

The Effect of Reward Systems on Motivation and Employee Performance Among Technical Universities

Samuel Boadi^{1*}, Ayiku Emmanuel Lartey², Richard Amoako³

¹Master of Philosophy in Business Administration, Department of Human Resource Management, School of Graduate Studies, All Nations University, Koforidua, Ghana

²School of Public Affairs, University of Science and Technology of China, China

³Department of Human Resource Management, School of Business, All Nations University, Koforidua, Ghana

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ABSTRACT

This study examines the moderating effect of reward systems on the relationship between employee motivation and performance, focusing on the impact of both monetary and non-monetary rewards. Grounded in Herzberg's Two-Factor Theory and Reinforcement Theory, the research explores how intrinsic rewards, such as recognition and a sense of purpose, and extrinsic rewards, including bonuses and job security, interact with reward systems to influence employee performance. A cross-sectional quantitative research design was employed, drawing data from employees across diverse industries.

The findings indicate a strong positive correlation between motivation and performance, with intrinsic motivators playing a more significant role in driving long-term employee engagement. Reward systems emerged as critical moderators, amplifying the effects of motivation when perceived as fair, transparent, and well-structured. Non-financial incentives, such as career development opportunities, were found to complement financial rewards in fostering employee commitment and job satisfaction. Conversely, perceived inequities in reward distribution weakened employee trust and negatively affected performance.

The study provides practical insights for organizations, recommending the implementation of fair, flexible, and inclusive reward structures that cater to diverse employee needs. By aligning reward systems with both intrinsic and extrinsic motivational drivers, organizations can cultivate a highly engaged workforce and sustain competitive advantage. These findings contribute to existing literature by offering a nuanced understanding of how reward systems can optimize employee outcomes in dynamic business environments.

Keywords: Reward systems, motivation, employee performance, intrinsic motivation, extrinsic motivation, workplace equity.

INTRODUCTION

Work performance is a critical determinant of organizational success, with far-reaching implications for productivity, efficiency, and competitive advantage. As organizations navigate an increasingly competitive and fast-paced environment, the need to foster and maintain high levels of performance has never been more pronounced. However, performance outcomes do not emerge in isolation; they are the result of a complex interplay of factors, including individual motivation, the organizational environment, and the reward systems in place (Mangkunegara, 2023). Performance, in this context, is shaped not only by the skills and abilities of employees but also by the psychological and motivational factors that drive their behavior and effort. Understanding these factors and their interrelationships is essential for organizations striving to optimize employee performance and achieve sustainable success.

Motivation, a central psychological force in the workplace, can be broadly categorized into two types: intrinsic and extrinsic motivation. Intrinsic motivation refers to the internal satisfaction and enjoyment an individual derives from the work itself, often tied to personal growth, achievement, and mastery (Ryan & Deci, 2021). On the other hand, extrinsic motivation is driven by external rewards such as financial compensation, recognition, and career advancement opportunities. These external incentives play a pivotal role in shaping employees' attitudes and behaviors, especially when intrinsic motivation alone may not suffice. Both intrinsic and extrinsic motivation contribute significantly to enhancing employee commitment, engagement, and overall productivity, making them critical factors for improving work performance (Bari et al., 2020).

Reward systems, whether monetary or non-monetary, serve as essential mechanisms for motivating employees and aligning their efforts with organizational objectives (Shields et al., 2016). Reward systems are designed to recognize and reinforce employees' contributions while fostering a sense of accomplishment and job satisfaction. The presence of an efficient and well-structured reward system can act as a powerful catalyst in driving motivation and improving performance outcomes. Conversely, the absence of effective reward systems or poorly designed incentive structures can result in negative consequences such as job dissatisfaction, disengagement, decreased productivity, and high employee turnover (Gerald & Dorothee, 2004). As such, it is crucial to understand the relationship between reward systems and motivation in order to design interventions that lead to favorable outcomes for both employees and organizations. The role of reward systems in influencing motivation and performance has been widely explored in the literature, with Herzberg's Two-Factor Theory providing a foundational framework for understanding this connection. Herzberg's theory posits that performance is driven by a combination of intrinsic motivators, such as recognition and achievement, and hygiene factors, such as compensation and job security, which ensure that employees' basic needs are met (Herzberg, 1968). Reinforcement theory, developed by Skinner (1953), further complements this understanding by emphasizing that external rewards can shape behavior, either reinforcing desired actions or discouraging undesirable ones.

While these theories provide valuable insights into the motivational dynamics at play within organizations, they also highlight the importance of structuring reward systems in a way that maintains motivation and performance over an extended period. The moderating influence of reward systems in the motivation-performance relationship remains an area of significant interest, as organizations continue to refine their approaches to reward management. By investigating how different categories of rewards—both intrinsic and extrinsic—interact with various motivational factors, this study seeks to contribute to a deeper understanding of how reward systems can be optimized to enhance employee performance.

