

## DESIGNING A REWARD MANAGEMENT SYSTEM TO INCREASE EMPLOYEES' SATISFACTION

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**Abstract:** *This paper starts from the idea that the efficiency of the employees' work depends on the company's reward system and especially on their perception of the rewards granted. Therefore, the paper presents a quantitative research, using the questionnaire as a tool, in order to identify the degree of employee satisfaction, on the one hand and those elements the company should include in the reward system, on the other hand. This paper may be developed in future research, aimed at improving the efficiency and restructuring the rewards management system.*

**Keywords:** Reward management, Human resources, Quantitative research, Rewarding system.

**JEL Classification Codes:** M12.

### 1. INTRODUCTION

The specialized theory and practice are very interested in the tools intended to reward staff, but especially in how such tools should be used in order to induce the best results. When it comes to rewards, it is very important to identify the need to reward employees, their level of awareness of the rewards they receive, the ability to improve their performance based on rewards. Rewarding the staff is therefore a sensitive and important aspect, and competitive organizations have fully understood its need.

### 2. SPECIALTY LITERATURE AND PRACTICE

People are motivated by their different needs or requirements, and they remain motivated as long as the organization provides them with rewards or incentives that allow them to meet these needs and requirements. Nevertheless, managing people means more than managing rewards and incentives. Granting a reward doesn't provide any guarantee that the effort will be higher or that the increased effort can lead to better performance.

Aurel Manolescu defines reward management as “the process of developing and implementing reward strategies, policies and systems that allows organizations to achieve their goals by recruiting and retaining the necessary employees, as well as by properly motivating them” (Manolescu, 2001).

From the practice of reward systems at different hierarchical levels, it has been found that a reward becomes a motivating factor all the more so as it is attributed to the employee who improves his work performance, is desired and expected by the employee, or in the case when there is a direct proportional relationship between the additional contribution of the employee and the performance improvement (Armstrong, 2007). At the base of a reward system there is a



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desire to grant the appropriate rewards and at the same time to convey to all the employees of the company the important message that everyone should know.

The main goals of the reward management are as follows (Armstrong, 1996):

- reward people according to the value they create;
- harmonize the reward tools with the business objectives and the employees' values and needs;
- reward the right things to convey the right message about what is important in terms of behaviours and outcomes;
- develop a culture of performance.

In order to manage a reward system in an adequate manner, he considers that three important criteria need to be observed, namely (Duncan, 2014):

- simple and clear focus on core values and principles;
- greater emphasis on the involvement of the employees by means of rewards;
- improving and opening up communication.

### **3. PURPOSE OF RESEARCH**

The main purpose of the research is the measurement of the satisfaction level of the employees of an organization. The questionnaire aims to bring to the foreground the motivational factors that act on the behaviour of the employees, determining their satisfaction or dissatisfaction at the workplace.

### **4. RESEARCH OBJECTIVES**

1. Identifying the degree of notoriety of the job satisfaction.
2. Measuring the importance of job satisfaction.
3. Identifying the degree of satisfaction in relation to the company in which the respondents work.
4. Studying the involvement of the employees in the evaluation of the job satisfaction of the employees.
5. Identify the factors that determined the respondents to choose the current company in which they work.
6. Measuring the satisfaction of the respondents in relation to the working conditions in the company.
7. Studying the existence of a communication relationship with the hierarchical superiors.
8. Highlighting the extent to which respondents are satisfied with their salary level.
9. Identifying the opinion of the employees in relation to the facilities of the work area.
10. Studying the employees' perception of their working hours.
11. Identify the attitude of the respondents related to the statement: "You are being paid correctly in relation to the work you are doing".
12. Analysing the evolution of job satisfaction over time.
13. Measuring the satisfaction of the employees in relation to the working atmosphere, the respect with which they are treated.
14. Measuring the degree of satisfaction with the opportunities and possibilities of professional development.
15. Identifying the extent to which employees are satisfied with the safety created at the workplace.
16. Identifying seniority in the workplace.
17. Identifying the socio-demographic characteristics.

