

University of Bahrain

College of Business Administration

Department of Management & Marketing



Reward System as a Driver of Employee Performance: Empirical Evidence from Bahrain.

Thesis submitted in partial fulfilment of the requirement for the degree of
M.Sc. in Human Resource Management

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Defense Committee's Approval

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Abstract

Reward management is viewed to be one of the most crucial elements of human resource management. Researchers have shed light on the impact of rewards management on employees in an organization where scholars are examining how rewards can help gain competitive advantage and sustain business activities for organizations. The research Rewards System as a Driver of Employee Performance: Empirical Evidence from Bahrain focused mainly on how a reward system can impact an employee's performance within a firm. The research reviewed the different reward types including intrinsic and extrinsic rewards and examined how these rewards can influence an employee's performance and motivation levels within the business. The study followed a qualitative research method where responses were gathered from 11 different employees within the manufacturing sector through semi-structured interviews and focus groups. The study revealed that pay was not the main motivation factors especially to the youth generation where they value other reward types such as career development and job autonomy. The research findings showed that employees highly valued career development as a form of reward and recognition that could take place in various ways. It was found that the best method to retain employees and keep them motivated was to have a mixture of rewards (both intrinsic and extrinsic) to satisfy all needs. The outcome of this research has contributed to the literature of reward management and employee performance.

Key Words: Rewards, intrinsic, extrinsic, employee performance.

Abstract in Arabic

يُنظر إلى إدارة المكافآت على أنها أحد أهم عناصر إدارة الموارد البشرية. ألقى الباحثون الضوء على تأثير إدارة المكافآت على الموظفين في مؤسسة حيث يدرس العلماء كيف يمكن للمكافآت أن تساعد في اكتساب ميزة تنافسية والحفاظ على الأنشطة التجارية للمؤسسات. ركز نظام المكافآت البحثي كمحرك لأداء الموظف: الأدلة التجريبية من البحرين بشكل أساسي على كيفية تأثير نظام المكافآت على أداء الموظف داخل الشركة. استعرض البحث أنواع المكافآت المختلفة بما في ذلك المكافآت الجوهرية والخارجية وفحص كيف يمكن أن تؤثر هذه المكافآت على أداء الموظف ومستويات التحفيز داخل الشركة. اتبعت الدراسة أسلوب البحث النوعي حيث تم جمع الردود من ١١ موظفًا مختلفًا في قطاع التصنيع من خلال المقابلات شبه المنظمة ومجموعات التركيز. وكشفت الدراسة أن الأجر لم يكن العامل الرئيسي الدافع خاصة لجيل الشباب حيث يقدرون أنواع المكافآت الأخرى مثل التطوير الوظيفي والاستقلالية الوظيفية. أظهرت نتائج البحث أن الموظفين يقدرون عاليًا التطوير الوظيفي كشكل من أشكال المكافأة والتقدير الذي يمكن أن يحدث بطرق مختلفة. لقد وجد أن أفضل طريقة للاحتفاظ بالموظفين وإبقائهم متحفزين هو الحصول على مزيج من المكافآت (الداخلية والخارجية) لتلبية جميع الاحتياجات. ساهمت نتائج هذا البحث في أدبيات إدارة المكافآت وأداء الموظفين.

Dedication

I dedicate my thesis to my family and friends. Your endless love and support were enough to make me reach where I am today. I am grateful for all the encouragement and push you gave me to get my thesis completed. You have been my source of inspiration and you taught me to always believe in myself no matter what and to always continue in my journey of hard work and success.

