance and organizational effectiveness. Therefore, in a competitive business environment, many organizations are trying to identify innovative reward strategies that are directly related to increasing work productivity and improving organizational performance (Barbu et al., 2010).

According to Nebeker et al. (2001), organizations' performance is a result of employee satisfaction. Performance-based reward is the reward system that best relates reward policies to work productivity and employee performance (Collins and Clark, 2003). And other differentiated reward systems (reward based on competencies, contribution-based reward) can have positive influences on employee productivity and employee performance if its properly set up (Rue et al., 2015).

Noe et al. (2016) recognized performance-based rewards as the most powerful predictor of company performance. Both performance-based reward and merit-based promotion can be considered as key ingredients in organizational reward systems that encourage performance and employee retention. Although performance-based reward can motivate employees, occasionally workers perceive it as a mechanism for controlling individual and collective behavior. In such a case, workers become less loyal and engaged, so reward plans have an opposite effect than desired (Mathis et al., 2016). The rate of employee turnover can significantly slow down revenue growth, especially in knowledge-based industries (Dessler, 2016).

The overall objective of our paper was to assess the impact of reward on the work productivity and individual performance in the perception of the hospital employees from the County Emergency Hospital Slatina. In the first section of the paper we made an introduction to the research issue. The second section presents the methodology of the research and makes an exposition of the hypothesis resulting from the study of the specialized literature. The third section presents the results of empirical research on a sample of employees about their perceptions as well as interpretations of these results. The fourth section proposes a tool for analyzing employees' perceptions concerning the impact of reward policy on labor productivity and individual performance. The conclusions summarize the findings from the evaluation of the employees' perceptions from the County Emergency Hospital Slatina.

Research methodology

In order to achieve the objective of the paper, we conducted an empirical study at a public hospital in Romania: County Emergency Hospital Slatina (CEHS). For this purpose, we selected a sample of 70 employees from all levels of the medical services within the staff of the CEHS. For sampling, we used the proportionate stratified sampling method to identify respondents to the questionnaires, respecting the criteria of proportionality with the human resources structure of the hospital by age, sex and type of employment. The data were analyzed using the SPSS data analysis software.

Starting from the literature study, on the basis of our own observations and the deductive and inductive analysis we formulated the following hypothesis regarding the impact of the reward policies on the productivity and employees' performance that will be the object of the researches carried out at the CEHS: In the perception of the employees of CEHS, reward policy have a significant and direct impact on employee productivity and performance. The hypothesis will be investigated for validation or invalidation, by studying the reliability of research items, frequency analysis and the study of correlations between research items. In order to determine the effective impact of reward on productivity and employees' performance from CEHS, we have defined, besides variables related to the impact of reward on labor productivity and performance, a variable describing employees' perceptions on reward policy within the hospital.

Results and discussions

The hypothesis concerning the impact of reward policy on work productivity and employees' performance implied the analysis of ten individual variables (iirpp21.01-iirpp12.10). For each item constituting an individual variable there were defined five levels that had attached values: total agreement (5), partial agreement (4), neutral (3), partial disagreement (2), total disagreement (1). In table no.1 we presented the variables surveyed, the aggregate index of the 10 variables and the average of the values assigned to the answers.

Table no. 1 Research variables and average values assigned to responses

Variable	The impact of an adequate reward policy on individual productivity and employee performance	The average of the values assigned to the answers
irapp12.1	Motivates employees to work better.	4.51
irapp12.2	Improves punctuality and reduces employee absenteeism.	4.46
irapp12.3	Improves employees' desire to make additional guards.	4.21
irapp12.4	It increases the employees' commitment to the organization.	4.50
irapp12.5	Increases employees' willingness to grow.	4.59
irapp12.6	Creates a healthy work environment and improves health.	4.27
irapp12.7	Creates a very good working relationship between management and employees.	4.46
irapp12.8	Makes the employees feel appreciated and give everything they can.	4.46
irapp12.9	Attracts and motivates qualified staff to work better.	4.37
irapp12.10	Rewards the employees involved to organisation efforts.	4.36
IAIRAPP	The aggregate impact of an adequate reward policy on individual productivity and employee performance	4.42

Source: Developed by the authors

Before undertaking an analysis of respondents' perceptions concerning the impact of reward policy on employee productivity and performance, we conducted a test on the reliability of the information to check how items related to the impact of reward policy on labor productivity and employee performance capture the phenomena investigated. In order to test reliability, we performed a computing a Guttman's Lambda (λ) Test. Among the lambda values, the λ_2 and λ_3 (Alpha Cronbach coefficient) values are the most used in performing statistical reliability tests. Both values recorded by Gutmann coefficients (Alpha Cronbach -

0.936, respectively $\lambda^2 = 0.939$) show excellent reliability to the variables of the questionnaire, allowing the recording of relevant and replicable results.