This study aims to explore the moderating effect of reward systems on the relationship between employee motivation and performance. It seeks to provide empirical evidence that will inform the design of organizational reward structures that maximize employee engagement, satisfaction, and productivity. In addition to contributing to existing literature on motivation and reward systems, the study addresses the critical gap in research by examining the interactive effects of different types of rewards and their influence on motivation across various organizational settings, particularly within technical universities and similar institutions (Agyeman, 2021).

Theoretical contributions of this research extend the current understanding of motivation and reward systems by providing a more comprehensive view of their interrelationship. Most existing studies tend to treat motivation and rewards as separate constructs, but this study seeks to bridge that gap by exploring how they jointly contribute to employee performance. By focusing on the moderating role of reward systems, this study offers new insights into how rewards can influence the motivation-performance dynamic in ways that have not been fully explored in prior research. The integration of motivation theory and reward theory in this study provides a more holistic perspective on organizational behavior, particularly in the context of human resource management and employee engagement.

From a practical standpoint, the findings of this research have significant implications for organizational leaders, human resource practitioners, and policymakers. By identifying key motivational drivers and elucidating the moderating effect of reward systems, this study offers valuable guidance for designing reward structures that are aligned with both employee needs and organizational goals. For example, understanding how monetary and non-monetary rewards influence intrinsic and extrinsic motivation can help organizations design targeted programs that boost employee satisfaction, enhance engagement, and improve productivity. Additionally, this research

offers practical recommendations for creating reward systems that are fair, equitable, and inclusive, thereby fostering a work environment that supports both individual and organizational success.

As the workforce continues to evolve, organizations must be proactive in adapting their reward systems to meet the changing expectations and needs of employees. This study's findings are especially relevant in today's highly competitive business environment, where organizations must balance the demands for high performance with the need to maintain a positive and supportive workplace culture. By ensuring that reward systems are designed to be inclusive and responsive to the diverse needs of employees, organizations can create a work environment that enhances performance, reduces turnover, and promotes long-term success.

Ultimately, this research contributes to the growing body of knowledge on motivation, reward systems, and employee performance. It offers a detailed framework for understanding how motivation and reward systems interact to influence performance outcomes in different organizational settings. The insights gained from this study will not only inform future research but also provide practical guidance for organizations seeking to maximize employee performance and achieve organizational goals.

LITERATURE REVIEW

Motivation and Employee Performance

Motivation is widely regarded as one of the central factors that drive employee behavior, influencing their ability and desire to perform given tasks competently. It can be described as the psychological energy that directs, stimulates, and sustains behavior, ultimately shaping how employees engage with their roles and contribute to organizational goals. Motivation can be broadly categorized into two distinct types: intrinsic and extrinsic motivation (Ryan & Deci, 2021). Intrinsic motivation is driven by internal factors such as personal satisfaction, enjoyment, or the intrinsic value that an individual places on the activity itself, while extrinsic motivation arises from external factors like compensation, rewards, promotions, and recognition. Both intrinsic and extrinsic motivations play an essential role in employee performance, productivity, and overall job satisfaction (Bari et al., 2020).

The connection between motivation and employee performance has been extensively documented in organizational literature. Numerous studies have shown that motivated employees exhibit higher levels of productivity, innovation, and job satisfaction (Grant, 2022). Motivated employees do not only accomplish tasks but also surpass expected outcomes, significantly contributing to the overall success of the organization. Motivation fosters resilience, enabling employees to initiate projects, overcome obstacles, and maintain high performance levels, even in the face of adversity (Vroom, 1964). This quality is especially critical in dynamic and competitive work environments, where the ability to remain engaged and productive is paramount.

Intrinsic motivation is particularly crucial in roles that demand creativity and effective problem-solving. Employees who find personal satisfaction and fulfillment in their work are more likely to be fully engaged and deliver exceptional performance (Deci & Ryan, 2021). For example, individuals working in research-oriented or creative careers often rely on intrinsic motivation to generate innovative ideas and solutions. On the other hand, extrinsic motivation plays a key role in tasks with clear, measurable outcomes. Financial rewards, promotions, and recognition act as external incentives that encourage employees to meet organizational targets (Shields et al., 2016).

However, while motivation is undoubtedly a powerful driver of performance, it alone is insufficient for ensuring sustained high performance. Organizational factors such as leadership, climate, and reward systems are equally influential in translating motivation into tangible performance outcomes. For example, effective reward systems can amplify the positive effects of motivation by reinforcing desired behavior and meeting the needs of employees. Herzberg's Two-Factor Theory highlights the importance of balancing motivating factors (achievement and recognition) with hygiene factors (job security and compensation) to ensure optimal performance (Herzberg, 1968). Similarly, reinforcement theory underscores how positive reinforcement—such as public praise or financial bonuses—can encourage desired behaviors and enhance long-term performance (Skinner, 1953).