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List of Abbreviations

HRM	Human Resource Management
TA	Thematic Analysis
KPI	Key Performance Indicator
AMO	Ability, Motivation & Opportunity

Chapter One – Introduction of the Study

1.1 Overview

In this present world of increased competition and war for talent, organizations are striving to put forward unique solutions to differentiate themselves in the market and gain competitive edge against their rivals. In fact, it has been solid clear that human resources are the main concrete assets in any business and have the ability to either make or ruin the growth path of an organization (Kolluru, 2021). Due to globalization, organizations have started to realize that reward systems are gaining more attention and are becoming a viable tool to many businesses where employees who are well-satisfied and rewarded based on their efforts can boost an organizations growth rate by increased employee performance. Well-designed reward systems can play a vital role in driving and preserving employees to higher performance levels (Kolluru, 2021). Employees usually exert extra effort and work passionately when they are aware that their efforts will be rewarded. In fact, rewards and incentives can assist in increasing employees motivation and morale towards their organization as a result of appreciating their ongoing contributions to the business. According to Griffin and Moorhead (2013), the purpose of reward systems is to attract potential talents and retain them ensuring that these workers are striving to achieve the strategic goals of the organization. Thus, reward systems can shape the attitude of employees towards the company and their respected jobs.

The human resource of any organization is the only asset whose productivity is subject to a number of motivating aspects unlike the machines or plants which are unable to generate the output desired since they work on producing a fixed production volume (Walters T. Ngwa, 2019). Today,

organizations are facing challenges to maximize their business performance in which the quality of human resources available itself is not enough for the success of the business but the tendency to trigger the ideal output of the worker. Again, employees cannot be controlled the way robots and machines are programmed to perform at a better rate. The higher the employee satisfaction, the greater their levels of performance. Therefore, rewards act as one of main source of motivators that can assist an organization in increasing their productivity, quality of work, create a positive culture to be compatible with the business objectives.

With regards to the manufacturing settings, the call for a well-articulated reward system is essential to retain top talents and specially labors who run the production to avoid high labor turnover, high production cost, and low performance levels. This sector is critical since loss of every human capital would mean loss of production rate and its associated cost effect.

1.2 Background

In this global age, organizations are investing huge financial incomes in implementing their reward systems with the aim to attract, retain, and motivate employees as well as enhance the effectiveness of all parties including individual, team, and the business as a whole (Conny Antoni, 2015). The enormous attention on reward systems have been widely popular since studies have proved that employee performance has been a major concern for businesses especially in this competitive market where it is now generally accepted that employees create a vital source of competitive advantage for organizations (Okoli I., 2020). Now, businesses have realized that employees are the main assets and are the brains through which the entire process in any company comes to life. According to Armstrong (2009), rewards management

operates with various processes that include the development, implementation, and evaluation of reward strategies and practices that assist in identifying the value of employees based on their efforts and contribution to attain organization and team objectives (Michael Armstrong, 2009). However, reward systems are said to be ineffective if they do not verify to be a positive factor within the company. Poor reward systems can often result in low performance levels, low staff morale, and most importantly high turnover rate (Okoli I., 2020). There are numerous studies conducted on reward systems and employee performance in which some studies showed a significant positive relationship between reward system and employee performance. Yet, some scholars found a negative relationship between reward systems and employee performance. The outcomes from the empirical studies are varying ranging from positive to negative relationships. Besides, there is limited study carried on the impact of reward systems on employee performance within manufacturing firms which created gap in existing literature which makes this research more significant. It is in the context of the stated issues that this research will seek to explore how reward system can influence employee's performance within manufacturing companies that can perpetually affect overall performance of the business in Bahrain.

1.3 Problem statement

In order to ensure that employees are motivated and engaged, designing reward systems is a key to appeal employee retention and value employees for the time and effort contributed to the achievement of organizational goals (Rasheed, 2021). In fact, reward systems have become the next connection between the employee and the business and if well executed, they tend to