## 5. METHODOLOGY OF RESEARCH

### ➤ Research hypotheses

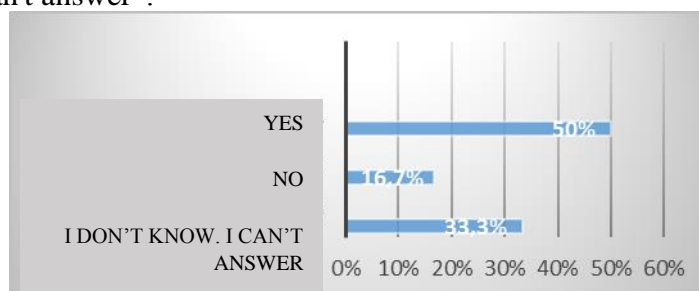
1. More than 50% of the respondents who were part of the sample consider that the salary is the main element that ensures job satisfaction.
2. More than 60% of the respondents replied that the level of job satisfaction increases with age.
3. 70% of women have a higher level of job satisfaction than men.
4. More than 40% of the respondents are not satisfied with the conditions offered by the company in which they work.
5. Approximately 60% of employers do not get involved in evaluating employee satisfaction and do not place any importance to employee satisfaction.

### ➤ Defining the general community researched and the sample

In dimensioning the sample we admitted a 95% confidence threshold, respectively a margin of error of 5%. The sample that I set out to study is made up of 30 respondents belonging to the same company, including both men and women.

### ➤ Interpretation of data collected following the application of the questionnaire to the sample

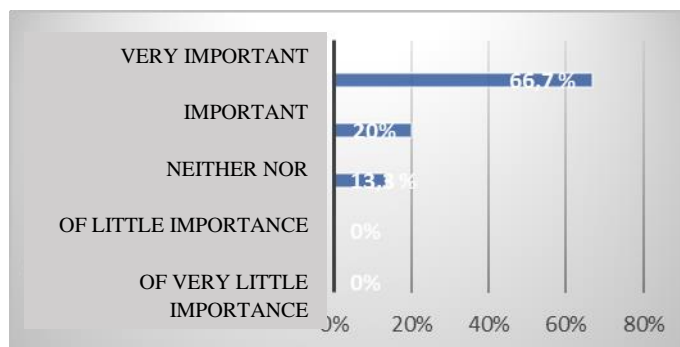
1. To the question concerning the knowledge of the job satisfaction term, all the respondents answered “Yes”
2. To the question related to the satisfaction with the company for which they work, 15 respondents answered “Yes” (50%), 5 answered with “No” (16.7%) and 10 (33.3%) gave the answer “I don't know. I can't answer”.



**Figure 1 Results related to the level of satisfaction**

Source: Processing of data collected through the questionnaire

3. The purpose of question number three was to identify the importance of respondents' job satisfaction. The results obtained are shown in the figure below:

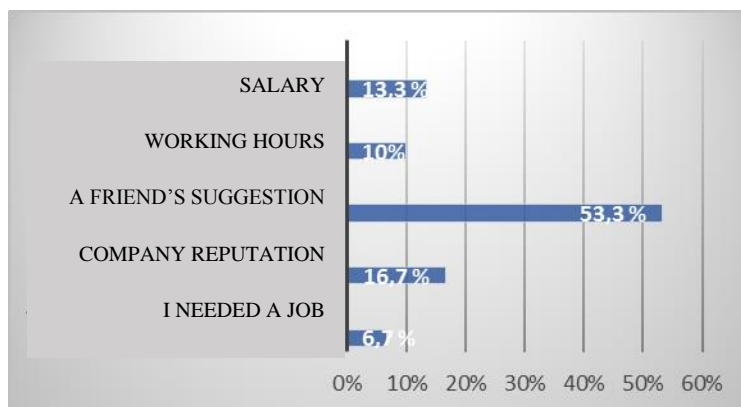


**Figure 2 Importance of the satisfaction at the workplace**

Source: Processing of data collected through the questionnaire

Thus, most respondents (66.7%) said that job satisfaction is very important, 20% said that it is important and the remaining 13.3% did not give an actual answer choosing the middle option, considering that job satisfaction at the workplace was neither important nor unimportant.

