



Exploring the Role of Rewards and Incentives in Enhancing Employee Morale in Malaysian Organisations

Guo TENG^{1*}, Oyyappan DURAIPANDI², Wang WENWEN³, Wang YUHAN⁴, Xing SHIYAN⁵

¹ Lincoln University College, Malaysia

* Corresponding Author Email: guo2@gmail.com - ORCID: 0000-0002-5241-0111

²Lincoln University College, Malaysia

Email: oyyappa2n@gmail.com - ORCID: 0000-0002-5247-7812

³Lincoln University College, Malaysia

Email: wang2@gmail.com - ORCID: 0000-0002-5243-2313

⁴Lincoln University College, Malaysia

Email: wan2g@gmail.com - ORCID: 0000-0002-5242-1212

⁵Lincoln University College, Malaysia

Email: xin2g@gmail.com - ORCID: 0000-0002-5242-1212

Article Info:

DOI: 10.22399/ijcesen.3723

Received : 04 November 2024

Accepted : 29 December 2024

Keywords

Rewards
Motivation
Job Satisfaction
Job Performance

Abstract:

Using concepts from self-determination theory and reinforcement theory of motivation, this study seeks to understand the relationship between employee motivation and performance on the work. Two viewpoints, intrinsic and extrinsic, are used to analyse motivation and rewards, while task and contextual performance characteristics are used to quantify work performance. Motive, incentives, and performance on the work have all been studied, and how job satisfaction mediates this relationship is another area that has received attention. Managerial and non-managerial employees from both service and manufacturing companies were surveyed using a five-point Likert scale. In order to get 422 empirical answers, a non-probability convenience sampling approach was used. Structural equation modelling was used to examine the gathered data. Reward and motivation have a favourable and substantial effect on workers' productivity on the job, according to the findings. Both intrinsic and extrinsic motivation had little effects on contextual performance, according to the dimensional analysis. Also, the results show that contentedness in one's work is a key factor in the connection between incentives, motivation, and productivity. This study's findings may help business leaders in the manufacturing and service sectors better understand the various motivating and reward strategies that work best for companies of varying sizes in order to boost employee happiness and productivity on the job. The study's overarching goal is to ascertain, for Malaysian businesses, what kind of connection exists between financial incentives, moral incentives, promotion incentives, rewards, and the efficiency of the incentive system. Determining the significance and efficacy of incentives in enhancing employee performance is the primary objective of this research.

1. Introduction

A rewarding and incentive system that motivates employees creates a more pleasant work environment. Employees are able to maintain their concentration and provide higher quality results because to these solutions. Employees often leave their jobs because they do not feel appreciated or

valued. In order to retain talented workers, motivate them to meet customer needs, make the most of limited resources, and boost productivity, incentive and recognition programs play a crucial role. Employees' intentions to remain with their current employers are positively correlated with incentive and recognition programs, according to research out of the New York-based Business Research Lab.

Employees often feel that their rewards aren't very motivating, and the reward system is often seen as one of the most demotivating parts of their company. Meanwhile, millions—if not billions—of dollars go down the drain every year in many companies' reward systems[1].

One of the biggest problems every company has today is coming up with a reward system that is both functional and meaningful. Various individuals have varied responses to incentives. Companies should poll their workers first before putting money into a reward and recognition program, according to their advice. In order to encourage workers to choose the most desirable incentive, companies should provide a wide variety of options and allow them to rank them. The study's overarching goal is to uncover the most effective means of praise and acknowledgement, as well as the elements that motivate favoured by workers at a variety of Malaysian companies. Motivating employees with a sense of purpose and using practical, ethical methods to address their needs are the hallmarks of an incentive program. Organisations use them. Since incentives may have a significant impact on employee productivity and the hunt for competent workers who can effectively accomplish the organization's goals, the incentive principle causes special worry right from the outset. These perks are important because they make the employee think about and value his work. Satisfying an individual's own desires to be appreciated for their work is, at its core, a crucial component. One method that the public sector has used to enhance its efficiency is incentives. Companies in the private sector may have distinct incentives compared to those in the public sector. Theorists have discussed the role of incentives in the public sector, highlighting characteristics like multiple tasks, principals, and missions. These characteristics imply that, although the inputs to production are the same in the private and public sectors, incentives may have different effects in public organisations due to specific features related to outputs and the structure of public sector agencies[2].