create a competitive edge over other organizations (Cotton, 2021). Designing a reward system that consists of a mixture of intrinsic and extrinsic rewards can encourage employees to perform their duties in an efficient and effective manner. Despite the widely studies on reward systems and their influence on employee's performance, organizations that operate within the manufacturing sector are still struggling to adopt the right reward systems that fulfill employee's needs. The reason behind it is that this sector has two types of employees which are labor (who works directly in the production) and staff (who works in the back office) which makes it challenging to set a reward system that will satisfy both staff and labor. In fact, the manufacturing sector often strives to implement a standard system for all its employees which does not seem effective especially that there are two categories of employees. The reward that will motivate a labor would definitely differ from that of staff with reference to their education background, nature of the job, salary expectation, career growth and others. As a result, such organizations fail to adopt the right reward strategies which can lead to low performance levels and high turnover rate (Lucia Feraro-Banta, 2017). Research have showed that the manufacturing sector experiences high turnover rates in which there is a significant relationship between the employee performance and turnover rate as stated by Hancock (2013). Moreover, Upadhayay & Vrat (2016) stated that the turnover expenses could cost organizations with nearly 100% of a single employee's annual wage as a result of the job that has been left vacant (Angie R. Skelton, 2019). Thus, this study will seek to investigate how reward systems can act as a driver for employees' performance with reference to the manufacturing sector in Bahrain.

1.4 Rewards

The competitive business market and the continuous challenges and opportunities that companies undergo at this era, it has become crucial for organizations to ensure that their human capital remains motivated. In fact, the employment relationship between the employer and the employee has a high influence on the growth and endurance of the business in which studies have showed that the way employers treat their employees, gets in return from the employees. Therefore, businesses are to realize the importance of boosting employee's motivation to accomplish high levels of employee performance (Ghazi Rehman A. Din, 2021). Managing human resources has been one of the most important aspects in every organization where employers have started to view their human capital as the most valuable asset of an organization. One way of managing employees and assist in retaining them is with implementing an effective reward system.

Rewards system in other words is regarded as a jacket of all interrelated actions and mechanism that are collected together to allow employees to be more engaged within the organization for an effective business performance and outcome. There are numerous definitions of the term “reward” in the literature which is referred frequently as the benefit that a company offers to its employees in return to their efforts and overall performance (Nwokocha, 2016). Another definition of rewards states that a reward is a form of a financial return, object, or event that an employee receives in exchange of their contribution to accomplish their work tasks (Schultz, 2006). To elaborate, this definition explains that usually a reward is being offered in return of a behavior encountered by the employee with which the probability of exerting the same behavior increases (Monica Franco-Santos, 2015).

According to Armstrong & Stephens (2005), reward strategy is viewed as a means of management declaration and commitment which illustrates what the business is willing to achieve in the long-term in order to develop reward policies and practices that will assist in attaining the business objectives as well as meet the requirements of the stakeholders. In fact, companies who implements a reward strategy have a better vision of their purpose and a direction with which they desire to see their business running through. Moreover, a reward strategy also provides a framework for establishing various reward policies and procedures which are mainly based on examining the needs of the company and its workers and explore ways to keep their employees best satisfied (Nwokocha, 2016).

The Worldatwork study (2015) explains that a company's business strategy acts as a foundation for developing and implementing other strategies such as HR or reward strategy that HR specialists decently approve on. Fernandes (1998) highlighted that organizations needs to constantly review their reward strategy to be able to recognize the best rewards that can motivate employees by examining the reward trends in the market and stay competitive while on the other hand, reinforce the business strategies to ensure that the implemented reward strategies are able to motivate employees who seeks to attain career ambitions and business goals. Thus, the purpose of implementing a reward strategy is to design policies that will assist the company to bring in talented employees by attracting, motivating, and retaining potential candidates to the business as well as ensure a fair and reasonable compensation for all employees within the organization (Armstrong, 2012). In fact, employees feel motivated when their efforts are being appreciated in which providing the right reward package will assist in both attaining organizational objectives and ensure the enduring employment relationship

with top talents within the business and so, reward strategy seems to be an effective medium to achieve so (Sabo, 2011). Silbert (2005) highlights that organizations need to understand that their rewards are to have a long-lasting impression on the employee as it will boost the employee's perspective of them being appreciated within the organization. Therefore, if a reward system failed to be fair and realistic, it may initiate a negative effect as stated by Olakunle & Ehi (2008). As a result, reward strategies should be examined regularly to achieve both business and individual needs.

Rewards can be broadly divided into two categories namely extrinsic and intrinsic rewards.