- The purpose of the following question was to identify the influencing factors in choosing the company and the position they hold.

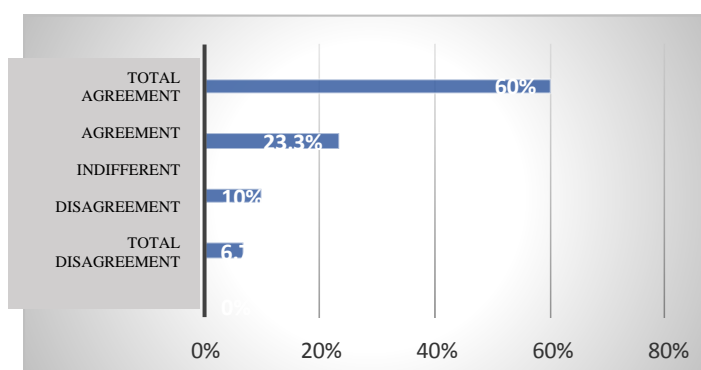


**Figure 3. Identifying influencing factors in choosing the company and the job**

Source: Processing of data collected through the questionnaire

To this question most respondents, respectively 53.3% provided the answer that the main influence factor was a friend's suggestion, followed by 16.7% with the company's reputation. Between the working hours and the salary there was a difference of only 3.3%, the smallest weight, respectively 6.7% being obtained by the answer "I needed a job".

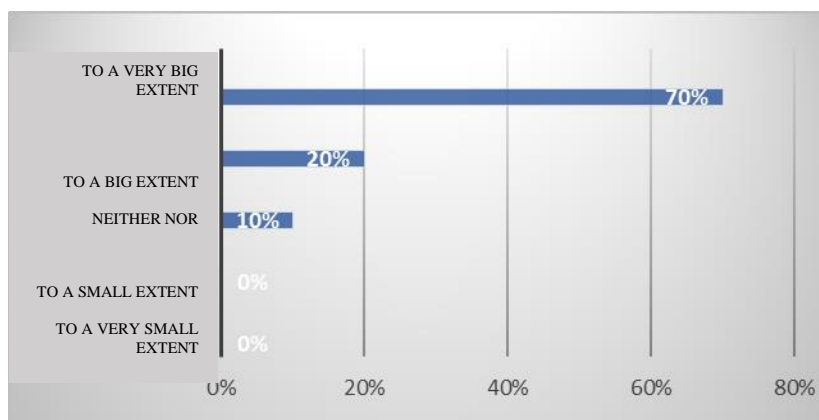
- The following question aimed at identifying the agreement of the respondents with the following statement: "Is my workplace equipped with the materials and equipment necessary for the completion of the job tasks?" The results obtained are shown in the figure below, in which it can be seen that a quite large percentage of respondents answered with "Total agreement".



**Figure 4. Agreement on the endowment of the workplace**

Source: Processing of data collected through the questionnaire

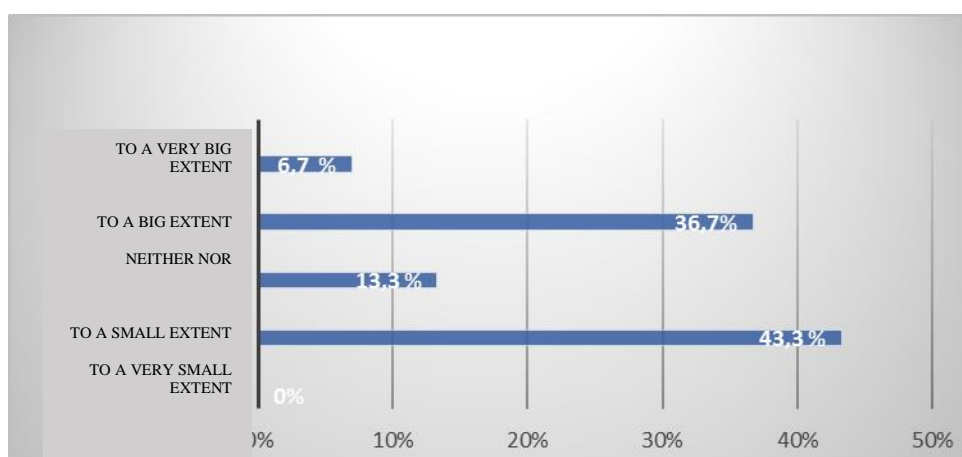
- Related to the previous question, the following question aimed at identifying the level of satisfaction of the respondents in relation to the existing working conditions.