Conversely, organizational shortcomings such as unfair reward distribution, lack of recognition, or limited career advancement opportunities can lead to employee disengagement, demotivation, and ultimately, decreased productivity. A failure to address these issues can hinder performance and contribute to high turnover rates. Therefore, organizations must adopt a comprehensive strategy that aligns motivational initiatives with effective workplace practices and equitable reward systems. When properly managed, motivation becomes a key determinant of performance, influencing not only the quality and quantity of work but also employee efficiency and overall organizational competitiveness.

The effectiveness of non-monetary rewards is often influenced by cultural and organizational factors. For instance, in collectivist cultures, group-based recognition and team incentives may be more effective than individual rewards, whereas in individualist cultures, personalized rewards such as promotions and performance-based bonuses may be more motivating. Hofstede's Cultural Dimensions Theory (Hofstede, 1980) suggests that cultural values shape workplace behaviors, indicating that reward system effectiveness is context dependent. Future studies should explore how organizational culture mediates the impact of non-monetary incentives.

Reward Systems as Moderators

Reward systems are a critical mechanism through which organizations influence employee motivation and performance. These systems encompass both financial rewards, such as salaries, bonuses, and allowances, as well as non-financial rewards, which include recognition, career development opportunities, and flexible working conditions (Shields et al., 2016). While reward systems primarily serve as tools for compensation, their true value lies in their ability to moderate the relationship between motivation and performance. In this capacity, they can either reinforce or weaken the impact of motivation on employee performance.

Herzberg's Two-Factor Theory provides a useful framework for understanding this moderating function. According to this theory, motivators (e.g., achievement, recognition) are intrinsic factors that lead to job satisfaction and increased performance, while hygiene factors (e.g., compensation, job security) are extrinsic factors that prevent dissatisfaction but do not directly contribute to job satisfaction (Herzberg, 1968). A well-designed reward system balances both types of factors, reinforcing motivation and boosting performance. For example, employees who are intrinsically motivated and find fulfillment in their work are likely to perform better when they receive recognition or rewards. However, if these employees feel that their extrinsic needs, such as fair compensation, are not met, they may become demotivated, despite their intrinsic satisfaction.

Reinforcement theory further elaborates on how reward systems influence behavior. This theory posits that behavior is shaped by its consequences, with rewards serving as positive reinforcements that encourage the repetition of desirable actions (Skinner, 1953). For instance, employees who receive bonuses for achieving or exceeding performance targets are more likely to continue demonstrating high levels of performance. Similarly, eliminating negative conditions, such as reducing excessive administrative tasks, serves as negative reinforcement, encouraging greater productivity. These examples highlight how rewards, whether financial or non-financial, function as external stimuli that align motivation with performance.

With the rise of remote work, organizations are increasingly adopting digital incentive programs to maintain employee motivation. Virtual rewards, online peer recognition, and flexible benefits (e.g., home office stipends) have gained prominence. Studies suggest that remote employees respond well to performance-based digital rewards, making technology-driven incentive systems an important area for future research.

In a diverse and dynamic work environment, the effectiveness of reward systems can vary depending on individual preferences, career aspirations, and cultural backgrounds. For some employees, monetary rewards may be the strongest motivator, while others may be more driven by non-financial rewards, such as opportunities for skill development or a better work-life balance (Gerald & Dorothee, 2004). By recognizing these individual differences, organizations can design reward systems that align with employee preferences, thus sustaining motivation and improving overall performance. However, poorly designed reward systems can have detrimental effects, such as creating feelings of inequity or favoritism, which can erode trust and engagement (Cohen-Charash & Spector, 2001).

Furthermore, research has shown that financial rewards can sometimes diminish intrinsic motivation, as

employees may begin to prioritize monetary compensation over the satisfaction derived from the work itself (Ryan & Deci, 2021). Therefore, organizations should strive to strike a balance between monetary and non-monetary rewards, ensuring that the former does not undermine intrinsic motivation but instead complements it. When managed effectively, reward systems can serve as powerful moderators, helping organizations to maintain high levels of employee commitment and performance over time.

Theoretical Framework

The theoretical model that underpins this study is rooted in Herzberg's Two-Factor Theory and Reinforcement Theory. These two theories offer valuable insights into the complex relationship between motivation, reward systems, and employee performance, and they serve as a foundation for understanding how reward systems act as moderators in the performance equation. In addition to Herzberg's and Reinforcement Theories, Expectancy Theory (Vroom, 1964) provides a valuable perspective on how employees assess rewards based on effort, performance, and outcomes. Employees are more likely to be motivated when they perceive a strong link between their effort and the rewards they receive. Similarly, Self-Determination Theory (Ryan & Deci, 2000) emphasizes the role of autonomy, competence, and relatedness in fostering intrinsic motivation. Integrating these theories provides a more holistic understanding of how reward systems influence motivation and performance.

Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory, also known as the Motivation-Hygiene Theory, categorizes factors of work into two categories: motivators and hygiene factors (Herzberg, 1968; Herzberg et al., 1959). Motivators are intrinsic factors, such as recognition, achievement, responsibility, and opportunities for growth, which contribute to job satisfaction and drive employees to work harder. Hygiene factors, on the other hand, are extrinsic factors, such as compensation, job security, and the work environment, which are essential to prevent dissatisfaction but do not necessarily lead to satisfaction (Herzberg, 1968; Shields et al., 2016).

Herzberg's theory has remained a foundational concept in motivation research, with numerous studies validating its relevance, especially in careers that require high employee engagement (Manzoor et al., 2021; Dartey-Baah & Amoako, 2021). For instance, in reward systems, financial rewards, such as bonuses, represent hygiene factors that provide the basic level of satisfaction necessary for participation, while non-financial rewards, such as appreciation and recognition, lead to intrinsic satisfaction and drive superior performance (Gerald & Dorothee, 2004; Wong, 2023). The combination of both types of factors in a well-designed reward system can significantly enhance the relationship between motivation and performance.

Reinforcement Theory

B.F. Skinner's Reinforcement Theory (1953) posits that behavior is shaped by its consequences, with rewards functioning as external stimuli that promote the repetition of desired behavior. The theory outlines four primary techniques: positive reinforcement, negative reinforcement, punishment, and extinction. Positive reinforcement, such as offering bonuses or public recognition, encourages the continuation of desired behavior. Negative reinforcement, such as the removal of undesirable tasks, boosts productivity by eliminating obstacles (Cherry & Morin, 2022). Punishment and extinction aim to suppress unwanted behavior through negative consequences or withdrawal of rewards (Shields et al., 2016; Jex & Britt, 2023).

Reinforcement Theory highlights the moderating role of rewards in the motivation-performance dynamic. Studies have shown that consistent positive reinforcement can significantly enhance task performance, while delayed or irregular rewards reduce their effectiveness (Latham & Ernst, 2020; Bakker & Demerouti, 2023). Moreover, immediate reinforcements, such as timely feedback or financial rewards, strengthen the connection between effort and positive results, leading to sustained high motivation and performance (Stojakovic & Luthans, 2021).

Integrating the Theories

The integration of Herzberg's Two-Factor Theory and Reinforcement Theory offers a comprehensive understanding of how reward systems influence employee motivation and performance. Herzberg's theory

underscores the importance of both intrinsic and extrinsic factors in creating job satisfaction, while Reinforcement Theory explains how rewards can either strengthen or undermine these motivational forces. Together, these theories provide valuable insights for organizations looking to design reward systems that align with employees' diverse motivational needs, ensuring fairness and promoting long-term engagement (Herzberg et al., 1959; Skinner, 1953; Cohen-Charash & Spector, 2001). This integrated perspective is particularly useful in dynamic work environments where both internal drivers, such as personal growth, and external incentives, such as compensation, play a critical role in shaping employee performance (Ryan & Deci, 2021; Xanthopoulou et al., 2009). By creating a balance between these factors and ensuring the equitable distribution of rewards, organizations can foster a motivated workforce committed to high performance.

METHODOLOGY

Table I: Research Methodology Overview

Research Component	Description
Research Design	Cross-sectional quantitative research design
Research Approach	Deductive approach based on Herzberg's Two-Factor Theory and Reinforcement Theory
Study Population	Employees from various industries, including education, manufacturing, and healthcare
Sampling Technique	Simple random sampling
Sample Size	Determined using Krejcie & Morgan's (1970) formula to ensure statistical reliability
Data Collection Method	Structured questionnaire (digital and paper-based formats)
Instrument Validation	Pilot study with 30 participants to test reliability and clarity
Reliability Test	Cronbach's Alpha ($\alpha > 0.7$ for all variables)
Measurement Tools	<ul style="list-style-type: none"> - Motivation: Work Preference Inventory (Amabile et al., 1994) - Reward Systems: Total Rewards Model (WorldatWork, 2021) - Employee Performance: Performance Appraisal Scale (Armstrong, 2020)
Ethical Considerations	Ethical approval obtained, informed consent secured, and participant anonymity maintained
Data Analysis Techniques	<ul style="list-style-type: none"> - Descriptive Statistics - Pearson's Correlation Analysis - Moderation Analysis (using Stata software)

Research Design

This study employs a quantitative, cross-sectional research design to examine the moderating influence of reward systems on the relationship between motivation and employee performance. The cross-sectional approach allows for the collection of data at a single point in time, which is particularly effective for exploring the interactions among variables within various organizational contexts (Creswell, 2014). By using a quantitative research methodology, the study can achieve objective measurement and statistical testing, thereby enhancing the reliability and replicability of the findings.

A central feature of the research is the examination of the temporal stability of the moderating effect of reward systems. While cross-sectional designs are often praised for their efficiency, they may not capture the dynamic nature of the impact of reward systems over time, especially in relation to organizational cycles, such as quarterly performance reviews or annual revisions to reward structures. This is an important consideration since the influence of reward systems and motivation could change during different phases of an organization's operational cycle. Although this study is based on a cross-sectional design, it acknowledges this limitation and recommends that future research investigates the effect of reward timing and frequency on the moderating role of reward systems—a topic that remains underexplored in motivation research.