1.4.1 Extrinsic Rewards

Extrinsic rewards are usually external to the job and are mainly financial or tangible rewards. These include pay, fringe benefits, security, promotion, and others. Employees often get motivated when received tangible rewards which in turn pursue high levels of performance and work towards attaining business goals. According to Sharma (2019), employee's efforts are boosted with extrinsic rewards as they are motivated to accomplish their tasks effectively which on the other hand benefits the organization especially in the long term. Extrinsic rewards consist of three types which are financial rewards, developmental rewards, and social rewards. Financial rewards are the rewards and benefits that are in the form of compensation which includes the basic pay, variable pay, and all other allowances or benefits that the company offers. Developmental rewards cover all the rewards that are associated with personal learning, career growth such as performance evaluations, trainings on soft skills like leadership, coaching, and others. Social rewards however; are the indirect rewards or in another words non-

cash rewards or benefits that are allied with the organizational culture, the quality of supervision, support employees with their performance, work-life balance, flexible timings, and others (Shields, 2016).

1.4.2 Intrinsic Rewards

Ajils (1997) defined intrinsic rewards as the rewards that come from the content of the job itself which an employee appreciates when he/she have accomplished their tasks and were able to effectively acquire their personal work goals. Intrinsic rewards are usually an internal reward that an employee feels and are mostly psychological in which they are based on one's abilities and hard work such as for example receiving obligation from the employer, being respected by supervisor & colleagues, personal growth, and others. In fact, studies have showed that intrinsic rewards are capable of prompting positive reactions that often motivate employees to perform better and produce eternal behavioral changes when required (Faiza Manzoor, 2021). Likewise, it was also revealed that intrinsic rewards can exploit employee's commitment, motivation, and engagement within the business in which all these factors are generated by employee satisfaction. Effectively managing intrinsic rewards assist in nourishing employees personal needs with which the purpose of those rewards is to provide pleasure and satisfaction for the employees (Ghazi Rehman A. Din, Impact of rewards system in employee's motivation in the organizational context: A quantitative study of manufacturing industry in UAE, 2021).

1.5 Employee performance

According to Armstrong (2008), performance management is a systematic process that is often linked with an individual's performance that is aimed at enhancing the overall business performance by improving employee's and team's performance within the organization. In fact, he further adds that performance management is a way for attaining better business outcomes that can be achieved by examining and effectively managing performance within a set framework that consists of approved objectives, standard of work, and competency requirements. Another definition by Armstrong and Murlis (1994) with which they explained performance management as process or set of processes that are designed to establish a mutual understanding with respect to what employees are to attain, and of handling individuals and train them in various ways that will assist in increasing the chances to acquire the desired business goals in both short and long term. Employees performance are often measured using performance appraisals that organizations conduct during the year to detect whether employees were able to achieve on their agreed objectives or not in which companies examine employee's job quality, productivity, willingness to take the extra mile, and their commitment to their job responsibilities (Edirisooriya, 2014).

Vroom (1964) revealed that an employee's performance within an organization is usually a mixture of one's ability which means an employee's competence to fulfill their tasks in the most effective manner and motivation which is the drive that employee's feel towards accomplishing their jobs. Similarly, employee performance is also defined as the ability to attain personal and business goals as stated by Robbins (1978). With reference to the

manufacturing industries, performance is often linked with factors such as suitability, quantity of output produced, work productivity, attendance, and others. In fact, an employee's performance is measured when a set task is fully accomplished according to the criteria that was agreed on with the manager and is being evaluated on established standards when the offered resources were fully and effectively utilized within the fluctuating environment (Agbaeze Kalu Emmanuel, 2020).

