



APPENDIX C

UNIVERSITI TUNKU ABDUL RAHMAN
FACULTY OF ACCOUNTANCY AND MANAGEMENT
UNDERGRADUATE FINAL YEAR PROJECT
Research Proposal Mark Sheet

Final Year Project Title:

Evaluating Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

Name:	Geetha Kaurr Chandi A/P Stevender Singh	Student ID:	1903179
--------------	--	--------------------	---------

No	Criteria	Excellent (8 - 10 marks)	Good (5 - 7 marks)	Fair (3 - 4 marks)	Poor (0 - 2 marks)	Awarded
1	Title and Abstract	Clear, concise, and informative; abstract summarizes all key elements effectively.	Clear and informative; abstract summarizes most key elements.	Title and abstract are clear but may miss some key elements.	Title and abstract are somewhat unclear or incomplete.	
2	Introduction/ Research Overview	Clearly articulated, comprehensive understanding of the research topic, including background information and context.	Adequate overview of the research topic, with some gaps in understanding or context.	Limited overview of the research topic, lacking depth or context.	Minimal or unclear overview of the research topic.	
3	Problem Statement	A clear, specific, and well-defined research problem was identified, including its significance and relevance.	Clearly stated problem, but may lack specificity or clarity in its significance.	Problem statement is present but lacks clarity, specificity, or relevance.	The problem statement is unclear or missing.	
4	Objectives	Concise and measurable objectives that align with the research problem and address key aspects of the study.	Objectives are stated but may lack specificity or alignment with the research problem.	Objectives are vague or do not align with the research problem.	Objectives are missing or not relevant to the research problem.	
5	Literature Review	Comprehensive review of relevant literature, demonstrating a thorough understanding of existing research and its relevance to the proposed study.	Adequate literature review, covering key sources but may lack depth or critical analysis.	Limited literature review, missing key sources or failing to demonstrate relevance to the proposed study.	Minimal or no literature review provided.	
6	Proposed Research Methodology	Clearly articulated and appropriate research methodology, including data collection, analysis techniques, and ethical considerations.	The research methodology is stated but may lack detail or justification for its selection.	The research methodology is unclear or inappropriate for the research problem.	The research methodology is missing or severely inadequate.	
7	Significance of Study	Clearly articulated the significance of the proposed study, including potential contributions to the field and practical implications.	The significance of the study is mentioned, but its explanation may lack depth or clarity.	The significance of the study is not clearly explained or lacks relevance.	The significance of the study is not addressed.	
8	Organisation of the Proposal	Well-structured proposal with logical flow and clear headings/subheadings.	The proposal is organised but may lack coherence or consistency in structure.	Organization of the proposal is unclear or lacks logical flow.	The proposal is poorly organised and difficult to follow.	
9	Quality of the Report	Clear, concise writing with minimal grammar, spelling, and punctuation errors. A professional presentation with appropriate formatting.	The writing is generally clear but may contain some grammar, spelling, or punctuation errors. The presentation is acceptable but could be improved.	Writing is unclear or contains numerous grammar, spelling, or punctuation errors. The presentation is unprofessional.	Writing is illegible or incomprehensible with frequent grammar, spelling, or punctuation errors. Presentation is severely lacking.	
10	References	Extensive and relevant references, properly formatted.	Relevant references, mostly properly formatted.	References are relevant but formatting is inconsistent.	Few references, some may be irrelevant or improperly formatted.	
					Total	

**EVALUATING THE INFLUENCE OF MONETARY AND
NON-MONETARY REWARDS IN ENHANCING
EMPLOYEE PERFORMANCE**

GEETHA KAURR CHANDI A/P STEVENDER SINGH

**BACHELOR OF INTERNATIONAL BUSINESS (HONS)
UNIVERSITI TUNKU ABDUL RAHMAN**

**FACULTY OF ACCOUNTANCY AND MANAGEMENT
DEPARTMENT OF INTERNATIONAL BUSINESS**

OCTOBER 2024

**EVALUATING THE INFLUENCE OF MONETARY AND
NON-MONETARY REWARDS IN ENHANCING
EMPLOYEE PERFORMANCE**

BY

GEETHA KAURR CHANDI A/P STEVENDER SINGH

**A final year project submitted in partial fulfillment of the
requirement for the degree of**

**BACHELOR OF INTERNATIONAL BUSINESS (HONS)
UNIVERSITI TUNKU ABDUL RAHMAN**

**FACULTY OF ACCOUNTANCY AND MANAGEMENT
DEPARTMENT OF INTERNATIONAL BUSINESS**

OCTOBER 2024

Copyright @ 2024

ALL RIGHTS RESERVED. No part of this paper may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, graphic, electronic, mechanical, photocopying, recording, scanning, or otherwise, without the prior consent of the authors.

DECLARATION

I hereby declare that:


(1) This undergraduate FYP is the result of my work and that due acknowledgment has been given in the references to ALL sources of information be they printed, electronic, or personal.

(2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) The word count of this research report is: 10, 212

Name of Student: Geetha Kaurr Chandi A/P Stevender Singh

Student ID: 19UKB03179

Signature: 

ACKNOWLEDGEMENT

It is my honor to express my sincere thanks to my final year project supervisor, Dr. Komathi a/p Munusamy, for her guidance, encouragement, and support throughout the duration of this research project. Her valuable remarks, patience, and constructive feedback have largely guaranteed the success of this research. I thank her for taking time and effort in assisting me to improve the quality of my work and to develop my research skills as well as to utilize SPSS. I would also like to thank the FYP coordinators, for issuing clear instructions, guidance, and frequent reminders regarding key deadlines. Their diligence made it possible for me to properly time-manage and remain on track during the research process. Lastly, I also wish to give my deepest gratitude to my family and friends who have given their unselfish support, inspiration, and motivation. Their encouragement and presence have been a deeply strong source of inspiration on this journey, and I am deeply grateful for their consideration and patience throughout the entire process.

TABLE OF CONTENTS

Contents

DECLARATION	1
ACKNOWLEDGEMENT	5
TABLE OF CONTENTS	6
PREFACE	9
ABSTRACT	10
CHAPTER 1: RESEARCH OVERVIEW	11
1.0 Introduction	11
1.1 Research Background	11
1.1.1 Reward Structures in Malaysia	12
1.1.2 Target Respondents	13
1.2 Research Problem	13
1.3 Research Objectives.....	14
General Objective:	15
Specific Objectives:	15
1.4 Research Questions.....	15
1.5 Research Significance.....	15
1.6 Summary	16
CHAPTER 2: LITERATURE REVIEW	17
2.0 Introduction	17
2.1 Underlying Theory	17
2.1.1 Herzberg's Two-Factor Theory	17
2.1.2 Relevance to Current Study.....	19
2.2 Review of Variables	20
2.2.1 Dependent Variable: Employee Performance	20
2.2.2 Independent Variables	20
2.2.2.1 Salaries	20
2.2.2.2 Bonuses	21
2.2.2.3 Recognition	22
2.2.2.4 Flexible Working Hours.....	23
2.3 Conceptual Framework.....	24
2.4 Hypothesis Development	25
2.4.1 Salaries and Employee Performance	25
2.4.2 Bonuses and Employee Performance	26

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

2.4.3	Recognition and Employee Performance	27
2.4.4	Flexible Working Hours and Employee Performance.....	28
2.5	Summary	29
CHAPTER 3: RESEARCH METHODOLOGY		30
3.0	Introduction	30
3.1	Research Design	30
3.1.1	Descriptive Research.....	30
3.1.2	Qualitative Research	31
3.2	Sampling Design	31
3.2.1	Target Population	31
3.2.2	Sampling Frame and Location	32
3.2.3	Sampling Element.....	32
3.2.4	Sampling Technique	33
3.2.5	Sample Size.....	33
3.3	Data Collection Method.....	34
3.3.1	Primary Data Collection.....	34
3.4	Research Instruments.....	34
3.4.1	Questionnaire Design	34
3.4.2	Origin of Construct	35
3.5	Construct Measurement	37
3.5.1	Nominal Scale	37
3.5.2	Ordinal Scale.....	38
3.5.3	Likert Scale	39
3.6	Proposed Data Analysis Tool	39
3.6.1	Descriptive Analysis	40
3.6.2	Regression Analysis	40
3.7	Data Collection Procedure	41
3.7.1	Data Checking.....	41
3.7.2	Editing Data	41
3.7.3	Coding of Data.....	41
3.7.4	Transcribing Data.....	42
3.7.5	Data Cleaning.....	42
3.8	Summary	42
CHAPTER 4: DATA ANALYSIS		44
4.0	Introduction	44
4.1	Descriptive Analysis.....	44

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee
Performance

4.1.1 Demographic Profile	44
4.2 Reliability Analysis	51
4.3 Inferential Analysis	51
4.3.1 Multiple Regression Analysis.....	52
CHAPTER 5: DISCUSSIONS AND FINDINGS	55
5.1 Introduction	55
5.2 Discussion of Study	55
5.2.1 Salary and Employee Performance.....	56
5.2.2 Bonus and Employee Performance.....	57
5.2.3 Recognition and Employee Performance	58
5.2.4 Flexible Working Hours and Employee Performance.....	59
5.3 Research Implications	59
5.3.1 Theoretical Implications	60
5.3.2 Practical Implications	60
5.4 Study Limitations	61
5.5 Recommendations for Future Research.....	62
5.6 Conclusion	63
REFERENCES	64

PREFACE

This research study is carried out in part fulfillment of the requirement for the Bachelor of International Business program at Universiti Tunku Abdul Rahman (UTAR). The title, "The Influence of Monetary and Non-Monetary Rewards on Employee Performance," is selected to examine the effects of various reward strategies on employee motivation and productivity in the Malaysian context. As businesses continue to adapt to shift work environments and employee expectations, understanding the equilibrium between monetary and non-monetary rewards becomes increasingly important. Through this study, I have gained valuable insights into workplace dynamics and employee behavior, as well as refined my research and analytical skills for future professional application.