**Figure 5. Results concerning how working conditions are seen in the company**  
Source: Processing of data collected through the questionnaire

With an overwhelming weight of 70%, the employees surveyed answered that they were very satisfied with the working conditions in the workplace, 20% said they were largely satisfied, the difference of only 10% giving a neutral answer.

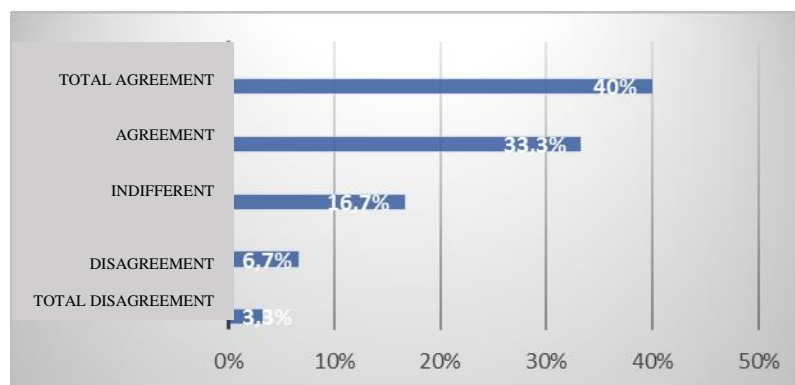
7. A delicate question was related to the degree of satisfaction concerning the salary level.



**Figure 6. The extent to which the respondents are satisfied with the salary received**  
Source: Processing of data collected through the questionnaire

Only 43.4% are very satisfied and very satisfied, the rest are neutral or dissatisfied.

8. In relation to the satisfaction with the working hours, 60% of the respondents said that they totally agree with it, 6.7% said that it didn't matter to them, the difference of 33.3% being dissatisfied with it.
9. The following results were obtained from processing the questionnaires in relation to the question "There is an effective communication relationship with the hierarchical superior":



**Figure 7 Agreement concerning the communication with the hierarchical superior**

Source: Processing of data collected through the questionnaire

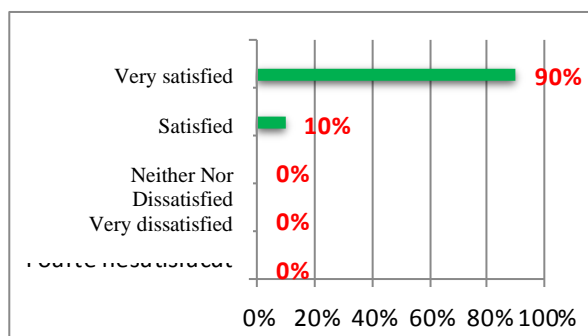
10. To the question aiming at identifying the perception of the employees in relation to the recognition of their merits, 19 respondents (63.3%) said they were very satisfied with the recognition of the merits at their current job.

**Table 1 Respondents' satisfaction in relation to the recognition of their merits**

Answer options	Number of answers	Percentage of answers
Very satisfied	19	63.3%
Satisfied	11	36.7%
Neither Nor	0	0%
Unsatisfied	0	0%
Very unsatisfied	0	0%

Source: Processing of data collected through the questionnaire

11. 90% of the respondents said they were very satisfied with the internal opportunities they got in the company in which they currently work.