2. Background of the Study

Companies always look for more efficient plans to keep their staff members happy, motivated, and involved in the competitive corporate environment of today. One main approach consists in non-monetary techniques like recognition, professional growth, possibilities, and flexible work schedules as well as in financial ones including bonuses and pay raises. Reward of excellent behaviour and strong performance helps workers to be motivated and satisfied. Nonetheless, the link between these

incentives and employee happiness might change depending on many elements, including but not only personal preferences of the employees, the atmosphere or culture of the company, and the kind of industry the company has belonged to. Although many companies support incentive schemes, they sometimes find it difficult to ensure that these tools sufficiently satisfy the expectations of the staff and will inspire long-term work happiness. This thorough study is to investigate, in the framework of Cabatuan City, the function of incentives in raising employee happiness. The researchers of the project will investigate many incentive programs and approaches, their success, and the difficulties of regional organisations. Through an analysis of pertinent ideas and past data, this paper aims to provide insights and suggestions for companies wishing to please their staff by means of well-crafted incentive programs. In the end, this study will highlight the critical link between employee happiness and the general performance of Cabatuan City companies by stressing the need of adopting a more proactive attitude to workplace motivation. When it comes to financial intermediation and overall economic stability, the banking sector in Malaysia—and Johor in particular—is indispensable. Several commercial banks are located in Johor, one of the most important economic centres in Malaysia, which helps to sustain the state's flourishing commercial and industrial sectors. The fast digital transition, regulatory hurdles, and changing consumer needs have created a competitive climate in which these banks operate. A flexible and content workforce is essential in the banking industry because to the radical shift in customer service brought about by the introduction of new technology like online banking platforms and AI-powered customer support. Furthermore, leadership, organisational culture, and awards must be customised to match the expectations and increase satisfaction of Malaysia's multicultural workforce, which reflects the country's unique demographic makeup. In the face of both domestic and international economic challenges, it is imperative that commercial banks in Johor, Malaysia, prioritise employee happiness as a key to long-term success in order to effectively manage these dynamics[3].

Employee happiness is impacted by leadership, remuneration, organisational culture, and flexible working arrangements (FWAs). These elements shape workplace experiences in different ways, but they are all interconnected. Leadership, being a crucial component of every organisation, has a substantial impact on the dynamics of the workplace. Consistent research has shown that employee satisfaction levels are greater under transformational

leadership styles that emphasise shared vision, inclusion, and appreciation of individual contributions. On the other hand, transactional leadership is great at getting things done but seldom has the personal connection needed to motivate staff. New models of leadership, such as ethical and servant leadership, are gaining traction because they speak to the changing expectations of today's employees via their focus on empathy, trust, and shared values[4].

3. Purpose of the Study

Performance, engagement, and retention are all positively impacted by recognition and reward programs. Workers' motivation and output are both enhanced when they see their worth. Building a healthy workplace culture and reinforcing business values are two goals of a well-structured program. Companies often have reward systems in place, which may be monetary or non-monetary, to encourage workers to go above and beyond in their work. Employees are motivated by rewards. Workers are more likely to put in extra effort when they know they will get a reward for their efforts. Employees work harder to do jobs well, get the approval of their supervisors, and ultimately earn incentives when a set reward structure is in place.

4. Literature Review

In general, incentives have been defined and implemented in several sectors with varying degrees of specificity. Organisations, particularly those in the public sector, may be motivated to enhance their performance via the use of incentives, which are external factors that have a persuasive effect. Incentive programs may motivate businesses to achieve their best results. Reason being, when a company has a good shot of receiving government incentives, it may boost its own productivity, which in turn improves its performance. Various forms of incentive have been developed and disseminated by the government to the public sector. "An available means apply with intention to influence the willingness of public sector employees to exert and maintain an effort towards attaining organisational goals" is the definition of incentives in the public sector[5]. Employees' attempts to get recognition for their work were defined explicitly in this definition. Members of the public sector will put their whole effort into completing assigned tasks in order to help the organisation reach its objectives. Incentives, according to some, are the most effective way to get people to do what they set out to do. Others, particularly in the public sector, have argued that some incentives fail to motivate workers. The reason