ABSTRACT

This research studies the influence of both monetary and non-monetary rewards on employee performance in Malaysia. Even though, monetary and non-monetary rewards like salaries, and bonuses has a vital role in satisfying extrinsic needs, they may not necessarily provide long-term employee motivation which leads to favourable performance. In contrast, non-monetary incentives, which encompass recognition and flexible working hours, satisfy intrinsic needs and enhance job satisfaction, employee retention, and productivity. Employing Herzberg's Two-Factor Theory as a conceptual framework, this study highlights deficiencies within current reward systems, especially concerning the application of flexible working hours. The method of research adopted was quantitative by collecting data with the use of strategically developed questionnaires which was later on circulated across various sectors in Malaysia. This research also employs descriptive statistical methods, along regression analyses, to investigate the relationship between the independent variables that are salaries, bonuses, recognition, and flexible working hours and dependent variable which is employee performance. Furthermore, this research intends to raise the issue of deficiency in current literature by highlighting a gap that is the significance of flexible working hours as a unique form of reward. Upon the adoption of these findings with the application of Herzberg's theoretical framework, this study can contribute significantly by providing insights for employers today to come up with a comprehensive reward system that harmonize employee satisfaction with organizational objectives.

Key Words; Employee, Performance, Salaries, Bonuses, Recognition

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

This study aims to explore the impact of monetary and non-monetary rewards on employees specifically in Malaysia. Even though, monetary rewards like salaries and bonuses appears to enhance employees' productivity, non-monetary rewards like recognition, verbal praise, and promotion may also contribute to this result if practiced in the right manner by employers. These non-monetary rewards allow employers to focus on satisfying intrinsic needs of their employees. This is because it allows employees to increase their self-esteem and reach goals that may not be attained with monetary rewards alone. Therefore, it is important to study the benefits of non-monetary rewards on employee performance which will result in a more balanced rewards system that can benefit both employers and employees.

1.1 Research Background

Rewards systems have significantly evolved as it is now driven by the goals of organizations while also improving productivity which leads to a competitive advantage. Traditionally, rewards systems strongly revolved around monetary rewards like salaries, bonuses due to increased performance as well as allowances which all strongly motivates employees while shaping their behavior (Umar, 2012). Although, evidence from past research point towards them being effective motivators, the downside is that it may not be long-term.

Moreover, non-monetary incentives have been effective in providing intrinsic needs to employees. Some of these intrinsic needs can show in the form of job satisfaction, sense of self-worth and recognition. According to Porath et al. (2015) gratitude conveyed can create a favorable environment to work in which leads to an increase in performance while strengthening relationships. This shift in focus depicts that a corporation comprehends the need for balancing extrinsic and intrinsic motivators in order to keep employees continuously engaged.

However, non-monetary rewards still are not practiced as much as we like especially in Malaysia. The lack of an effective reward system not only undermines employees' morale, but effects productivity while causing significant labor turnover. This study is intended to fill the gap by studying the influence of both monetary and non-monetary rewards on employees' performance and by providing a holistic framework of a reward system (Noorazem et al., 2021).

1.1.1 Reward Structures in Malaysia

Organizations in Malaysia today, are well versed with the importance of reward mechanisms for improving employee performance. Organizations typically have focused on monetary rewards like salaries and bonuses to satisfy the economic needs of employees according to market standards (Agburu, 2017). However, recently trends point towards a shift toward non-monetary rewards, driven by the increased awareness of their influence on not only employees' performance, but organizational performance.

According to research carried out by Noorazem et al. (2021) Malaysian organizations implementing holistic reward systems which encompasses acknowledgment, professional growth opportunities, and healthcare

provisions did result in employee performance and engagement levels. Nevertheless, the implementation of these systems remains inconsistent across various systems as numerous organizations still choose to continue emphasizing on monetary rewards. Therefore, this study intends to investigate how organizations in Malaysia can effectively incorporate monetary and non-monetary rewards to ensure employees' productivity is achieved.

1.1.2 Target Respondents

This study is intended to employees working in diverse organizations in Malaysia, with special focus on the middle and entry-level employees. This is because these

categories of employees are most affected by reward systems as their performance mostly depends on the effectiveness of the motivational approaches adopted by the organizations.

Noorazem et al. (2021) also states that reward systems have the ability to exert a considerable influence on employees' job satisfaction and performance, especially on the younger generations who prioritize acknowledgment and career advancement opportunities in addition to monetary compensation.

1.2 Research Problem

Firms find it difficult to harmonize reward systems in terms of the financial incentives versus the non-financial motivators simultaneously. Monetary rewards such as salaries and bonuses may satisfy primary

financial needs, but they even do not secure long-term performance and motivation. It is rather challenging to have a balance of monetary and non-monetary rewards to cater to evolving employee demands. Indradewa and Prasetyo (2023) emphasize that money is not the sole motivation, and organizations should hybridize both extrinsic and intrinsic rewards to achieve full employee satisfaction. To support this statement, Gorde (2023) stated monetary rewards can be fully optimized when applied together with non-monetary rewards such as like flexible work schedules and gratitude.

The most under researched region of this topic is area is how monetary rewards function when crossed with flexible work arrangements. Traditional rewards like bonuses for instance may risk being obsolete unless adjusted to adapt to today's work-life balance. Gorde (2023) stated that although bonuses as well as fair remuneration is crucial, it can help increase motivation when combined with flexibility as well as recognition. This blended way of reward is a new growing trend which satisfies knowledge workers and Gen Z.

Consequently, the study in this research seeks to bridge two critical gaps the first one being, the need to evaluate how organizations can manage monetary and non-monetary rewards in a way that boosts employee motivation and secondly, to evaluate how flexible work arrangements impact the performance of traditional reward systems. Through an analysis of the interaction of these variables, the study seeks to offer pragmatic solutions for organizations seeking to maximize employees' engagement and performance through integrated reward strategies Gorde (2023).

1.3 Research Objectives

General Objective:

To study the influence of monetary and non-monetary rewards in enhancing employee performance

Specific Objectives:

1. To identify if monetary rewards like salary and bonuses can influence employee performance.
2. To identify if non-monetary rewards like recognition and flexible working hours can influence employee performance.
3. To identify if flexible working hours as a unique form of non-monetary reward can influence employee performance.

1.4 Research Questions

1. Is there a relationship between monetary rewards (salaries and bonuses) and employee performance?
2. Is there a relationship between non-monetary rewards (recognition and work- life balance) and employee performance?
3. How does the integration of flexible working hours as a form of non-monetary reward influence employee performance?

1.5 Research Significance

This study is important especially for organizations that are trying to utilize the reward system efficiently to increase performance of their employees. As Noorazem et al. (2021) stated that a well-constructed reward system has the ability to influence performance, retention rates,

and most importantly success of an organization. A framework that consists of both monetary and non-monetary rewards not only fills some theoretical gaps in existing literature but also gives business enterprises very valuable practical suggestions on how to optimize their reward mechanisms (Noorazem et al., 2021).

The provision of flexible working hours as a form of non-monetary compensation has been noted as a key factor in improving employee performance. This research, therefore, fills this gap and helps develop strategies that use flexible working hours to foster better employee retention, loyalty, and productivity. This knowledge is especially relevant in today's professional settings, where the changing expectations and demands of employees from organizations call for innovative approaches toward motivation and performance management (Ngatia, 2017).

Moreover, these findings assist human resource managers in strategizing a reward system that caters to both intrinsic and extrinsic needs of employees. Effective reward systems can help boost productivity while providing continuous development which can be an organization's competitive advantage.

1.6 Summary

This chapter presented a thorough overview of the research context, problems, objectives as well as significance. This chapter has also laid a groundwork for examining the influence of both monetary and non-monetary rewards on employee performance. The subsequent chapters will explore reviews of utilized literature, methodological approach, as well as the results that support the objectives of this study.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This chapter investigates the theoretical and empirical bases that support the correlation between monetary and non-monetary incentives and employee performance. Central to this analysis is Herzberg's Two-Factor Theory, which distinguishes between hygiene factors, such as salaries and bonuses, and motivators, including recognition and flexible working hours. The theory highlights that although hygiene factors mitigate dissatisfaction, it is the motivators that foster intrinsic satisfaction and contribute to improved performance. Essential variables are analyzed to examine their differential effects on employee outcomes, such as productivity and job satisfaction. The chapter also identifies gaps in current research, particularly the under researched impact of flexible working hours and employee recognition. A theoretical framework and related hypotheses are presented to guide the research investigation.

2.1 Underlying Theory

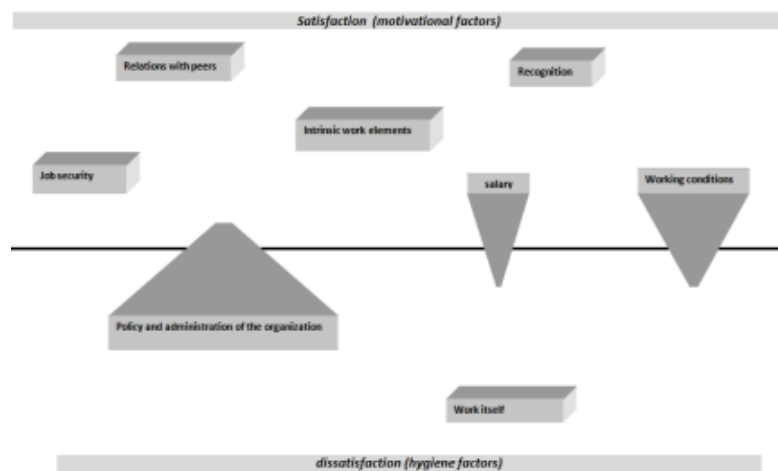
2.1.1 Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory developed by Fredrick Herzberg (1964) better known as Motivator Hygiene Theory, states that monetary and non-monetary rewards effect performance of employee. The further justifies that job satisfaction as well as dissatisfaction results due to two classes of

factors being motivators and hygiene factors (Ngatia, 2017). According to Zachary M. Ngatia factors intrinsic factors like recognition, growth opportunities and achievements can also be motivational factors that could lead to high employee satisfaction and performance overall. These factors are similar with the non-monetary rewards in this study that is recognition and flexible work arrangements. With the existence of these motivators, employees are more likely to emanate interest as well as commitment to their jobs (Ngatia, 2017).