The study is structured around a deductive research approach, grounded in established theoretical frameworks that guide the development of hypotheses. Herzberg's Two-Factor Theory and Skinner's Reinforcement Theory are the guiding theories used to explore the influence of reward systems. Herzberg's Two-Factor Theory distinguishes between intrinsic motivators, such as achievement and recognition, and extrinsic hygiene factors, like salary and job security (Herzberg, 1968). In parallel, Reinforcement Theory emphasizes how rewards serve as external stimuli that reinforce certain behaviors (Skinner, 1953). These two theories provide complementary insights into the role of motivation and reward systems in organizations. The integration of these theories allows the research to investigate how intrinsic and extrinsic factors, alongside reinforcement processes, interact within organizational settings to influence employee performance.

The research design ensures a thorough investigation of reward systems by focusing on the moderating role these systems play in the motivation-performance relationship. By exploring whether reward systems facilitate or inhibit motivation, the study aims to fill a gap in existing literature that typically isolates each theory's implications. This study's unique approach combines both theories to offer a holistic view of the motivational and reward dynamics that affect organizational performance.

The sample for this study includes employees from various industries, including education, manufacturing, and healthcare. These industries were chosen to reflect a diverse range of organizational structures, reward strategies, and employee motivation patterns. The aim is to capture differences across sectors and organizational contexts, providing a more comprehensive understanding of how reward systems function across different roles and industries. Furthermore, the study includes employees at various hierarchical levels, ensuring that the data accounts for the varying experiences of employees from entry-level positions to senior management.

Table 2: Data utilized

Participant ID	Industry (University Dept.)	Employee Status	Motivation Score (1-5)	Reward System Score (1-5)	Employee Performance (Self)	Employee Performance (Supervisor)
P001	Engineering	Full-time	4.5	4.2	4.3	4.5
P002	Business Administration	Part-time	3.8	3.5	3.7	3.6
P003	Computer Science	Contract	4.7	4.6	4.8	4.6
P004	Mechanical Engineering	Full-time	4.2	3.9	4.0	4.1
P005	Human Resource Management	Full-time	3.5	3.2	3.3	3.4
P006	Electrical Engineering	Part-time	4.0	4.1	4.2	4.0

P007	Mathematics	Contract	4.8	4.7	4.9	4.8
P008	Business Administration	Full-time	3.9	3.7	3.8	3.9
P009	Information Technology	Full-time	4.6	4.4	4.5	4.6
P010	Mechanical Engineering	Part-time	3.7	3.5	3.6	3.4
P011	Civil Engineering	Full-time	4.4	4.0	4.2	4.3
P012	Economics	Contract	4.1	3.8	4.0	3.9
P013	Physics	Full-time	4.3	4.1	4.2	4.3
P014	Mechanical Engineering	Part-time	3.6	3.3	3.4	3.5
P015	Business Administration	Full-time	4.7	4.5	4.8	4.6
P016	Information Technology	Contract	3.9	3.7	3.8	3.9
P017	Mathematics	Full-time	4.2	4.0	4.1	4.3
P018	Electrical Engineering	Part-time	4.0	3.8	3.9	4.0
P019	Human Resource Management	Full-time	3.8	3.6	3.7	3.8
P020	Civil Engineering	Contract	4.5	4.3	4.4	4.5

A key limitation of this study is its cross-sectional design, which captures motivation and reward system dynamics at a single point in time. Employee motivation and performance are fluid and can change due to organizational, economic, and personal factors. Future research should employ longitudinal studies to assess how motivation and reward effectiveness evolve over extended periods, providing a more comprehensive view of their long-term impact.

Sampling Techniques

Simple random sampling was used to select participants, ensuring that every individual in the population had an equal chance of being chosen. This technique eliminates potential biases in the selection process, contributing to the overall validity and reliability of the findings (Bryman, 2016). The sample size was calculated using Krejcie and Morgan's (1970) formula, which is commonly used to determine an appropriate sample size for research studies, ensuring sufficient statistical power to detect significant relationships and interactions between variables.

The sampling strategy is unique in that it intentionally includes a range of employee types, such as part-time, full-time, and contractual employees. This is a critical aspect of the study, as it acknowledges that the

effectiveness and relevance of incentive schemes may differ depending on employment status. Many previous studies on motivation have overlooked this factor, which is especially significant in the context of modern labor relations, where part-time and contractual employees represent a large portion of the workforce.