for this is that monetary incentives have more value than non-monetary ones. The public sector, whether as a government agency or an organisation, must be vigilant in its pursuit of employee motivation and needs. If the government takes note of it, public sector workers will have boundless energy and will be able to sustain their performance no matter what. An organization's ability to motivate its workers is a key indicator of the level of effort and energy its workers are willing to put in to accomplishing their goals. According to several studies, public sector workers may be highly motivated and encouraged to work more, perform better, and accomplish organisational objectives with the use of incentives. A variety of incentives have been developed throughout the years to encourage and motivate workers to go above and beyond in their job, as well as to increase their productivity and efficiency. Employees are being highly motivated by incentives. Theorists have discussed the role of incentives in public organisations, highlighting characteristics like multiple tasks, principals, and missions. These characteristics imply that, while private and public sectors use the same inputs in production, incentives may have different effects in public organisations due to differences in agency structure and specific features related to outputs. Major a difficult business climate has emerged as a result of changes in the industrial arena that happened in the 1970s and 1980s. Inspired companies to seek out more savvy ways to run their operations and do business. The growing importance of these developments also resulted in a greater need for alternative performance and control metrics[6].

5. Research Question

How the rewards and incentives does effects in enhancing employee morale in Malaysian organizations?

6. Methodology

Analysing numerical data associated with variables using one or more statistical models is a key component of quantitative research. One possible benefit of quantitative research is a greater understanding of the social environment. Quantitative approaches are often used by researchers when examining issues that affect specific persons. Results of a quantitative investigation presented graphically as objective data. For quantitative research, the collection and analysis of numerical data is of the utmost importance. With their help, researchers may more easily calculate averages, make forecasts, uncover correlations, and generalise researcher's results to bigger groups.

6.1 Research design:

Using SPSS version 25, the quantitative data analysis was carried out. To determine the strength and direction of the statistical association, the odds ratio and 95% confidence interval were used. A statistically significant threshold was established by the researchers with a p-value less than 0.05. Using descriptive analysis, researchers were able to gather crucial data points. Information analysed using statistical computing tools or data collected by polls, questionnaires, or surveys is often subject to quantitative methods of evaluation.

6.2 Sampling:

Research participants completed questionnaires to provide data for the study. Utilising the Rao-soft software, researchers ascertained a study population of 984 individuals, prompting the distribution of 1156 questionnaires. The researchers received 1211 responses and removed 11 owing to incompleteness, resulting in a final sample size of 1200.

6.3 Data and Measurement:

A questionnaire survey was the primary source of information for the study (either via one-to-one communication or a Google Form survey). The questionnaire had two distinct sections: (A) demographic information obtained from both online and offline sources, and (B) answers to attributes assessed using a 5-point Likert scale. Secondary data was gathered from many sources, mostly online.

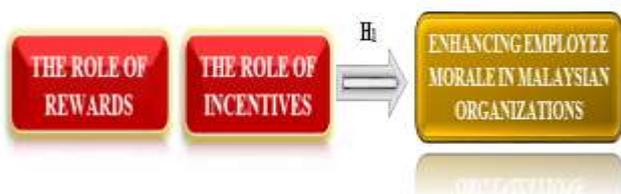
6.4 Statistical Software:

The statistical analysis was conducted using SPSS 25 and MS-Excel.

6.5 Statistical Tools:

Descriptive analysis was used to understand the fundamental characteristics of the data. The researcher must analyse the data using ANOVA.

7 Conceptual Framework



8. Result

Factor Analysis

A prevalent use of Factor Analysis (FA) is to determine the existence of latent variables within visible data. In the lack of clear visual or diagnostic signs, it is standard practice to use regression coefficients for evaluations. In FA, models are essential for success. The aims of modelling are to detect mistakes, intrusions, and discernible linkages. The Kaiser-Meyer-Olkin (KMO) Test is a technique for assessing datasets produced by multiple regression studies. The model and sample variables are affirmed to be representative. The data demonstrates redundancy, as shown by the figures. When the proportions are reduced, the data becomes more intelligible. The KMO output is a numerical number between zero and one. A KMO value between 0.8 and 1 indicates an adequate sample size. These are the permissible levels, according to Kaiser: The following approval criteria set out by Kaiser are as follows:

A regrettable 0.050 to 0.059, inadequate 0.60 to 0.69 Middle grades often span from 0.70 to 0.79.