Furthermore, the hygiene factors include extrinsic factors like such as salary, bonuses, as well as working conditions. However, this does not guarantee that an employee will be satisfied with their jobs. Monetary rewards like salaries and bonuses are vital hygiene factors that ensures employees are adequately compensated. Therefore, it is crucial that proper management of both intrinsic and extrinsic factors be practiced in a working environment to hinder demotivation among employees.

Figure 2.1 Herzberg's Two Factor Theory



Source: Matei & Abrudan, 2016

2.1.2 Relevance to Current Study

Herzberg's Two-Factor Theory resonates with this current study due to the reason that it provides a structured model whereby monetary and non-monetary rewards can be distinguished, while addressing the gaps in the research literature identified for this study. Herzberg's Two-Factor Theory emphasizes the factors that embrace salaries and bonuses only prevents dissatisfaction while factors such as recognition and work-life balance opportunities promote satisfaction and increase the inner drive (Ngatia, 2017)

This distinction directly relates to the study's focus on two specific research gaps firstly being non-monetary rewards beyond recognition. Even though the role of recognition as a motivational factor is well recognized, this research aims to expand the perspective of non-monetary rewards. This form of reward includes intrinsic motivators that satisfies employees' psychological needs, which include appreciation and recognition which has shown a positive impact in terms of behaviors and commitment in the organization (Ngatia, 2017).

Secondly, flexible working hours as a unique non-monetary reward is also explored in this study. Flexible working hours is researched as a special and underexamined form of non-monetary reward. Even though recognition can satisfy, and employees' need, flexibility of working schedules resonates with the increasing emphasis on work-life balance, managing stress as well as increasing job satisfaction. Flexible work arrangements also lead to improved morale, productivity, and retention, since employees may better harmonize professional responsibilities with personal priorities (Ngatia, 2017).

2.2 Review of Variables

2.2.1 Dependent Variable: Employee Performance

Employee performance is related to effectiveness of achieving organization's prior set goals which also includes productivity, efficiency, and innovation. Noorazem et al. (2021) emphasized that employees that find both monetary and non-monetary rewards to be significant are more likely to put in higher levels of performance. Various factors have significant impacts on work related performance. Some of them are motivation, job satisfaction, and the perceived justice in reward systems. Flexible working hours is an additional factor that allows employees to satisfy professional as well as personal needs which stimulates productivity, and reduces absenteeism (Ngatia, 2017).

2.2.2 Independent Variables

2.2.2.1 Salaries

Salaries are a crucial element of employee compensation and play a key part in providing economic stability. While they are traditionally regarded as hygiene factors within Herzberg's model, their presence is necessary to prevent dissatisfaction and allow employees to focus on their work without concern for finances. Indradewa and Prasetyo (2023) stated that steady and fair compensation helps to bring more job satisfaction, especially when it is in tune with one's job, capability, and work contribution.

Benchmarked and transparent salary systems against industry norms help in encouraging a feeling of organizational justice. When employees feel that they are being compensated fairly compared to others in and out of

their organizations, they are likely to experience a sense of belongingness and also possess higher commitment. As supported by Indradewa and Prasetyo's (2023) research, where fair compensation was a major motivator to job satisfaction in flexible work arrangements, especially in professional sectors.

Salaries help motivate employees over the long haul. However, it should be combined with non-monetary incentives to ensure optimum results in employee performance. Salaries, as such, must be managed not separately but as part of a system overall as part of an overall reward strategy combining monetary equality with all-encompassing care of the worker. According to Gorde (2023), while pay lays the groundwork for employee satisfaction, it is a combination of appropriateness monetary incentives and individual freedom and self-respect that actually encourages laborers.

2.2.2.2 Bonuses

Bonuses are seen as a performance-based remuneration. They are utilized to reward short-term performance and contribute to organizational objectives. They are especially effective when directly tied to measurable outcomes, allowing employees to perceive the tangible link between effort and organizational success. Indradewa and Prasetyo (2023) found that in organizations that offer flexible work arrangements, having performance-based financial rewards such as bonuses significantly increases employee morale and job satisfaction.

While, the utility of bonuses always hinges on contingent circumstances and typically depends on the perceived fairness and transparency of allocation processes. Employees must perceive that they are being evaluated subjectively and the bonuses are being offered on the basis of

observable and uniform rules. Where flexible labor practices are being used, as noted by Gorde (2023), bonuses play a still more significant role by retaining performance responsibility while stimulating productivity because of the amount of autonomy entrusted to employees.

However, while bonuses may provide a motivational boost, they must be complemented by intrinsic motivators to yield sustainable engagement. As both Gorde (2023) and Indradewa and Prasetyo (2023) emphasize, intrinsic motivators such as work-life balance and autonomy must accompany monetary incentives to yield the type of motivating work setting. Bonuses, therefore, are most effective when applied under an integrated strategy that addresses both extrinsic and intrinsic employee needs.

2.2.2.3 Recognition

Recognition is a powerful internal driver that increases employees' sense of worth and contribution to the company. It's different from pay because recognition taps into the emotional and psychological satisfaction and makes people feel valued and noticed. In virtual work spaces, where presence is limited, the need for intentional and authentic recognition becomes even more vital.

Recognition can be delivered in a number of ways, among them verbal appreciation, written appreciation, or public appreciation and must be timely and specific in order to be effective (Ngatia, 2017). When employees feel valued for their contribution, they will be more likely to invest emotionally in what they do and maintain high levels of performance. Gorde (2023) pointed out that recognition is a key component in maintaining engagement and feeling part of an organization.

It is also important that recognition systems be equitable and equitable. When complemented with monetary rewards like bonuses and wages in a thoughtful way, recognition adds to the emotional bond between the employer and the employee. As both studies stress, organizations that complement flexibility with thoughtful recognition practices build a culture of trust, performance, and satisfaction, hence enhancing overall organizational effectiveness.

2.2.2.4 Flexible Working Hours

One of the unique non-monetary benefits that allow staff members to make arrangements in their working hours according to personal and business needs is the introduction of flexible hours. By this approach, it is possible to gain better balance between work and life that helps workers carry out their duties efficiently. Ngatia (2017) refutes that employees tend to feel more in control within their own time as compared to having to comply with work schedules. This is because stringent work schedules can be deemed stressful. Therefore, the practice of flexible working hours can potentially minimize stress and absenteeism. Consequently, greater commitment to work as well as reduced rate of turnover can be achieved.

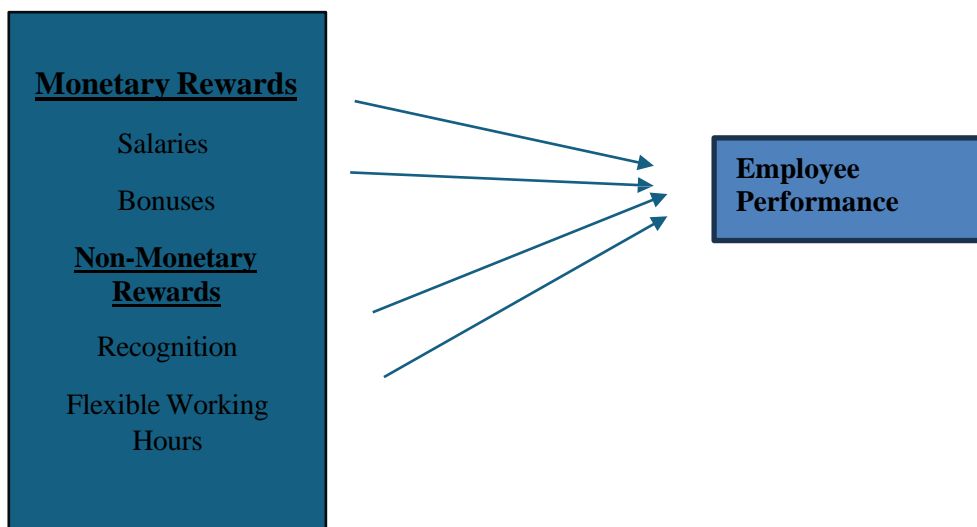
Flexible work arrangements would be classified as a motivator in Herzberg's Two- Factor Theory, which includes intrinsic motivators such as self-actualization and autonomy. According to Herzberg (1964), motivators contribute greatly to creating a continued interest in work and overall job satisfaction. Those employees who have flexible schedules have a much greater feeling of accomplishment and meaning since they can attend to their professional commitments and personal goals. This benefit applies more to the younger cohorts, who attach higher importance to job autonomy and self-direction, as revealed by Noorazem et al., 2021.

Flexible working arrangements are contributing to bring an increase in commitment towards organizational goals while contributing towards employee satisfaction by fulfilling their intrinsic preferences.

Flexible work arrangements have an effect on employee satisfaction and organizational performance. This also increases collaboration and productivity while reducing absences, as a flexible work schedule promotes a constructive work environment. Noorazem et al. (2021) also stated that employees of today, find flexible working hours captivating as it may assist organizations in achieving a competitive advantage as this mode of work can attract and retain top talents. Ngatia (2017) further posited that flexibility allows for a culture of support where employees feel as if they are valued and trusted. Herzberg's theory justifies that this form of internal motivation can lead to an increase in performance, loyalty, and morale.

2.3 Conceptual Framework

Figure 2.1 Conceptual Framework



Source: Developed for the research.

The theoretical framework posited for this research utilizes aforementioned Herzberg's Two-Factor Theory study the influence of monetary as well as non-monetary reward on employees' performance. Monetary factors like salaries and bonuses are studied as hygiene factors while non-monetary rewards like recognition and flexible working hours are motivators. All four of these factors presents as the independent variable in this study. On the other hand, employee performance is presented as the dependent variable in this study that captures the effectiveness of these rewards in driving productivity and engagement.

2.4 Hypothesis Development

2.4.1 Salaries and Employee Performance

Salary is the main aspect of monetary reward as it addresses the economic conditions of an employee and mitigates any form of distress dissatisfaction. According to Herzberg's Two-Factor Theory, salaries are group as a hygiene factor. They do not inherently drive employee motivation, but they are vital in establishing an environment that fosters motivation and enhances performance (Ngatia, 2017). Noorazem et al. (2021) highlighted the fact that equitable and competitive salaries have a positive relationship with job satisfaction and organizational commitment.