We then analyzed the frequencies of the ten individual variables (irpp12.01-irpp12.10). The irpp12.01-irpp12.10 individual variables express employees' perceptions of how performance is influenced by a well-designed, well-managed and implemented reward policy with positive effects on individual productivity and organizational performance. Table no. 2 shows the percentages that characterize the frequencies recorded by the ten individual variables.

Table no. 2 Frequencies recorded by the ten individual variables (percentages)

Variable	Total disagreement	Partial disagreement	Neutral	Partial agreement	Total agreement
irpp12.1	5.7	1.4	7.1	7.1	78.6
irpp12.2	4.3	4.3	7.1	10.0	74.3
irpp12.3	5.7	4.3	12.9	17.1	60.0
irpp12.4	1.4	2.9	11.4	12.9	71.4
irpp12.5	0.0	4.3	7.1	14.3	74.3
irpp12.6	4.3	0.0	17.1	21.4	57.1
irpp12.7	2.9	1.4	10.0	18.6	67.1
irpp12.8	2.9	5.7	5.7	14.3	71.4
irpp12.9	2.9	5.7	12.9	8.6	70.0
irpp12.10	2.9	4.3	14.3	11.4	67.1

Source: Developed by the authors

Analyzing employees' perceptions of how an effective reward policy motivates employees to work better (individual variable irpp12.1), it can be seen that 78.6% of the surveyed employees are totally agree, and 7.1% of the surveyed employees are partial agree with the motivational effects of reward policy. A small percentage (7.1% of the interviewed employees) said that the rewarding policy had no effect on the motivation of the CEHS employees, 7.1% of the respondents being declared neutral.

Researching employees' perceptions of how an effective rewarding policy improves staff punctuality and reduces absenteeism (the individual variable irpp12.1), we found that 84.3% of respondents believe that effective reward policy leads to reduced absenteeism and punctuality, while 8.6% of respondents said they were skeptical about this.

Studying employees' perceptions of how an effective rewarding policy improves staff punctuality and reduces absenteeism (the individual variable irpp12.1), we found that 84.3% of respondents believe that effective reward policy leads to reduced absenteeism and punctuality, while 8.6% of respondents said they were skeptical about this matters.

Analyzing employees' perceptions of how an effective reward policy improves employees' willingness to make additional guards (individual variable irpp12.3), it can be seen that more than half of respondents (60%) consider that the reward system determines an increase in employees' desire to make additional guards. A total of 12.9% of respondents said they were neutral about this question and only 10% of respondents said they would not be encouraged by rewards to make additional guards.

Analyzing employees' perceptions of how an effective reward policy increases employee engagement with the organization (the individual variable irpp12.4) indicates values similar to the first two variables illustrating the impact of reward policies on employee productivity and performance. A total of 84.3% of the total respondents believe that effective reward policy leads to increased employee engagement with the organization, while only 4.4% of

respondents have been skeptical about this issue. It can be seen the rather large number of respondents who declare themselves neutral compared to the first two variables.

By looking at employees' perceptions of how an effective reward policy increases staff availability to learn new skills and implement these skills at work (the individual variable iirpp12.5), it can be seen that 88.6% of respondents consider that an effective reward policy increases employee availability to develop themselves. Only 4.3% of respondents said they would not be encouraged by rewards to learn new skills to put them into practice at work, and 7.1% of all respondents declared themselves neutral.

Analyzing employees' perceptions of how an effective reward policy creates a healthy work environment and improves employee health (the individual variable iirpp12.6), 57.1% of the surveyed employees are totally agree, 21.4% of the surveyed employees are partial agree with the effects of the reward policy on health. A very small percentage (4.3% of the interviewed employees) stated that the rewarding policy had no effect on the health of the employees of the Emergency County Hospital of Slatina, 17.1% of the respondents being declared neutral.

Studying employee perceptions of how an effective reward policy creates a very good working relationship between management and employees in order to increase performance (the individual variable iirpp12.7) it can be seen that 85.7% of respondents believe that the reward system creates a very good working relationship between management and employees in order to increase performance. A percentage of 10% of respondents said they were neutral on this question and only 4.3% of respondents said reward policies had no effect on the working relationship between management and employees.