The quality point score spans from 0.80 to 0.89. They are astounded by the range of 0.90 to 1.00.

Table 1: KMO and Bartlett's Test for Sampling Adequacy Kaiser-Meyer-Olkin measure: 0.824

The results of Bartlett's test of sphericity are as follows: Chi-square statistic approximately equals 190, with degrees of freedom = 190 and significance level = 0.000

This validates the authenticity of assertions made just for sampling reasons. Researchers used Bartlett's Test of Sphericity to determine the significance of the correlation matrices. The Kaiser-Meyer-Olkin measure indicates that a value of 0.824 denotes the adequacy of the sample. Bartlett's sphericity test yields a p-value of 0.00. A favourable result from Bartlett's sphericity test indicates that the correlation matrix is not an identity matrix.

Table: KMO and Bartlett's

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.824
Bartlett's Test of Sphericity	Approx. Chi-Square	3252.968
	df	190
	Sig.	.000

Bartlett's Test of Sphericity further validated the overall relevance of the correlation matrices. The

Kaiser-Meyer-Olkin metric of sample adequacy is 0.824. The researchers determined a p-value of 0.00 via Bartlett's sphericity test. The correlation matrix was deemed not to be a correlation matrix due to a significant outcome from Bartlett's sphericity test.

Independent Variable

The Role of Rewards

A great number of businesses have incentive programs with the purpose of motivating employees, increasing their level of investment in their work, and encouraging them to work more diligently. The best approach for employers to motivate their employees to improve their work performance is to recognise and reward them for the contributions they make to the achievement of the company's goals. Rewards are a significant factor in increasing the motivation of workers. The recognition that workers get for the work that they have done leads to increased levels of productivity. For this reason, businesses generally utilise the practice of providing incentives to their staff members. Studies have shown that when employees feel valued, they have a greater sense of investment in their work and are more likely to go above and beyond the call of duty. Companies that recognise and reward their employees are better able to cultivate a positive work environment, which in turn inspires employees to go above and beyond their responsibilities. As a consequence of the fact that he takes pleasure in his work, an employee who is driven and rewarded demonstrates a greater level of commitment to his job and generates superior outcomes. The evidence presented here suggests that performance-based remuneration makes employees more motivated and boosts their production[7].

The Role of Incentives

Things that urge or drive someone to do something, or not do something, are called incentives. Motives may be defined as factors outside of a person that cause them to behave, such as the promise of a reward. An incentive's job is to motivate people to act in a certain way so that they may achieve a certain goal. In its most basic definition, an incentive is any material or immaterial element that serves to motivate an individual or group to do action. That which inspires or is likely to inspire a sense of resolve is what it is. Forms of payment or property are common examples. For businesses, the point of offering incentives is to boost productivity, which in turn improves industrial and interpersonal relations and, ultimately, the company's bottom line. Incentives are the advantages or disadvantages of an

activity that motivate individuals to do that action. To rephrase, incentives have the power to persuade individuals to act in ways they otherwise would not. Both the creation and utilisation of incentives, as well as people's reactions to them, are significant to economics[8].

Dependent Variable

Enhancing Employee Morale in Malaysian Organizations

If Malaysian businesses want to boost morale, they need to do everything they can to make their employees happier, healthier, and more fulfilled in their work. The steps involved in this process include making the workplace welcoming and safe for all employees, praising their efforts, encouraging candid feedback, and giving them chances to develop both personally and professionally. The multicultural workforce, distinct workplace practices, and socioeconomic circumstances of Malaysia must also be taken into account in this setting. Organisations may enhance their long-term performance by fostering a more engaged, productive, and loyal staff by addressing these characteristics. Encouragement of honest communication, provision of chances for professional growth, and assurance of fair treatment and acknowledgement for successes are three main ways to raise morale. Encouragement of work-life balance is also very important in Malaysian companies as often workers combine personal obligations with hard schedules. Employee happiness might be much raised by supporting flexible working hours, wellness programs, and efficient work-life integration[9].

Using continuous feedback systems and staff member participation in decision-making procedures, organisations may also give employee engagement top priority so that staff members feel heard and valuable. Whether official or informal, appreciation programs honouring team and individual successes may help to raise team morale rather significantly. When Malaysian companies concentrate on improving employee morale, they create an atmosphere wherein staff members are driven to provide their best work, thereby fostering more productivity, fewer turnover, and eventually more organisational success.