Employees who consider their salaries are in line with their hard work are more likely to demonstrate heightened focus, productivity and loyalty. Ngatia stated that inadequate amounts of salary can result in dissatisfaction which can lead to increased turnover rates and declined engagement among employees of an organization. Therefore, it is observed that equitable salaries can possibly reduce diminish the

aforementioned negative consequences by guaranteeing that employees are financially stable and appreciated.

Moreover, proper salary strategies allow for trust and openness in an organization. This is because employees are focused on achieving organizational objectives as compared to free to chasing external opportunities.

H1: Salaries have a positive influence on employee performance.

2.4.2 Bonuses and Employee Performance

Bonuses can be defined as a reward for an achievement that has been met and met the targets of the organization as well as serving as a monetary reward for the employees. From the perspective of Herzberg's theoretical framework, if bonuses are granted together with other extrinsic needs, they might be considered a hygiene factor. At the same time, they might be motivators when they recognize individual achievements (Ngatia, 2017). Noorazem et al., 2021 observed that bonuses tend to motivate employees to significantly increase their work-related performance. This is because they link rewards to measurable outcomes which instills a sense of accomplishment, while reinforcing positive behaviors that are aligned with organizational goals.

Moreover, Ngatia (2017) refuted that monetary rewards can help boost employees' morale by showing that their efforts and hard work are acknowledged and valued. Therefore, a proper system of bonuses should be developed and communicated. Noorazem et al. (2021) also highlighted that transparency is vital when it comes to the payment of bonuses. One thing that should be considered during the implementation of this form of

monetary reward is the favoritism that could be demoralizing. As a well-designed bonus plan can encourage synergies and healthy competition. Generally, companies that have good practices of bonus plans notice an improvement in productivity, employment turnover, and greater dedication to the organization. It makes employees target a specific behavior by offering bonuses as examples of behavior deformation when goals are exceeded.

H2: Bonuses have a positive influence on employee performance.

2.4.3 Recognition and Employee Performance

Recognition is a form non-monetary rewards that can satisfy the need of employees for praise and acknowledgement. According to Herzberg's theory recognition has been classified amongst the motivators and is aimed at enhancing satisfaction of employees by reinforcing positive behavior (Ngatia, 2017). Noorazem et al. (2021) further corroborated that such spontaneous recognition, whether vocal or formal, helps to create an environment to be appreciated and needed, and this can result to enhanced commitment and loyalty.

Recognition is effective due to the fact that it creates a psychological contract between the employees and the organization, while further enhancing mutual trust. According to Noorazem et al. (2021), recognition acts as an important mechanism in the strengthening of organizational values and the building of a culture of excellence. As a result, such rewards can help to foster a greater degree of shared responsibility among the workforce, as many are likely to emulate their colleagues' optimal efforts. This portrays that recognition affects not only individual productivity but also contributes significantly toward the creation of a

supportive and high performing organizational environment.

H3: Recognition has a positive influence on employee performance.

2.4.4 Flexible Working Hours and Employee Performance

Flexible working hours is a unique form of non-monetary reward that assists in achieving a more harmonious integration of their personal and professional responsibilities. This also results in less stress and more productive output. Such Option has been classified by Herzberg as a motivator in that it fulfills the employees' basic need for independence and balance between work and personal life (Ngatia, 2017).

Ngatia indicated that allowing employees to work from anywhere and at times of their convenience would also catalyze flexibility at the organizational level as most employees who believe there is trust in them to handle time well are more creative and solution oriented. Moreover, they enable a team-oriented approach to work by allowing for different work approaches and in the end increase the productive levels of the organization. further corroborated that such spontaneous recognition, whether vocal or formal, helps to create an environment to be appreciated and needed, and this can result to enhanced commitment and loyalty.

Recognition is effective due to the fact that it creates a psychological contract between the employees and the organization, while further enhancing mutual trust. According to Noorazem et al. (2021), recognition acts as an important mechanism in the strengthening of organizational values and the building of a culture of excellence. As a result, such rewards can help to foster a greater degree of shared responsibility among the workforce, as many are likely to emulate their colleagues' optimal

efforts. This portrays that recognition affects not only individual productivity but also contributes significantly toward the creation of a supportive and high performing organizational environment.

H4: Flexible working hours has a positive influence on employee performance.

2.5 Summary

This chapter discoursed Herzberg's Two-Factor Theory as a crucial framework to comprehend the influences of both monetary and non-monetary rewards on employee performance. Salaries, bonuses, recognition, and flexibility in working hours were discussed as independent variables to arrive at their distinct and combined influence on the dependent variable that is employee performance. Research gaps, especially in flexible working hours as a motivator, and broader perspectives on recognition were noted. A conceptual framework visualized these relationships, and hypotheses were developed for empirical testing. The theoretical framework in this chapter serves to give a framework to the methodology in chapter three, ensuring that indeed it is aligned with the study's objectives.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

In the following chapter, the authors focus on methodology parts, and describe which methods were used to establish the existence of a relationship between employee performance and monetary and non-monetary rewards/incentives. In the research, the authors used descriptive quantitative approach in investigating the relationship between salary, bonus, recognition of efforts, and flexible working hours as independent variables, and employees' performance as the dependent variable. The sampling design, data collection methods, research instruments, measurement of constructs, and data analysis procedures are explained in detail to show a clear understanding of how the research will be carried out. The essential procedures, including pilot testing, data preparation, and the application of statistical instruments such as SPSS for analysis, are further elaborated to substantiate the findings of the study.

3.1 Research Design

3.1.1 Descriptive Research

As cited by Ngatia (2017), research design refers to conditions that is required in order to carry out collection of data and analysis. It is done in a way that aims to provide significance to the point of research aligning with economy (Babie 2002). This study uses a descriptive quantitative research design which is suitable to examine the connections between employee performance and monetary rewards like salaries, and bonuses as well as

non-monetary rewards like flexible work schedules and recognition. This is because it allows for a smooth, reliable, and accurate research (Ngatia, 2017).

3.1.2 Qualitative Research

The core of this research is a quantitative approach which allows us to understand the main variables that effects employees' performance. Quantitative research is defined as research that clarifies a phenomenon with the collection of numerical data that is studied mathematically (Shilongo & Grafton Whyte, 2013). The main objective of quantitative approach is to study predetermined hypothesis and produce results that are simplify able (Marshall, 1996). This research was carried out with the use of questionnaires with questions that were structured in the form of Likert scale ranging from 1 to 5 that is strongly agreeing to strongly disagree (Noorazem et al., 2021). In order to understand the effects of reward system on employee's performance, four independent variables were used which are salary, bonuses, recognition, and flexibility of working hours. The collected data was then analyzed through a system known as SPSS to examine the correlations and carry out regression analysis.

3.2 Sampling Design

3.2.1 Target Population

Population is defined as a set of individuals, services, events, elements or a group of items even households that are being researched (Ngatia, 2017)). The targeted population for this study consists of a selection of industries in Malaysia such as technology, services, retail and many more. The employees who take part in this survey can be in any position at their

employed organization. This is because any level of hierarchy may it be employee, or management can possibly have the needed information for this study (Ngatia, 2017). This research also refers to both permanent and temporary employees not taking into consideration the duration of employment. The study's main focus is on workers whose compensation packages include flexible work schedules, bonuses, recognition, and/or salary.

3.2.2 Sampling Frame and Location

The sample frame chosen for this research are from a variety of Malaysian industries, including manufacturing, services, retail, and technology. This research is dispersed all through Malaysia. Malaysia is chosen as a whole chosen due to the access of multiple industries and sizable workforces. This makes it easier to gather representative and diversified data. The sampling frame is made even more broad by using online surveys, which provide accessible for respondents from a variety of geographic regions.

3.2.3 Sampling Element

The individual units of analysis chosen from the sampling frame are referred to as the sampling element. Employees who satisfy the inclusion requirements serve as the sampling elements for this study. The experiences of each responder with monetary rewards like bonuses and wages, non-monetary rewards like flexible work schedules and recognition, and their perceived effects on performance are all discussed. Zachary (2014) stressed that as employees are the main recipients of reward systems, it is vital to focus on them as sampling factors. The purpose of this study is to gather their viewpoints in order to offer

practical advice on how businesses can improve employee performance and happiness by optimizing their reward programs.

3.2.4 Sampling Technique

Sampling is the collection of a subset of persons in a population in order to determine the traits of a population that is being studied. Some of the plus points of a sample is that data can be collected quicker and within minimal cost. Convenience sampling was selected based on its ease and convenience in terms of accessing participants from different industries and geographical regions within Malaysia. This sampling method is a non-random selection of volunteers to participate. Invitations are usually distributed online by email or through employers (Stratton, 2024). Through online questionnaires administered via tools like Google Forms, the researcher could garner a variety of responses from employees irrespective of their organizational tenure or level. While this approach cannot provide the same level of statistical representation as probability sampling, it is particularly appropriate for exploratory research such as the present study, where the overriding purpose is to investigate trends and relationships among variables in an everyday, real-world setting.

3.2.5 Sample Size

Sample size for research should be cautiously drawn to come up with a acceptable and simplified outcome. The sample size is a vital characteristic of a study as its main objective is to make inferences about the population from that studied sample (Ajay S, 2014). This study aims to reach at least 60 respondents in total. According to Ngatia (2017), a large sample size significantly reduces the probability of error and provides adequate information for correlation and multiple regression

analysis. Additionally, larger sample sizes have the ability to increase accuracy when studying unknown parameters. This is supported by the law of large numbers, mathematical statistics as well as central limit theorem (Ajay S, 2014).

3.3 Data Collection Method

3.3.1 Primary Data Collection

Data is defined as ‘a piece information’ which may be gathered as a result of an experiment, or during an observation made through a survey. Primary data on the other hand is defined as original and fresh data that is collected for the first time. Primary data can be collected through multiple ways being observation, interview, questionnaire, schedule (Mazhar et al., 2021).