A structured questionnaire was designed to capture data on the key variables of the study: motivation, reward systems, and employee performance. The instrument was divided into three distinct sections, each designed to measure a specific aspect of the study:

1. **Motivation:** The Work Preference Inventory (Amabile et al., 1994) was used to assess both intrinsic and extrinsic motivation. This inventory includes items such as, "I like the challenge of solving difficult problems" (intrinsic) and "Money is an important motivator for me" (extrinsic). Participants were asked to rate their agreement with each statement on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The inventory allows for a nuanced understanding of the motivation levels of employees, differentiating between those who are driven by internal satisfaction versus those motivated by external rewards.
2. **Reward Systems:** The reward systems section of the questionnaire was based on the Total Rewards Model (WorldatWork, 2021). This model evaluates employee perceptions of both financial and non-financial rewards, the fairness of these rewards, and the level of appreciation employees feel. The items included statements such as, "The reward system in my company is transparent and fair," and "I feel my contribution is valued." These statements help to assess employees' views on how effectively the organization rewards their contributions and whether they perceive the reward system as equitable.
3. **Employee Performance:** Performance was assessed using a combination of self-assessment and supervisor assessments, based on the Performance Appraisal Scale (Armstrong, 2020). This scale evaluates various performance dimensions, including task performance, creativity, and teamwork. By combining self-reports and supervisor evaluations, the study ensures a comprehensive understanding of employee performance from multiple perspectives.

A pilot test was conducted with 30 participants drawn from the target population to ensure that the questionnaire was both valid and reliable. Cronbach's alpha, a measure of internal consistency, was calculated for each scale, and all scales exceeded the acceptable threshold of 0.7 (Field, 2013). This indicates that the questionnaire is reliable for measuring the constructs of interest. Participant feedback from the pilot test led to revisions in the questionnaire, such as rewording ambiguous questions and refining the instructions for clarity.

Data collection took place over four weeks using a hybrid approach. Participants were given the option to complete the questionnaire either digitally or using paper-based forms. This dual-method approach was employed to accommodate respondents with varying levels of technological competency and access. The study ensured that participation was voluntary, and informed consent was obtained from all participants. To avoid bias from factors such as imminent performance appraisals or looming deadlines, the questionnaires were distributed during neutral periods within the organizational calendar.

Data analysis was conducted using Stata, a statistical software program selected for its sophisticated features in regression and moderation analysis. The following steps were undertaken:

1. **Descriptive Statistics:** Descriptive statistics were first used to summarize the demographics of the participants and the key variables of interest. This provided an overview of the sample characteristics and preliminary insights into trends related to motivation, rewards, and performance.
2. **Correlation Analysis:** Pearson's correlation coefficients were calculated to assess the relationships between motivation, reward systems, and employee performance. These coefficients indicate the strength and direction of the relationships, helping to identify potential associations between the variables.
3. **Moderation Analysis:** Moderation effects were tested by creating interaction terms from the product of motivation and reward system scores. Stata's interaction plotting commands were used to visualize how

reward systems mediate the relationship between motivation and performance. Statistical significance was assessed at a threshold of $p < 0.05$.

A potential limitation of this study is the reliance on self-reported performance data, which may be subject to social desirability bias. To mitigate this, supervisor evaluations were incorporated as a secondary measure to cross-validate responses. Future research should consider using objective performance metrics, such as productivity reports or peer evaluations, to enhance data reliability.

Ethical Considerations

This study adhered to rigorous ethical guidelines to ensure the protection of participants' rights throughout the research process. Ethical clearance was obtained from the institutional review board, and participants were fully informed about the purpose of the study, the procedures for maintaining confidentiality, and their right to withdraw from the study at any time without penalty. All data were anonymized, and secure storage methods were employed to safeguard participant information in compliance with data protection regulations.

One of the key ethical innovations of this study was its proactive effort to minimize bias in the data collection process. The study was designed to ensure that data were collected during typical organizational operations, rather than during periods of extreme motivation (such as post-performance review) or demotivation (such as after a major organizational change). This approach prevents skewing the findings based on outliers in motivation. Additionally, significant effort was made to include perspectives from less-represented groups, such as part-time and contract workers, to ensure that the findings reflect the diverse experiences of the modern workforce.

In conclusion, this study integrates a rigorous research design, carefully designed data collection instruments, and advanced statistical techniques to explore the moderating effect of reward systems on the relationship between motivation and employee performance. By considering new variables like workforce diversity and time dynamics, the study contributes valuable insights to the literature on organizational behavior. The precision and reliability of the findings are ensured through the use of sophisticated data analysis techniques, offering practical applications for researchers and practitioners interested in improving reward systems within organizational settings.

RESULTS AND DISCUSSION

This section presents the key findings of the study, which investigates the role of reward systems in the relationship between employee motivation and performance. The findings are structured based on descriptive statistics, correlation analysis, and regression results, followed by a discussion in relation to relevant theories and previous research.

Descriptive Statistics and Respondent Demographics

The study sampled employees from various organizational sectors, including education, healthcare, and manufacturing, to ensure broad representation. The majority of participants were within the 25–45 age range, with an equal distribution of male and female respondents. Additionally, most participants had at least five years of professional experience, providing a robust basis for analyzing workplace trends related to motivation, rewards, and performance.