Relationship Between the Role of Incentives and Enhancing Employee Morale in Malaysian Organizations

Their relationship with improving employee morale in Malaysian companies is vital as incentives

directly affect workers' motivation, engagement, and general job satisfaction. For Malaysian companies to raise employee value and morale development, both financial and non-financial incentives are vital instruments. For their commitment and efforts, profit-sharing, pay raises, and performance-based incentives definitely benefit employees. These financial benefits inspire workers by helping them to feel successful and by confirming the worth of their effort. Such incentives may assist build loyalty and confidence in the firm in a nation like Malaysia, where financial stability is usually a top issue because it shows that the company values workers' commitment. Conversely, non-financial incentives such professional development chances, efforts at work-life balance, and recognition programs greatly help to raise morale. For example, thanking employees for their efforts or providing flexible working hours could help them to feel useful outside of pay. In the Malaysian context, where work-life balance is widely appreciated, non-financial incentives are essential in promoting a feeling of pleasure and well-being, therefore enhancing the morale and increasing the job commitment. Combining financial and non-financial incentives will help to create an inspirational workplace, raise worker morale, and increase financial performance by means of which organisational success is acquired[10].

Because of the above discussion, the researcher formulated the following hypothesis, which was analyse the relationship between The Role of Incentives and Enhancing Employee Morale in Malaysian Organizations.

“H₀₁: There is no significant relationship between The Role of Incentives and Enhancing Employee Morale in Malaysian Organizations”

“H₁: There is a significant relationship between The Role of Incentives and Enhancing Employee Morale in Malaysian Organizations”

Table 2: H₁ ANOVA Test

ANOVA					
Sum	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	39588.620	343	9867.986	994.055	.000
Within Groups	492.770	856	9.927		
Total	40081.390	1199			

There will be significant findings from this study. Because the p-value is less than the.05 alpha criterion, the significance level is reached with an F value of 994.055. This means that the null hypothesis is rejected and the accepted hypothesis is “H₁: There is a significant relationship between The

Role of Incentives and Enhancing Employee Morale in Malaysian Organizations.”

9. Discussion

Finding out how incentives and rewards affect performance in Malaysia's public sector is the driving force behind this research. Researchers conclude that incentives are critical for improving the efficiency and effectiveness of public sector service based on the data researchers collect for this assignment. Numerous papers, written by various authors, provide the same arguments for and against the use of incentives and rewards in the public sector. It is clear in the public sector that the right incentive may boost productivity and efficiency. For instance, a number of studies have shown that financial incentives play a significant role in inspiring and enabling public sector organisations to put in more effort, improve their performance, and successfully accomplish their objectives. Both the public and commercial sectors have made use of incentives as a means of encouraging and motivating their employees. Additionally, this research provides a description of the many incentives used by the public sector to boost performance. Monetary and non-monetary incentives are the two main categories. Theoretically, organisations are motivated and public sector performance is positively impacted by monetary and non-monetary incentives and awards. Nevertheless, there are a number of constraints associated with this project that must be overcome before researchers can finish the assignment. The approach is one source of constraint. Aside from that, researchers are primarily concerned with how to evaluate public sector organisations. Regrettably, the majority of the articles and journals that researchers came across just address the impact of incentives on the private and individual sectors. Consequently, researchers are having a hard time allocating the right data. Researcher’s research also has the drawback of focussing just on the three project objectives. Even if it's narrowly focused on objectives, there's room for more discussion on incentives. In addition, researchers provide suggestions on how the government may incentivise the public sector to perform better.