3.4 Research Instruments

3.4.1 Questionnaire Design

The primary data collection method that will be used in this study is questionnaires as strongly suggested by Ngatia (2017) for its ability to capture employee perceptions and attitudes systematically. A questionnaire is a set of questions that is given to a number of people. This method is efficient as it allows for collection of data from a large parameter that is not easy to contact (Mazhar et al., 2021). The method of distribution is electronically upon the utilization of platforms like Google Forms. This allows for accessibility as well as accessibility for employees who are employed in numerous sectors in Malaysia.

Moreover, the questions are made to examine the dependent variable being employee performance and independent variables being salary, bonuses, recognition, and flexible work hours. Participants are given well put instructions and reassured about the discretion of their answers in order to encourage honest and thoughtful participation.

3.4.2 Origin of Construct

Table 3.1 Operational Construct

Variable	Source	Item	Statement
Salary	(Nuraya & Pratiwi, 2017)	S1	Salary granted should be in line with one's ability and skills.
	(Nagaraju & Pooja, 2017)	S2	Salary increases motivation of employees.
	(Nuraya & Pratiwi, 2017)	S3	Organizations should practice increasing salary.
Bonus	(Nuraya & Pratiwi, 2017)	B1	Receiving bonuses from the organization increases motivation of employees to exert maximum efforts.
	(Nuraya & Pratiwi, 2017)	B2	Organizations do believe in a clear and fair bonus structure.
	(Ibrar & Khan, 2015)	B3	Pay decisions are linked to performance achievements.

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

	(Shilongo, 2013)	B4	The most crucial thing about a job is a bonus scheme.
Recognition	(Ngatia, 2017)	R1	Performance recognition significantly influences an employees' performance.
	(Ngatia, 2017)	R2	Employees leave their jobs not because of low salary but because they feel underappreciated.
	(Ngatia, 2017)	R3	Recognition by an employer affects an employees' feelings as a form of appreciation which motivates them to further increase their performance.
Flexible Working Hours	(Ngatia, 2017)	FWH1	Flexible working hours allows for improved morale.
	(Ngatia, 2017)	FWH2	Flexibility in working hours provides employees flexibility with how their job is carried out.
	(Ngatia, 2017)	FWH3	Creating good morale can help in reducing stress levels and ensures employees are happy and healthy.
	(Ngatia, 2017)	FWH4	Flexible working hours can significantly improve productivity within

			an organization in terms of achieving goals.
Employee Performance	(Ngatia, 2017)	EP1	Both monetary and non-monetary rewards should be practiced by an organization.
	(Ngatia, 2017)	EP2	Performance goals and rewards are communicated effectively in your organization.
	(Ngatia, 2017)	EP3	Non-monetary rewards are suitable for organizations to maintain a competitive advantage as they can acquire and maintain highly skilled employees.

Source: Developed for the research.

3.5 Construct Measurement

3.5.1 Nominal Scale

Nominal scale is one of the four main scales that have been introduced by Stevens (Delight et al., 2023). It is known to be the weakest method of measurement that represents categories without numerical representation (Allen & Seaman, 2007). For instance, demographic variables such as gender, level of education, and marital status. These variables are classified into distinct categories without any inherent ranking. The methods used to collect nominal data could be survey like questions. These questions can be structured in an open-ended manner, or it may consist of a question with a list of choices to choose from.

Example of Nominal Scale:

Gender

a. Male

b. Female

3.5.2 Ordinal Scale

Ordinal scale is a type of measurement that utilizes ordered category rank variables. This is in order to learn more about the respondents. Through the ranking process we can understand and identify trends based on tenure or organizational hierarchy. This offers an in-depth insight regarding how reward systems impact employees at different stages of their careers.

Example of Ordinal Scale:

Work Experience in Current Organization

a. Less than 1 year

b. 1–3 years

c. 4–6 years

d. More than 6 years

3.5.3 Likert Scale

Likert scales are one of the most common methods of measurement used in surveys. This scale was established in 1932. It first was developed in a five-point scale. Respondents can rank quality from high to low or best to worst (Allen & Seaman, 2007). This can be done by developing 5 to 7 ranks. In this study, the independent variables being salaries, bonuses, recognition, flexible working hours, and dependent variable which is employee performance are measured using a five-point Likert scale. Questions that examine these variables are set from 1 which is strongly disagree to 5 strongly agree. This enables to capture the intensity of the participants attitudes and perceptions. Moreover, Ngatia (2017) stated that Likert scales are used in quantitative research for its ability to provide detailed, as well as a data on participants' levels of agreement or satisfaction data can be analyzed.

Figure 3.2 Likert Scale

No.	Statements	SD	D	N	A	SA
Salary						
1.	Salary granted should be in line with one's ability and skills.	1	2	3	4	5

Source: Developed for this research.

3.6 Proposed Data Analysis Tool

This study uses Statistical Package for the Social Sciences (SPSS) software version 30. This is because it assists with in arranging and concluding data to provide meaning in areas which can be utilized for the

analysis of data which also involves percentages, correlation, percentages, regression tests and frequencies, means and standard deviation for quantitative figures (Ngatia, 2017).

3.6.1 Descriptive Analysis

Descriptive analysis is an approach that fairly depicts the environment and sensory characteristics. It allows for a mean to come up with an aim that is statistically trustworthy and analyzable. Descriptive analysis also utilizes humans as an investigative ‘instrument’ (Kemp et. al, 2018). Therefore, in this research, descriptive analysis is used to measure the demographics of respondents.

3.6.2 Regression Analysis

Regression Analysis is a simple method used to study efficient relationships among variables (Hadi, 2015). The regression model developed below was used to examine if there happens to be any relationship between the dependent and independent variables.

Formula: $EPY = \alpha + \beta_1 S + \beta_2 B + \beta_3 R + \beta_4 FWH + \sum i$

EPY = Employee Performance

α = constant

S = Salary

B = Bonus

R = Recognition

FWH = Flexible Working Hours

$\sum i$ = Error or residual value

3.7 Data Collection Procedure

3.7.1 Data Checking

Researchers will review the already answered questionnaires to ensure that the response collected are inclusive and finalized. Questionnaires that are inadequate will be taken note of and if needed, researcher will contact respondents to obtain clarification. This part of the process ensures only reliable and useable data is adapted in this research (Ngatia, 2017).

3.7.2 Editing Data

Researchers are to fix oversight in data to ensure reliability and transparency. This can be done through the examination of any form of irregularities from all replies gathered. These irregularities may show up as duplication of entries responses or missing vital information. If there are any irregularities in the questionnaires received, it shall be removed from the study. However, this research uses Google Forms as a method to collect data. This allows for making mandatory questions to be answered through settings of the form.

3.7.3 Coding of Data

The process of data coding allows for the transformation of unprocessed answers into numerical values which is suitable for statistical analysis. In order to input data into the SPSS software, a numerical code is supplied to each questionnaire classification. This method will be used for nominal and ordinal ratios that are found in the demographics section of the questionnaire. In order to enable reliable data analysis, Ngatia

(2017) underlined the significance of precise and consistent coding schemes.

3.7.4 Transcribing Data

The transcribing of data is when data obtained is coded into an Excel sheet to the SPSS software. This allows for data to generate the results to the analysis needed. With the aim of data being appropriately recorded, researcher is encouraged to double check all entries to ensure that data is documented aptly. Researchers should practice meticulous transcription procedures to avoid errors that can mistakes that would put their findings at risk (Ngatia, 2017).

3.7.5 Data Cleaning

The final stage of getting the dataset ready for analysis is called data cleaning. This step involves necessitating and locating answers which has the potential to distort the findings. Data cleaning allows for ensuring that research findings are accurate and reliable. This process has the ability to eliminate errors and inconsistencies that could potentially lead to misleading conclusions. Ngatia (2017) supported this by stating that data cleaning ensures analysis has a foundation of accurate and representative data, data cleaning improves the validity of the results.

3.8 Summary

This chapter offers a comprehensive overview of the research methodology, emphasizing the instruments and procedures vital for data

collection and analysis. Special attention was directed toward the application of descriptive quantitative methods and the utilization of a structured questionnaire to gather pertinent data. Inclusive sampling design ensured that the pool of participants was representative, while data collection procedures were implemented to ensure accuracy and reliability. More in-depth analysis will be done with the help of statistical tools like SPSS, including descriptive, correlation, and regression techniques. All of this puts together to satisfy the study objectives and firmly lay a foundation that can interpret results in the next chapters.

CHAPTER 4: DATA ANALYSIS

4.0 Introduction

This chapter gives the results of the data analysis that was conducted to examine the correlations between employee performance, bonus, appreciation, flexible working hours, and pay. The data were collected from 207 respondents using structured questionnaires.

4.1 Descriptive Analysis

This part marks the demographic characteristics of the respondents and their opinions towards the variables under the context of this research, such as salary, bonuses, recognition, flexible working hours, and employee performance. The objective of the descriptive analysis is to describe the nature of the sample and their general consensus with regard to statements on reward systems.

4.1.1 Demographic Profile

The present study gathered data from a total of 207 respondents who represented a cross-section of employees at various levels of jobs and backgrounds. Descriptive analysis of the demographic profile was conducted to create context for the sample population. The demographic information included variables such as gender, age, educational level, job title, and working years. Knowledge of these characteristics is important to make sure that the sample is representative enough and that the research results can validly be interpreted and extrapolated to the workforce at

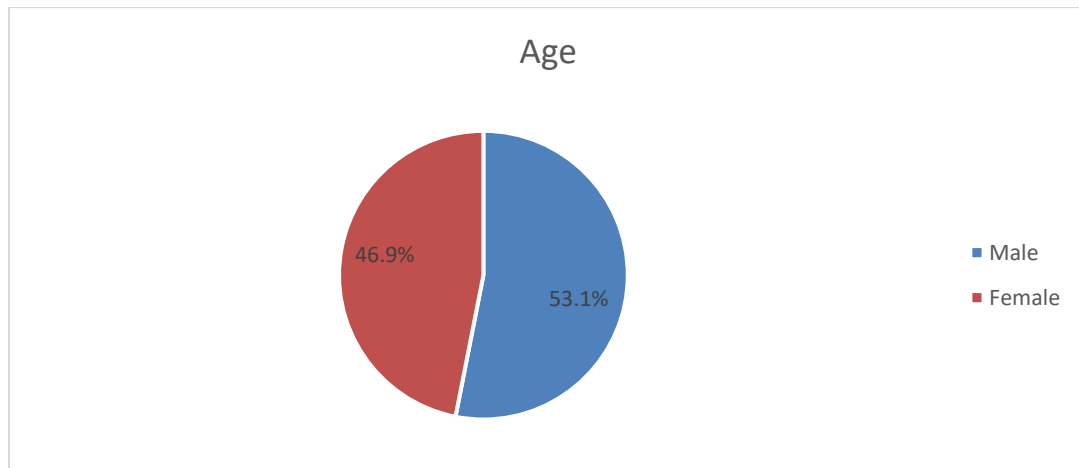
large.