By looking at employees' perceptions of how an effective reward policy makes employees feel appreciated (the iirpp12.8 individual variable), we found a distribution relatively similar to the previous variable (the iirpp12.7 individual variable). The same number of respondents (60 out of 70) believes that an effective rewarding policy makes employees feel valued and do everything they can. Similar to the previous variable, 10 respondents declared themselves neutral or disagree with this statement. The difference comes from the distribution of the 10 respondents, only four declaring to be neutral, the remaining six being skeptical about the reward effects on the appreciation of the employees.

Analyzing employees' perceptions of how an effective reward policy attracts qualified staff (the iirpp12.9 individual variable), 78.6% of respondents believe that an effective reward policy attracts qualified staff. Only 8.6% of respondents said the rewarding policy had no effect on attracting qualified staff, and 12.9% of respondents said they were neutral about this question.

Analyzing employees' perceptions of how an effective rewarding policy rewards employees to encourage high efforts and performance (the iirpp12.10 individual variable), 78.6% of respondents believe that an effective reward policy encourage involved employees to make great efforts and obtain high performance. Only 6.2% of respondents are totally or partially disagreed with this statement, and 14.3% of all respondents declared themselves neutral.

Following the hypothesis research, we can say that this hypothesis is validated. In the perception of CEHS employees, reward policies have a significant and direct impact on employee productivity and performance. These research results are in line with the findings of Dessler (2016), Mathis et al. (2016) and Noe et al. (2016).

Tool for analyzing employee perceptions - pyramid of influences

An analysis of the correlations among the individual variables concerning the impact of reward policy on labor productivity and employees' performance and the variable concerning reward revealed that among issues which impact the work productivity and employees' performance, motivation and desire to make guards are strongly correlated with variable concerning reward. Average correlations are found among variable concerning

reward and improving punctuality, reducing absenteeism, ensuring a healthy work environment, improving employee health, attracting qualified staff (table no. 3). All of these aspects are influenced by reward policies, contributing to increased employee productivity and performance.

Table no 3. Correlations among the variables concerning the reward and the impact of reward on labor productivity and performance

		iirpp 12.1	iirpp 12.2	iirpp 12.3	iirpp 12.4	iirpp 12.5	iirpp 12.6	iirpp 12.7	iirpp 12.8	iirpp 12.9	iirpp 12.10	IR
iirpp 12.1	Pearson Correlation	1	.486**	.501**	.614**	.478**	.802**	.743**	.589**	.667**	.641**	.405**
	Sig, (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
iirpp 12.2	Pearson Correlation	.486**	1	.466**	.672**	.765**	.572**	.515**	.548**	.502**	.522**	.252*
	Sig, (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000	.036
iirpp 12.3	Pearson Correlation	.501**	.466**	1	.600**	.338**	.451**	.524**	.467**	.388**	.516**	.307**
	Sig, (2-tailed)	.000	.000		.000	.004	.000	.000	.000	.001	.000	.010
iirpp 12.4	Pearson Correlation	.614**	.672**	.600**	1	.718**	.499**	.539**	.477**	.480**	.455**	.300*
	Sig, (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000	.012
iirpp 12.5	Pearson Correlation	.478**	.765**	.338**	.718**	1	.432**	.519**	.509**	.506**	.428**	.232
	Sig, (2-tailed)	.000	.000	.004	.000		.000	.000	.000	.000	.000	.053
iirpp 12.6	Pearson Correlation	.802**	.572**	.451**	.499**	.432**	1	.837**	.724**	.756**	.754**	.282*
	Sig, (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000	.018
iirpp 12.7	Pearson Correlation	.743**	.515**	.524**	.539**	.519**	.837**	1	.900**	.761**	.759**	.233
	Sig, (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000	.000	.052
iirpp 12.8	Pearson Correlation	.589**	.548**	.467**	.477**	.509**	.724**	.900**	1	.786**	.800**	.206
	Sig, (2-tailed)	.000	.000	.000	.000	.000	.000	.000		.000	.000	.087
iirpp 12.9	Pearson Correlation	.667**	.502**	.388**	.480**	.506**	.756**	.761**	.786**	1	.932**	.281*
	Sig, (2-tailed)	.000	.000	.001	.000	.000	.000	.000	.000		.000	.019
iirpp 12.10	Pearson Correlation	.641**	.522**	.516**	.455**	.428**	.754**	.759**	.800**	.932**	1	.190
	Sig, (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000		.115
IR	Pearson Correlation	.405**	.252*	.307**	.300*	.232	.282*	.233	.206	.281*	.190	1
	Sig, (2-tailed)	.000	.036	.010	.012	.053	.018	.052	.087	.019	.115	

** . The correlation is significant. * . The correlation is average.

Source: Developed by the authors

Starting from the results of the researches carried out at the CEHS, in fig. no. 1 we built the pyramid of the influences of the reward policies on the issues that impact employees' labor productivity and the performance in the perception of the hospital employees.