**Figure 8 Internal opportunities – degree of satisfaction**

12. To the question “What would you need to be satisfied at the workplace? Choose maximum two answers”, the following results were obtained:

**Table 2 Results obtained**

Answer options	Number of answers	Percentage of answers
Better wages	21	70 %
Acknowledgment and appreciation for the work done	6	20 %
Communication and support from fellow workers	2	6.7 %
Re-fitting out the work area	1	3.3%

Source: The processing of author of the work according to the answers of the questioned sample

In order to be satisfied at the workplace, most respondents consider that a better salary would be the main factor influencing its occurrence, the next big choice being the recognition and appreciation for the work done.

13. The last questions had the role of characterizing the respondents. The results obtained highlighted the following:
- more than half of the respondents have a seniority between 1 and 3 years in their job. Only 20% of the employees have a seniority between 6-12 months, and 10% of the employees have a seniority between 3 and 5 years as well as those who have a seniority of more than 5 years in their job;
  - the vast majority of respondents (60%) belong to the 18-25 year category, followed in an equal percentage (16.7%) by those under 18 years and those between 26-35 years;
  - as shown in the staff structure at national level in Romania, the company Starbucks has more male employees, which is also proved following the application of the questionnaire, 60% of them being men. The vast majority of respondents (60%) belong to the category 18-25 years, followed by equal percentage (16.7%) of those under 18 years and those between 26-35 years;
  - the level of income most of the respondents have is 1600-2599 RON, followed by those with level between 801-1599 RON;
  - more than half of the respondents have high school education (53.3%), the rest being those with university studies (40%) and post-secondary education (6%).

## **6. PROJECTION OF THE REWARD MANAGEMENT SYSTEM WITH A PURPOSE OF INCREASING EMPLOYEES' SATISFACTION AT THE WORKPLACE**

The main components of the reward system for the company:

- + Salary - which is paid on the 5<sup>th</sup> day of each month.
  - + The overtime hours - these cannot exceed 32 hours per month, they are paid 75% more than the normal hourly rate or can be compensated by free hours paid in the next 60 calendar days after their completion
  - + For the hours worked in weekends, Starbucks employees will be paid 30% more than the normal hourly rate
  - + The annual leave.
  - + All employees benefit from a 21-day annual leave.
  - + Free days paid - are granted in the case of all the special events in the life of an employee, allocated as follows:
    - The employee's marriage -5 days
    - Marriage of a child - 2 days
    - Birth of a child - 5 days
    - Death of the spouse, child, parents, in-laws parents - 3 days
    - Changing the workplace within the company, while moving the domicile to another locality - 5 days
    - Blood donation - according to the legislation in force
    - Death of grandparents, brothers, sisters - 1 day
    - Unpaid leave of absence - according to the legislation in force.
- Other categories of rewards include:
- + Performance-based bonus
  - + Professional Development

- ✚ Training
- ✚ 15- lei luncheon vouchers/day worked
- ✚ Medical subscription to the Regina Maria private clinic
- ✚ Discount for products sold by the company.

The results of the questionnaire applied to the selected sample showed that the employees are satisfied with the working conditions offered by this company, the vast majority chose this job at the suggestion of a friend and are very satisfied with the way they are treated as partners.

The components that the company should add to their rewards system are as follows:

- Team buildings
- Annual leave bonus
- Holiday bonus
- 13<sup>th</sup> salary
- Employee of the month

## 7. CONCLUSIONS

The use of a reward management system has the role of rewarding people according to the value they create, harmonizing the reward tools with the business objectives and the values and needs of the employees, attracting and retaining the high quality people that the organization needs and last, but not least, developing a culture of performance.

The purpose of the paper was to identify those elements that really motivate the employees of an organization in order to design an effective motivation system for the company.

Following the study we carried out, we concluded that the main components of the reward system must be: the salary, properly paid overtime, the annual leave of absence, free paid dais, the unpaid leave of absence- according to the law, bonuses depending on the performance, professional development, trainings, luncheon vouchers, medical subscription to the private clinic, discounts for the products sold by the company, annual leave bonus, holiday bonus, the 13<sup>th</sup> salary, employee of the month.

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