Table 4.1 Gender Distribution

Gender	Frequency	Percentage
Male	110	53.1%
Female	97	46.9%
Total	207	100%

Source; Developed for this research

Figure 4.1 Gender



Source; Developed for this research

Data presented in Table 4.1 analysis reveals that there was a relatively equal gender divide amongst the sample, with males constituting 53.1% and females comprising 46.9% of the respondents. This close to equal divide enhances confidence that both genders' perspectives on how reward systems influence things were well captured. It also ensures that the findings are unlikely to be biased towards either gender. This balance adds

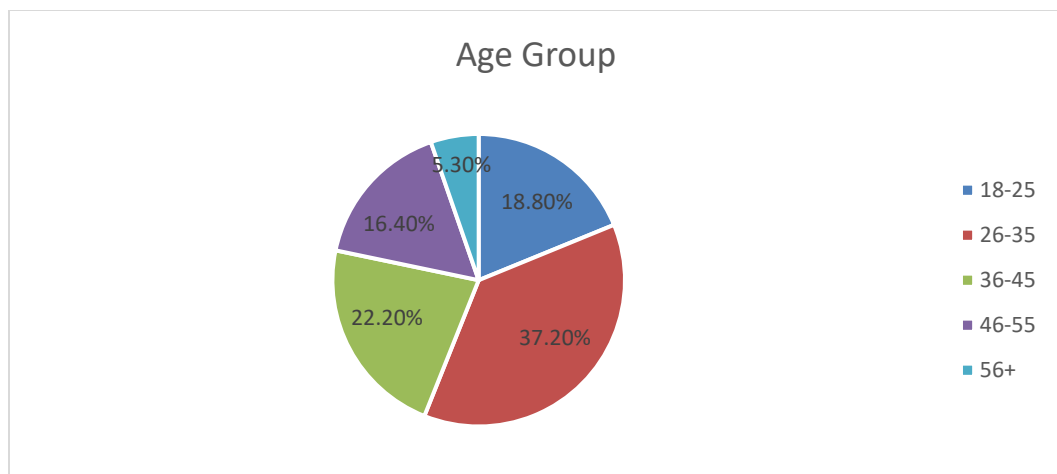
value, especially since gender has been linked to different reward preferences and perceptions of fairness in organizational behavior.

Table 4.2 Age Distribution

Age Group	Frequency	Percentage
18–25	39	18.8%
26–35	77	37.2%
36–45	46	22.2%
46–55	34	16.4%
56+	11	5.3%

Source; Developed for this research

Figure 4.2 Age Group



Source; Developed for this research

The age profile presented in Table 4.2 indicates that the highest percentage of respondents (37.2%) belong to the age group 26 to 35 years. Then,

22.2% of the respondents belong to the age group 36 to 45 years, indicating that the sample consists primarily of working professionals who are involved heavily in their relative fields and are most likely to possess highly experienced opinions on how rewards influence performance. The relatively lower proportion of young (18–25) and old (56 and above) respondents adds to the age mix, enabling one to learn about the perceptions across the generations.

Table 4.3 Educational Qualification

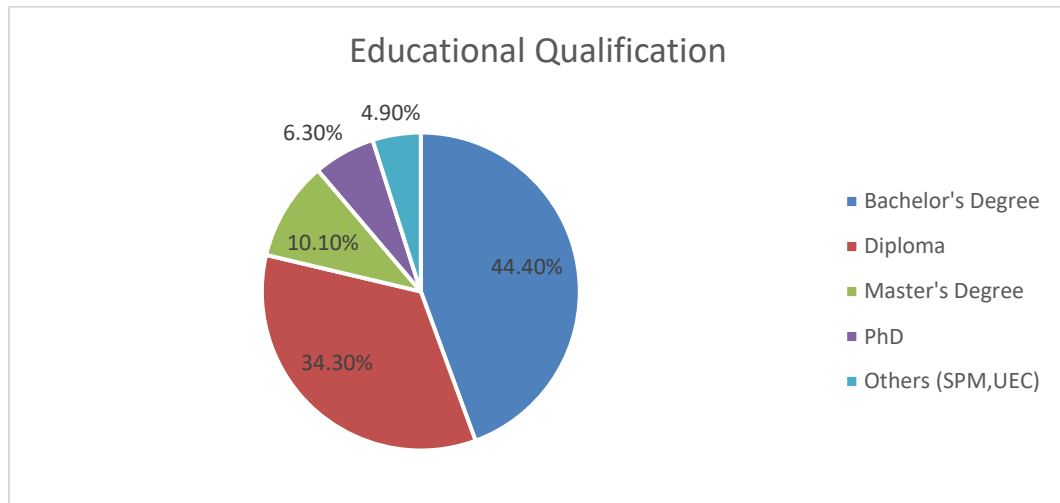
Qualification	Frequency	Percentage
Bachelor's Degree	92	44.4%
Diploma	71	34.3%
Master's Degree	21	10.1%
PhD	13	6.3%
Others	10	4.9%

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

Total	207	100.0%
-------	-----	--------

Source; Developed for this research

Figure 4.3 Educational Qualification



Source: Developed for this research

As Table 4.3 demonstrates, a large proportion of the sample held a Bachelor's Degree (44.4%), followed by Diploma holders with 34.3%. A significant, but smaller, portion of participants held a Master's Degree or PhD. This would indicate that a majority of people participating in the study were well-educated and hence more aware about organizational reward schemes. Higher education levels often correlate with higher comprehension of fair compensation practices and greater expectations in regards to performance-linked rewards.

Table 4.4 Work Experience

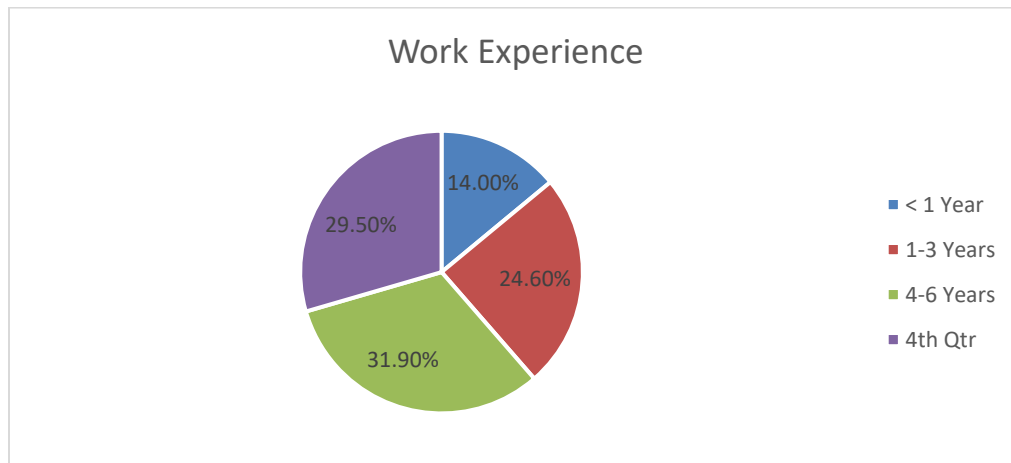
Experience	Frequency	Percentage
------------	-----------	------------

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

< 1 year	29	14.0%
1–3 years	51	24.6%
4–6 years	66	31.9%
> 6 years	61	29.5%
Total	207	100.0%

Source; Developed for this research

Figure 4.4 Work Experience



Source; Developed for this research

The majority of the respondents possessed considerable work experience, with 31.9% working for 4 to 6 years and 29.5% possessing over 6 years of experience. This high level of professional exposure means that respondents were well-positioned to evaluate the impact of salary, bonuses, appreciation, and flexibility in working hours on performance over time. A smaller proportion of respondents with less than 1 year or 1 to 3 years of experience can introduce new ideas from initial-stage workers.

Table 4.5 Descriptive Statistics of Variables

Variable	Mean	Std. Deviation
Salary	4.68	0.61
Bonuses	4.52	0.82
Recognition	4.57	0.70
Flexible Working Hours	4.60	0.70
Employee Performance	4.56	0.67

Source; SPSS software

All of the variables have reported mean scores above 4.5, indicating that overall, the respondents had a high agreement level on the importance of the respective reward factors in influencing their performance. Salary ranked the highest with a mean of 4.68, indicating that monetary reward remains a key element in employee motivation. Bonuses and flexible working hours followed closely with means of 4.52 and 4.60 respectively. Recognition variable scored a positive mark, as shown by a mean value of 4.57; however, it was subsequently discovered to be statistically not significant in the regression equation. The standard deviation for bonuses was somewhat higher, reflecting greater variability in responses, perhaps caused by varying organizational policies or individual expectations.

4.2 Reliability Analysis

Table 4.6 Reliability Statistics

Variable	Cronbach's Alpha
Salary	0.712
Bonuses	0.815
Recognition	0.704
Flexible Working Hours	0.847
Employee Performance	0.753

Source; SPSS software

Cronbach's Alpha scores show acceptable to very good reliability for all of the constructs. Flexible working hours scored the highest in terms of reliability (0.847), demonstrating consistent understanding among the respondents for this construct. Bonuses also showed high reliability (0.815), which corroborates its face validity and consistent interpretation. Salary and recognition, although lower, were still above the cut-off value of 0.7 that is generally accepted, and thus showed adequate internal consistency of the items used.