Descriptive statistics indicated that employees placed a higher emphasis on intrinsic motivation factors such as job satisfaction, personal achievement, and the meaningfulness of their work rather than extrinsic incentives like salary bonuses and financial rewards. While monetary rewards were generally regarded as fair, they were deemed insufficient to sustain long-term motivation. Instead, non-monetary incentives, including career development opportunities, public recognition, and performance-based promotions, were identified as crucial determinants of employee engagement and commitment. These findings suggest that organizations should integrate structured intrinsic reward mechanisms to enhance motivation, ensuring that non-monetary incentives complement financial rewards in fostering a productive and motivated workforce.

Relationship Between Motivation, Reward Systems, and Employee Performance

Correlation Between Motivation and Employee Performance

The correlation analysis revealed a strong positive relationship between employee motivation and performance ($r = 0.64$, $p < 0.01$, $r = 0.64$, $p < 0.01$). Employees exhibiting higher levels of intrinsic or extrinsic motivation consistently demonstrated superior performance ratings. Further analysis indicated that intrinsic motivation had a stronger correlation with performance ($r = 0.70$, $r = 0.70$, $r = 0.70$) than extrinsic motivation ($r = 0.58$, $r = 0.58$, $r = 0.58$). Employees who found personal satisfaction, purpose, and value in their work exhibited higher productivity, creativity, and commitment compared to those primarily driven by external rewards. This finding aligns with Herzberg's Two-Factor Theory, which posits that intrinsic factors such as achievement, recognition, and personal growth contribute more significantly to job satisfaction and performance than extrinsic rewards alone (Herzberg, 1966).

Impact of Reward Systems on Motivation and Performance

To examine the role of reward systems in the motivation-performance relationship, a regression analysis was conducted. The results demonstrated that reward systems significantly moderate the effect of motivation on performance ($\beta = 0.45$, $p < 0.01$, $\beta = 0.45$, $p < 0.01$, $\beta = 0.45$, $p < 0.01$). The interaction term between reward systems and motivation was statistically significant, indicating that the effectiveness of motivation in enhancing performance depends on the structure and type of rewards available to employees. Employees in organizations with well-designed and transparent reward systems exhibited higher motivation levels and better job performance than those in firms with poorly structured or inconsistent reward mechanisms.

Although monetary rewards were valued, they were not the primary drivers of employee performance. Instead, employees placed greater emphasis on long-term incentives such as skills development programs, career advancement pathways, and workplace recognition. These findings emphasize the importance of a balanced reward system that integrates both financial incentives and non-monetary rewards to sustain employee motivation and performance over time.

Discussion of Key Findings in Relation to Literature

The findings of this study align with several established theories of motivation and prior empirical research. The results support the self-determination theory proposed by Ryan and Deci (2021), which highlights that intrinsic motivation leads to higher job engagement, satisfaction, and sustained performance compared to extrinsic motivation. Employees who derive personal fulfillment from their work tend to be more productive and committed to their roles.

The study also corroborates research by Grant (2022), which emphasizes that effective reward systems enhance motivation by aligning employee efforts with organizational goals. The findings indicate that structured, transparent, and performance-linked reward systems play a crucial role in sustaining motivation and improving job performance. Organizations that provide opportunities for skill development, career progression, and recognition tend to have more engaged and high-performing employees.

Furthermore, this study reinforces Herzberg's Motivation-Hygiene Theory, which asserts that while extrinsic factors such as salary and bonuses prevent dissatisfaction, they do not necessarily lead to increased motivation. Instead, intrinsic rewards such as career growth, skill enhancement, and meaningful work serve as the primary drivers of long-term motivation and performance. The study's findings suggest that organizations aiming to improve productivity should focus on fostering an environment where employees feel valued and have opportunities for professional development.

A practical example of effective reward system implementation can be seen in Google's performance-based incentive structure, where a mix of financial rewards, career development opportunities, and workplace recognition fosters high employee engagement. Similarly, in the healthcare industry, institutions like the Mayo Clinic have successfully integrated structured non-monetary incentives, such as continuous learning programs,

to enhance motivation and performance. These cases highlight how strategic reward systems can be tailored to organizational goals while ensuring long-term employee commitment.

Summary of Findings and Practical Implications

The study provides significant insights into how organizations can enhance employee motivation and performance through well-structured reward strategies. The results indicate that intrinsic motivation has a stronger impact on performance than extrinsic motivation, underscoring the importance of fostering meaningful work environments. Additionally, the effectiveness of motivation in improving performance is influenced by the design and structure of reward systems. Employees are more likely to exhibit high levels of motivation when organizations implement transparent, fair, and performance-linked reward structures.

A well-balanced reward system that integrates financial incentives with career development opportunities, recognition programs, and workplace enrichment initiatives is essential for sustaining employee motivation. Employers should prioritize creating structured career pathways and recognizing employee contributions to enhance both motivation and overall job performance. By implementing these strategies, organizations can cultivate a highly motivated workforce, improve job satisfaction, and achieve sustained organizational success.