10. Conclusion

The study clearly shows that the chosen public organizations in Malaysia (UKM, UM, and UPM) offers many incentives, the most prominent of which are monetary ones. The scope of non-monetary advantages, on the other hand, is adequate. Selected employees of Malaysian public universities said that

the university awards plan is effective, according to this research study. Financial impacts on employee performance, morale, and advancement opportunities are among the following advantages. The majority of employees are satisfied with their current system of university incentives, according to this finding. There is a strong correlation between an incentive choice and the prediction of performance according to the Expectancy Theory and the Theory of Incentives towards Organisational Performance. Generally speaking, faculty at some Malaysian public institutions are content with their current salary levels. In contrast, monetary incentives are not the only thing that motivate employees. Based on their understanding of the research findings, the participants in the study assess non-monetary benefits. Once individuals have enough cash incentives, they will likely prioritise non-monetary gains. From this, it seems that this public institution will have monetary and non-monetary incentives to motivate its staff. This analysis's findings add significantly to researchers understanding of the significance of employee incentives and their impact on productivity and efficiency on the job. Both monetary and non-monetary benefits play a major role in determining whether or not public servants in Malaysia are happy in their jobs. According to the findings, public managers need to know that financial incentives and other forms of compensation are a separate kind of financial gain, and that employees in the public sector have the power to define these advantages in their own way and have varying degrees of satisfaction with them. Similarly, public servants believe that the most important factors influencing their motivation and job satisfaction at work are intrinsically motivating task-related features, the good and negative acts of representatives or workplace supervisors, and the positive behaviour of co-workers. With any luck, this outcome will encourage and enable public employees to work harder, more efficiently, and ultimately make public colleges more successful. Future studies may choose more public institutions in Malaysia with diverse study participants (academic and non-academic personnel) to get enhanced information and outcomes that are more widely reflective of public universities in Malaysia. To be more specific, this mechanism of motivation and the efficacy of monetary and non-monetary incentives in Malaysia's public sector will be the focus of future research at other public institutions in the country. Prospective studies may use both quantitative and qualitative methods to get in-depth perspectives on incentives and their relationship to outcomes.

Author Statements:

- **Ethical approval:** The conducted research is not related to either human or animal use.
- **Conflict of interest:** The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper
- **Acknowledgement:** The authors declare that they have nobody or no-company to acknowledge.
- **Author contributions:** The authors declare that they have equal right on this paper.
- **Funding information:** The authors declare that there is no funding to be acknowledged.
- **Data availability statement:** The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

References

- [1] Basalamah, I., Ramli, H. M., Siring, H. B., & Alam, R. (2019). Effect of Commitment, Compensation, and Leadership on Employee Performance and Sharia Engagement as Variable Intervening. *International Journal of Accounting & Finance in Asia Pacific (IJAFAP)*, 2(1).
- [2] Chi, W., Liao, H., Wang, L., Zhao, R., & Ye, Q. (2019). Incentives to move up: Effects of pay gaps between levels on employee performance. *Human Resource Management Journal*, 29(2), 238–253.
- [3] Ciobanu, A., Androniceanu, A., & Lazaroiu, G., (2019). An integrated psycho-sociological perspective on public employees' motivation and performance. *Frontiers in Psychology*, 10, 36.
- [4] Crawford, J. L., Yee, D. M., Hallenbeck, H. W., Naumann, A., Shapiro, K., Thompson, R. J., & Braver, T. S. (2020). Dissociable effects of monetary, liquid, and social incentives on motivation and cognitive control. *Frontiers in Psychology*, 11, 2212.
- [5] George, B., Walker, R. M., & Monster, J. (2019). Does Strategic Planning Improve Organizational Performance? A Meta-Analysis. *Public Administration Review*, 79(6), 810–819.
- [6] Hair Jr, J. F., Howard, M. C., & Nitzl, C. (2020). Assessing measurement model quality in PLS-SEM using confirmatory composite analysis. *Journal of Business Research*, 109, 101–110.
- [7] Jacobsen, C. B., & Andersen, L. B. (2019). High-performance expectations: Concept and causes. *International Journal of Public Administration*, 42(2), 108–118.

- [8] Kirtley, O., Lafit, G., Achterhof, R., Hiekkaranta, A., & Germeys, I. (2020). Making the black box transparent: A template and tutorial for (pre-) registration of studies using Experience Sampling Methods (ESM). *Advances in Methods and Practices in Psychological Science*.
- [9] Pam, H. D., Yakubu, I. M., Emmanuel, O. E., & Musa, K. A. (2019). Organizational Leadership, Workers' Self-Concept and Employees Job Performance Among Employees of NTA.
- [10] Prince, N. R., Prince, J. B., & Kabst, R. (2020). National culture and incentives: Are incentive practices always good? *Journal of World Business*, 55(3), 101075