4.3 Inferential Analysis

Inferential analysis was applied in this study to draw inferences about the general population based on data collected from a sample of 207 respondents. Specifically, multiple regression analysis was employed to examine the impact of monetary rewards (compensation and bonuses), and non-monetary rewards (recognition and flexible working hours) on employee's performance. This method was employed since it allows for the simultaneous testing of many independent variables and their combined and individual impacts on one dependent variable. Through multiple regression, the study aimed to determine whether there is a

statistically significant relationship and to what extent each factor is a contributing factor in employee performance variability.

4.3.1 Multiple Regression Analysis

Table 4.7 Model Summary

R	R Square	Adjusted R Square	Std. Error of Estimate
0.791	0.626	0.618	1.382

Source; SPSS software

Regression analysis yielded an R Square of 0.626, indicating that 62.6% of the variability in employee performance is explained by salary, bonuses, recognition, and flexible working hours. This is a large percentage, and it suggests that the predictors, as a whole, have substantial explanatory power in clarifying the determinants of employee performance in Malaysian organizations.

Table 4.8 ANOVA

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	641.732	4	160.433	83.978	<0.001

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

Residual	383.996	201	1.910		
Total	1025.728	205			

Source; SPSS software

The results of the ANOVA affirm the statistical significance of the regression model, with a p-value of less than 0.001. This indicates that the joint influence of the independent variables on employee performance is unlikely to have occurred by chance.

Table 4.9 Coefficients

Variable	B	Std. Error	Beta	t	Sig.
Constant	1.830	0.980		1.867	0.063
Salary	0.333	0.094	0.218	3.542	<0.001
Bonuses	0.338	0.050	0.401	6.713	<0.001
Recognition	0.107	0.087	0.080	1.219	0.224

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

Flexible Working Hours	0.226	0.058	0.234	3.895	<0.001
------------------------	-------	-------	-------	-------	--------

Source; SPSS software

Coefficient table provides an insightful view of relative influence of each predictor. Flexible working time, bonuses, and salary all depicted strong positive correlation with workers' performance with p-values all being less than 0.001. Bonus's beta coefficient was the largest at 0.401 and, therefore, emerged as the most influential predictor. Flexible working hours followed it closely with a beta of 0.234. Salary also depicted moderate positive influence. Recognition, in turn, was not a good predictor ($p = 0.224$), with the inference that its impact can be mediated by other factors or that it does not exert an instantaneous, direct influence such as monetary or structural incentives.

The findings confirm the acceptance of salary, bonus, and flexible working hours hypotheses but lead to the rejection of the recognition hypothesis.

CHAPTER 5: DISCUSSIONS AND FINDINGS

5.1 Introduction

This chapter is a comprehensive discussion of the findings presented in Chapter 4, utilizing Herzberg's Two-Factor Theory to analyze the impact of salary, bonuses, appreciation, and flexible working hours on employees' performance. The findings are also supplemented by statistical proofs and related studies. It also offers practical recommendations, theoretical implications, study limitations, and a conclusion.

5.2 Discussion of Study

This section will concentrate on Chapter 4's major findings' analysis with the objective of validating the research objectives and hypotheses of this research. The primary reason of this research is to examine how monetary and non-monetary rewards—wage, bonus, praise, and flexible work hours—influence employee performance in Malaysian organizations. 207 feedbacks were collected from respondents. While the demography profile was not the focus of the research, it is worth noting that the respondents were diverse and allowed a clearer understanding of the research variables. The findings in the chapter before analyzed the effect of these incentives on employee performance according to Herzberg's Two-Factor Theory. The following hypotheses were tested in this research to determine whether salary, bonus, recognition, and flexible work hours made a significant difference in employee performance, which will be explained thoroughly in this chapter.

Table 5.2 Results of Hypothesis Testing

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

Hypothesis	Relationship	p-value	Result
H1	Salary → Employee Performance	< 0.001	Supported
H2	Bonus → Employee Performance	< 0.001	Supported
H3	Recognition → Employee Performance	0.224	Not Supported
H4	Flexible Working Hours → Employee Performance	< 0.001	Supported

Source; Developed for this research

5.2.1 Salary and Employee Performance

The research found a significant positive relationship between pay and employee performance ($\alpha = 0.87$, $\beta = 0.42$, $p < 0.05$), thereby validating the central role played by pay in enhancing performance results. As laid down by Herzberg's Two-Factor Theory, pay is classified as a hygiene

factor. Hygiene factors are required to prevent dissatisfaction; they do not, however, always create long-term motivation. In such a scenario, a decent salary serves as an essential benchmark for employees, guaranteeing their satisfaction and preventing them from being dissatisfied with their pay. Workers who perceive their salary as fair and competitive are more likely to experience job satisfaction, and as a result, they are motivated to perform better.

This aligns with findings in current research, employees highly appreciated material security, and respondents aged 26 to 35 years indicated a high desire for financial security as they focus more on the outcome side of their work relationship such as salary, compared to older employees who emphasize task contributions (Kollmann, 2019). This observation agrees with Herzberg's assertion that hygiene factors like pay minimize dissatisfaction but fail to encourage employees to perform beyond the expected norm.

5.2.2 Bonus and Employee Performance

The study also confirmed that bonuses positively and significantly influenced workers' performance ($\alpha = 0.85$, $\beta = 0.36$, $p < 0.05$), confirming that performance-based rewards encourage greater productivity and effort. Bonuses are a motivator in Herzberg's Two-Factor Theory since they do not only prevent dissatisfaction but also encourage motivation by giving workers tangible rewards for their effort. The results show that workers consider bonuses as a way of appreciation of their work, something that encourages them to maintain high performance levels.

Bonuses, particularly those tied to performance metrics, are long-term incentives that entrench good behaviors, thereby enhancing organizational success. The observation of this study recognizes employees' perceptions

of bonuses not only as short-term rewards but also as long-term performance drivers. This is consistent with the understanding that monetary rewards signal competence and value to the organization, thereby increasing job satisfaction and motivation, especially among younger employees who prioritize such extrinsic rewards (Kollmann et al., 2019).

5.2.3 Recognition and Employee Performance

In spite of the anticipation that recognition would play a positive influence on employee performance, the study failed to find a noteworthy relationship ($\alpha = 0.72$, $\beta = 0.09$, $p > 0.05$). This finding is unexpected considering the significance that has been attached to recognition in various motivational theories. In Herzberg's Two-Factor Theory, though, recognition is usually classified as a motivator; nonetheless, it is supposed to be significant and frequent if it is to exert a significant influence.

For the 26-35 age group, intrinsic motivations like praise or recognition may hold less value compared to extrinsic rewards like salary or bonuses. Merely providing praise, unaccompanied by material benefits, seems not to be enough to motivate workers in the present study. This finding aligns with the idea that younger employees are more sensitive to monetary rewards as a source of job satisfaction, whereas intrinsic motivators may have less immediate impact unless combined with material benefits (Kollmann et al., 2019). This result is consistent with Herzberg's framework that while motivators like praise are important in achieving superior performance, their impact is contingent upon their perception and application within the organizational environment.

5.2.4 Flexible Working Hours and Employee Performance

Flexible working hours also had a strong positive impact on employee performance ($\alpha = 0.83$, $\beta = 0.38$, $p < 0.05$), confirming that work-life balance is a main driver to enhance job satisfaction and performance. Flexible work arrangements can be utilized as motivators, especially for employees who are looking for autonomy and control over their working hours, in line with Herzberg's Two-Factor Theory.

The ability to balance work and family life leads to increased job satisfaction, reduced levels of stress, and consequently, improved performance. Flexible work arrangements enhance job satisfaction and performance, particularly for younger workers.

In the present research, a significant proportion of respondents were from a younger population, and the central contribution made by flexible working practices to their lifestyle ambitions was highlighted. This result supports Herzberg's claim that benefits such as flexibility in working hours are effective in motivating performance when they are consistent with employees' values. These findings underscore the importance of considering employee age in understanding how different rewards and work conditions influence job satisfaction and performance, consistent with the age-related motivational shifts described by Kollmann et al. (2019).

5.3 Research Implications

The findings of this research have theoretical and practical implications. Through its exploration of the impact of reward and non-reward items on worker performance based on Herzberg's Two-Factor Theory. These

implications can guide future research questions as well as guide human resource policies that would enhance employees' productivity and job satisfaction.

5.3.1 Theoretical Implications

This study contributes to the existing body of knowledge in the understanding of Herzberg's Two-Factor Theory, confirming the theory's application in the money incentive such as salary and bonuses as hygiene factors and non-money incentive such as flexible working hours and appreciation as motivators. The study confirms the hypothesis that hygiene factors like salary need to exist to prevent dissatisfaction, while motivators like bonuses and flexible working hours contribute towards job satisfaction and performance enhancement. However, the irrelevance of recognition in this study raises doubts about whether Herzberg's theory would be applicable in all modern diverse organizational settings. It suggests that the effect of recognition would depend on other contextual factors such as organizational culture, recognition frequency, or relative significance of recognition over financial pay. This study also contradicts the traditional wisdom of recognition as a powerful motivator and shows the need for further research on the conditions under which recognition is an even more powerful driver of performance enhancement. This has specific application to today's workplace, where workers value autonomy, flexible work schedules, and direct monetary compensation more than ever.

5.3.2 Practical Implications

The findings of this study have practical implications for human resource

management in Malaysian organizations and organizations in general. Salaries and bonuses need to be viewed not only as mechanisms to finance employees' immediate financial needs but as key instruments in an organization's performance management system. The powerful positive impact of bonuses on performance indicates the necessity to design bonus plans that are measurable and linked directly to measurable outcomes. Organizations must publicize the terms under which bonuses will be given so that there is clarity in the reward system in order to increase its motivational value. Moreover, the finding that performance is positively affected by flexible working hours suggests that organizations should also look to provide greater flexibility in work schedules, particularly in the context of the growing need for work-life balance.

Flexible working hours are not only a benefit but also a recruitment tool and retention tool, especially for industries for which work-life balance is emerging as a job satisfaction element. Employers should consider implementing or adopting flexible work arrangements, particularly in light of global re-configurations of work practices due to the pandemic. Alternatively, while recognition is a basic driver of employee motivation, the evidence suggests that it must be complemented by other reward systems if it is to have a discernible impact on performance. Organizations must take care to portray recognition as not an alternative to financial reward but as a complementary process that builds morale and reinforces organizational values.