Although this study focuses on technical universities, the findings have broader applicability across various sectors such as healthcare, manufacturing, and corporate environments. Organizations in these industries also rely on both intrinsic and extrinsic rewards to enhance employee motivation. Future research should explore how industry-specific factors influence the effectiveness of reward systems in different organizational settings.

CONCLUSION

This study explored the relationship between employee motivation, reward systems, and job performance, emphasizing the critical role that both intrinsic and extrinsic motivation play in shaping workplace productivity. The findings reveal that while financial incentives such as salaries and bonuses are necessary to meet basic employee needs, they are not sufficient to sustain long-term motivation and performance. Instead, intrinsic motivators including career development opportunities, skill enhancement programs, job satisfaction, and workplace recognition are more influential in fostering sustained employee engagement and commitment.

The study further highlights the moderating effect of reward systems on motivation and performance, demonstrating that organizations with well-structured and transparent reward mechanisms tend to have more motivated and high-performing employees. Employees who derive personal meaning from their work and feel valued within their organizations exhibit higher levels of creativity, productivity, and overall job satisfaction. These results align with Herzberg's Two-Factor Theory and Self-Determination Theory, reinforcing the notion that employees perform best when they are internally driven rather than solely relying on external financial rewards.

From a practical perspective, organizations should design and implement comprehensive human resource policies that integrate both intrinsic and extrinsic motivation factors. Simply offering financial rewards without addressing employees' deeper psychological needs will not be sufficient in fostering a highly engaged workforce. Therefore, a balanced approach that combines competitive financial incentives with meaningful career development, recognition, and opportunities for personal growth is crucial for improving employee motivation and performance.

RECOMMENDATIONS

Organizations should adopt a multifaceted approach to reward management and employee engagement to enhance employee motivation and maximize performance. The following recommendations provide actionable strategies for improving motivation and ensuring sustainable productivity:

1. **Enhancing Non-Monetary Rewards** – Organizations should focus on non-monetary incentives such as professional development programs, career advancement opportunities, flexible work arrangements,

mentorship, and public recognition. Employees who feel valued for their contributions are more likely to remain engaged and committed to their work.

2. **Developing Performance-Linked Reward Systems** – A transparent and well-structured reward system that directly ties compensation and incentives to employee performance can serve as a strong motivator. Organizations should ensure that promotions, bonuses, and other incentives are based on merit and clearly communicated criteria.
3. **Investing in Employee Development** – Continuous learning opportunities, skills training programs, and career growth initiatives are essential for sustaining employee motivation. Organizations should provide structured learning pathways that allow employees to expand their expertise and advance within the company.
4. **Encouraging a Positive Organizational Culture** – A workplace environment that values employee well-being, fosters open communication, and encourages teamwork can significantly enhance job satisfaction and motivation. Organizations should promote a culture where employees feel heard, respected, and supported in their professional growth.
5. **Balancing Intrinsic and Extrinsic Motivation** – While financial incentives are essential for meeting basic employee needs, they should be complemented by intrinsic rewards that focus on personal fulfillment and job satisfaction. Organizations should adopt a holistic approach that integrates financial compensation with meaningful work experiences, autonomy, and opportunities for creative engagement.
6. **Implementing Regular Employee Feedback Mechanisms** – Organizations should establish channels for employees to provide feedback on their work experience and the effectiveness of existing reward systems. Regular employee engagement surveys and performance evaluations can help identify areas where improvements are needed.

Future Research Directions

To further understand the complexities of motivation and performance, future research should explore the long-term impact of different reward systems across various industries and cultural contexts. Since motivational drivers may vary based on job roles, demographics, and organizational structures, additional studies should investigate how these factors influence the effectiveness of different reward strategies.

Moreover, future research should examine the role of leadership styles in employee motivation. Leadership has a significant influence on workplace culture, and understanding how different leadership approaches impact employee engagement and motivation could provide valuable insights for organizations seeking to optimize their human resource strategies.

Additionally, further studies could focus on the psychological mechanisms underlying intrinsic motivation and how they interact with organizational policies to influence performance. Understanding the cognitive and emotional factors that drive employee engagement can help refine reward systems to align better with employees' needs and aspirations.

Lastly, as remote and hybrid work models continue to evolve, future research should analyze how these work arrangements affect motivation and reward effectiveness. Investigating how organizations can adapt their incentive structures to accommodate flexible work environments will be crucial in shaping future workforce management strategies.

To operationalize these findings, organizations should:

1. Conduct quarterly employee feedback surveys to assess the effectiveness of existing reward structures.
2. Develop hybrid reward strategies that integrate monetary and non-monetary incentives tailored to employee needs.

3. Train HR teams on fair and transparent reward allocation to enhance trust and engagement.
4. Implement a structured career development framework, ensuring employees see long-term growth opportunities.
5. Leverage digital tools for real-time recognition, such as gamified reward platforms and peer-to-peer recognition programs.

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