A well-designed and managed reward policy and its implementation have a positive effect on individual productivity and organizational performance, influencing performance by increasing employees' motivation (which makes them work harder) and paying adequate overtime (which stimulates existing employees to fill the human resources shortage in public hospitals).

In line with the results of previous research (Rue et al., 2015, Mathis et al., 2016, Noe et al. 2016, Barbu et al., 2019), we have come to the conclusion that an effective reward policy leads to an increased attachment of current employees to the organization, attracting talented employees to the organization, improving the working environment, health, punctuality and reducing absenteeism, which positively influences employee productivity and performance.

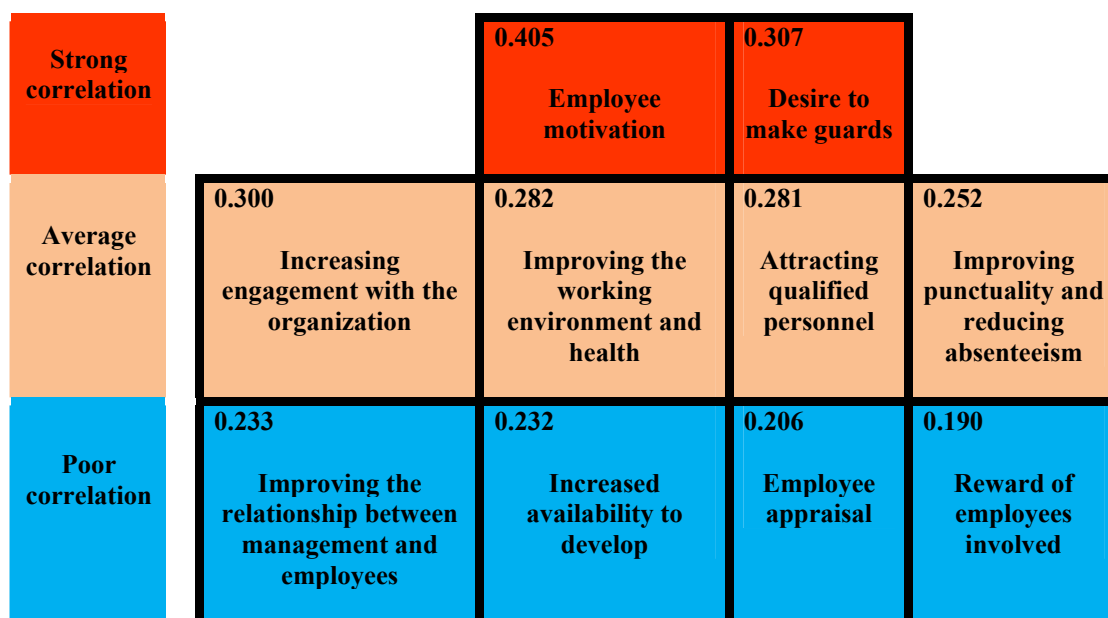


Fig. no 1. The pyramid of the influences of the reward policies on labor productivity and employee performance

Source: Developed by the authors

Conclusions

Individual and collective reward of employees are the central drivers of activity in any type of organization. Proper employee reward, which requires significant financial and material resources from healthcare organizations, continues to be a major concern for hospital managers in Romania. The general problem of the Romanian medical system is that the inadequate motivation of the employees at the level of the hospital institutions in Romania has a negative effect on the productivity or efficiency of the organization. Hospital managers do not have strategies to reward employees to improve their performance, which adds to relatively poor financial resources in influencing the productivity or efficiency of the organization.

The hypothesis regarding the impact of reward on labor productivity and performance implied the analysis of ten individual variables. Following the hypothesis research, we can conclude that this hypothesis is validated. In the perception of employees of County Emergency Hospital Slatina, reward policies have a significant and direct impact on employee productivity and performance. Based on the researches we have undertaken, we proposed as a modulation tool for the reward system the pyramid of the influences of reward policies on the issues that impact the work productivity and the employees' performance.

Reward policy occupies an important place in the overall strategy and policies of their organizations. Organizations that do not adequately manage this human resource management activity will have poor organizational performance due to the low performance of employees and the impact that defective reward policies can have on labor productivity. The reward system should be innovative and should be based on the socio-psychological needs of employees in order to increase the level of motivation of employees. Management

must identify the most effective organizational practices that help increase work productivity to improving in this way the performance of the organization.

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