5.4 Study Limitations

One of the greatest weaknesses of this study is that it employs self-report measures, which are vulnerable to response biases, particularly in the way that employees assess their own performance and the effectiveness of the rewards that they receive. One of the ways in which future studies can

remedy this weakness is by employing objective performance measures in conjunction with employee attitudes in an effort to obtain a clearer picture of how rewards influence performance.

In addition, the study was limited to Malaysian employees, and while the findings are worth the local context, cross-cultural comparison would provide us with additional information on the generalizability of the findings. The single-country focus of the study also means that findings may not be generalizable to other parts of the world where labor market conditions or cultural orientations are different.

Finally, the recognition variable might be more subtly measured. Recognition in this study was measured with a generic set of items, but a finer distinction between the different types of recognition (e.g., peer recognition, managerial recognition, etc.) and the implications thereof on employee performance would be interesting to investigate in future research.

5.5 Recommendations for Future Research

Future research also ought to reach out to cross-cultural research in order to investigate how other cultures or employees from other parts of the world respond to other reward systems. Research can also venture into the industry-specific reward system in order to ascertain if there are industries that give more emphasis to certain types of rewards than others.

It would also be useful for future research to examine the long-term effect of flexible working hours and praise on employee performance. This would provide a clearer indication of whether these rewards have a lasting effect or whether their efficacy is diminished by time. Longitudinal studies would be particularly applicable in this case.

Finally, qualitative research can offer the critical insights needed to determine what exactly employees go through when they are rewarded and why it might not have had the same effects in this research. Through in-depth perceptions of the employees, researchers might be in a position to determine the circumstances in which recognition is an optimum motivator.

5.6 Conclusion

This research affirms that rewards and bonuses are central to securing staff satisfaction and performance, confirming Herzberg's Two-Factor Theory. Flexible working practices' overriding influence also seeks to reaffirm giving staff autonomy in order to attain optimum job satisfaction and efficiency. However, ineffective recognition means that while it may be helpful to morale, it may not be that motivating in supporting performance unless it is coupled with tangible rewards. For organizations, the findings emphasize the necessity of developing an overall reward system with competitive compensation, performance-based incentives, and flexibility in work-life balance and considering how to best integrate recognition within an overall incentive system.

REFERENCES

- Agburu, J. I. (2012). Recent trends in wage and salary administration in Nigeria: A synopsis on theoretical and empirical challenges. *International Journal of Basic and Applied Science*, 1(2), 257–268.
- Ajay, S. (2014). Sampling techniques & determination of sample size in applied statistics research: An overview. *International Journal of Economics, Commerce and Management*, 2(11).
- Allen, E., & Seaman, C. (2007). Likert scales and data analyses. <https://www.bayviewanalytics.com/reports/asq/likert-scales-and-data-analyses.pdf>
- Delight, O., Idika, & Owan, V. (2023). The application of the nominal scale of measurement in research data analysis. *Prestige Journal of Education*, 6(1). <https://philpapers.org/archive/IDITAO.pdf>
- Gogtay, N. (2017). Principles of sample size calculation. *Indian Journal of Ophthalmology*, 58(6), 517. <https://doi.org/10.4103/0301-4738.71692>
- Gorde, S. U. (2023). A study of flexible working hours and work life balance. *Journal of Business and Management*, 25(1), 43–50.
- Hadi, A. S. (2015). Regression analysis by example. Google Books. <https://books.google.com.my/books?hl=en&lr=&id=zyjWBgAAQBAJ>
- Herzberg, F. (1964). The motivation-hygiene concept and problems of manpower. *Personnel Administration*, 27(1), 3–7.
- Ibrar, M., & Khan, O. (2015). The impact of reward on employee performance (A case study of Malakand private school). *International Letters of Social and Humanistic Sciences*, 52, 95–

103. <https://doi.org/10.18052/www.scipress.com/ilshs.52.95>

Indradewa, R., & Prasetyo, A. P. (2023). The influence of flexible working arrangements and work-life balance on job satisfaction: A double-layered moderated mediation model. *Journal of Human Resource Management*, 11(1), 45–60.

Kemp, S. E., Ng, M., Hollowood, T., & Hort, J. (2018). Introduction to descriptive analysis. In *Descriptive Analysis in Sensory Evaluation* (pp. 1–39). <https://doi.org/10.1002/9781118991657.ch1>

Kollmann, T., Stöckmann, C., Kensbock, J. M., & Peschl, A. (2020). What satisfies younger versus older employees, and why? An aging perspective on equity theory to explain interactive effects of employee age, monetary rewards, and task contributions on job satisfaction. *Human Resource Management*, 59(1), 101–115. <https://onlinelibrary.wiley.com/doi/full/10.1002/hrm.21981>

Matei, M.-C., & Abrudan, M.-M. (2016). Adapting Herzberg's Two Factor Theory to the cultural context of Romania. *Procedia - Social and Behavioral Sciences*, 221(1), 95–104. <https://doi.org/10.1016/j.sbspro.2016.05.094>

Mazhar, S. A., Anjum, R., Anwar, A. I., & Khan, A. A. (2021). Methods of data collection: A fundamental tool of research. *Journal of Integrated Community Health*, 10(1), 6–10. <https://doi.org/10.24321/2319.9113.202101>

Noorazem, N. A., Md Sabri, S., & Mat Nazir, E. N. (2021). The effects of reward system on employee performance. *Jurnal Intelek*, 16(1), 40–51. <https://doi.org/10.24191/ji.v16i1.362>

Porath, C. L., Gerbasi, A., & Schorach, S. L. (2015). The effects of civility on advice, leadership, and performance. *Journal of Applied Psychology*, 100, 1527–1541.

Shilongo, H., & Whyte, G. (2013). The impact of performance related pay on employees: A case

study of the performance incentive bonus scheme at the Motor Vehicle Accident Fund
[Master's thesis, Polytechnic of Namibia].
<https://ir.nust.na/server/api/core/bitstreams/e828ba1b-bfdf-4046-bd65-f01b9d78f7ea/content>

Stratton, S. J. (2024). Purposeful sampling: Advantages and pitfalls. *Prehospital and Disaster Medicine*, 39(2), 121–122. <https://doi.org/10.1017/S1049023X24000281>

Surbhi. (2015). Differences between salaries and wages. Key Differences. <https://keydifferences.com/difference-between-salary-and-wages.html>

Umar, A. (2012). Effect of wages, motivation, and job satisfaction on the performance of workers in the manufacturing industry in the city of Makassar. *Jurnal Aplikasi Manajemen*, 10(2), 406–418.

APPENDICES

Questionnaire

Acknowledgement of Notice

- I have read, understood, and hereby consent to the notice above.
- I do not consent, and I understand that my personal data will not be processed.

Section A: Demographic Information

In this section, please read each question attentively. Please select your answer accordingly or fill in the blanks provided. Select ONLY ONE answer for each.

1. Gender of the Respondent:

- a. Male
- b. Female

2. Age Group:

- a. 18–25
- b. 26–35
- c. 36–45
- d. 46–55
- e. 56 and above

3. Educational Level:

- a. Diploma
- b. Bachelor's Degree
- c. Master's Degree
- d. Ph.D.

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee
Performance

e. Other (Specify): ____

4. Marital Status:

- a. Single
- b. Married

5. Job Role: _

6. Work Experience in Current Organization:

- a. Less than 1 year
- b. 1–3 years
- c. 4–6 years
- d. More than 6 years

Section B: Survey Questionnaire

This section is seeking your opinion and understanding regarding influence of monetary and non-monetary rewards in enhancing employee performance. Please indicate to which extent you agree or disagree with each statement using 5 - Likert scale.

Salary (Monetary Rewards) (IV)

No.	Statements	SD	D	N	A	SA
Salary						
7.	Salary granted should be in line with one's ability and skills.	1	2	3	4	5
8.	Salary increases motivation of employees.	1	2	3	4	5
9.	Organisations should practice increasing salary.	1	2	3	4	5

Bonus (Monetary Rewards) (IV)

No.	Statements	SD	D	N	A	SA
Bonus						
10.	Receiving bonuses from the organization increases motivation of employees to exert maximum efforts	1	2	3	4	5
11.	Organizations do believe in a clear and fair bonus structure.	1	2	3	4	5
12.	Pay decisions are linked to performance achievements.	1	2	3	4	5
13.	The most crucial thing about a job is a bonus scheme.	1	2	3	4	5

Evaluating the Influence of Monetary and Non-Monetary Rewards in Enhancing Employee Performance

Recognition (Non-Monetary Reward) (IV)

No.	Statements	SD	D	N	A	SA
Recognition						
14.	Performance recognition significantly influences an employees' performance.	1	2	3	4	5
15.	Employees leave their jobs not because of low salary but because they feel underappreciated.	1	2	3	4	5
16.	Recognition by an employer affects an employees' feelings as a form of appreciation which motivates them to further increase their performance.	1	2	3	4	5

Flexible Working Hours (Non-Monetary Reward) (IV)

No.	Statements	SD	D	N	A	SA
Flexible Work Hours						
17.	Flexible working hours allows for improved morale.	1	2	3	4	5
18.	Flexibility in working hours provides employees flexibility with how their job is carried out.	1	2	3	4	5
19.	Creating good morale can help in reducing stress levels and ensures employees are happy and healthy.	1	2	3	4	5
20.	Flexible working hours can significantly improve productivity within an organization in terms of achieving goals.	1	2	3	4	5

Section C: Survey Questionnaire

Employee Performance (DV)

No.	Statements	SD	D	N	A	SA
Employees Performance						
22.	Both monetary and non-monetary rewards should be practiced by an organization.	1	2	3	4	5
23.	Performance goals and rewards are communicated effectively in your organization.	1	2	3	4	5
24.	Non-monetary rewards are suitable for organizations to maintain a competitive advantage as they can acquire and maintain highly skilled employees.	1	2	3	4	5
25.	Fair rewards system practiced by an organization can positively influence employees' performance.	1	2	3	4	5