1.6 Theoretical Foundations

Name of model: <i>Expectancy Theory</i>
This theory assumes that people's behaviors are triggered from preferred choices that are made from a set of alternatives with the aim to maximize subject efficacy. Victor Vroom stated that the relationship between an individual's behavior at work along with their objectives is quite complex and not as simple as other scholars imagined. Employee's performance may vary depending on aspects such as personality, experience, competencies, and one's knowledge (Vroom, 1964). Even though every employee has their own set of goals, the theory suggests that one could be motivated if pay is instrumental to satisfying an individual desires and that there is a positive relationship between pay and performance. This theory is founded on three beliefs which are: 1. Valence: it refers to the emotional orientations that individuals embrace with reference to the results (rewards). It explains how deeply an employee is in need for extrinsic or intrinsic rewards. Management must attempt to explore what their people desire or value.

2. **Expectancy:** employees have different expectations and confidence levels with reference to their own capabilities. It is the role of management to discover what employees require in terms of training or supervision.
3. **Instrumentality:** the insight of employees if they will actually obtain what they had desire and that was promised by their line manager or not. Management must ensure to keep their promises and that the expected rewards are fulfilled.

People often perceive different valences, expectancies, and instrumentalities for various alternatives and each one opts for the option they find subjective. However, offering employees the same reward package does not seem effective. This theory implies for rewards management with which managers are in need to discover employee's "intra-individual" desires to offer them attractive remuneration which could be either financial or non-financial rewards based on their preferences (Mattson et al. 2014). Moreover, managers should also be able to distinguish whether their team are able to accomplish their job responsibilities and feel able to achieve the desired objectives. Therefore, managers role is to reinforce the behavior-outcome expectancies which could by training to boost their confidence and belief that they can be effective in their job.

Name of model: *Goal Setting Theory*

The goal setting theory regulates the individual behavior through setting goals. This theory explains that when giving individuals the commitment and suitable ability to perform a particular goal, it is perceived

that attaining difficult goals often lead to higher performance levels than undergoing easy goals (Locke and Latham 1990, 2002). In fact, many studies have confirmed the significant relationship between performance and goal difficulty in which the higher the goal difficulty, the higher the performance levels. Apart from ability and goal commitment, an important prerequisite is needed that is feedback which assists in regulating the impact of goals on performance. In fact, an inconsistency happens when placing a high goal between the status quo and the anticipated state which activates the individual through this feedback process to attain the desired goal (Locke and Latham, 1990). Assigning specific goals whether individually or group along with constant feedback and rewards are considered as major fundamentals of performance management. Studies revealed that linking rewards with attaining goals strengthens the goal commitment within individuals specially if they will receive financial rewards. Financial rewards encourage people to take up more difficult goals which often leads to enhanced performance than those offered only recognition. Thus, rewards support in shaping goals to be more attractive, stimulates people to opt for high level goals, and reinforce goal commitment. However, this may not always seem true as rewards vary with reference to people's preferences and fairness perceptions.

Name of model: *Equity & Justice Theory*

The equity theory explains that employees often react with dissonance such as compensation or job dissatisfaction if they notice that their peers are being treated more or less fairly than that of a referent

(Adams, 1963). Inequity arises when one's input-output ratio is unequal relative to another referent. When an employee feels that there is unequal balance between the ratios especially when the effort they exert is as high but wage received is low, they simply begin to lower their performance to attain equity. In addition, recognized unfairness can also lead to retaliation. Retaliation can happen in the form of less commitment from employees, less encouragement to work for extra hours, absenteeism, and others (Williams et al. 2006). The viewpoints of inequity and unfairness play a vital role in determining the relationship between effort and compensation which on the other hand influences people's behaviors, satisfaction and commitment levels, and others. As a result, low performance levels are experienced. Several studies with respect to equity and justice notifies reward management about how individuals react to unfair rewards as well as the criteria that management can use to establish reward systems that are perceived as fair.

Name of model: *Maslow's Hierarchy of Needs Theory*

Maslow's Hierarchy of needs theory explains the fact that all individuals possess the same needs and feel themselves motivated to accomplish these needs as they increase in difficulty. This theory also highlights that meeting people's basic needs does not assure motivation. In fact, motivation occurs when an individual has the willingness to enhance in their work in terms of skills and knowledge. Similarly, Maslow's theory states that ensuring the main needs of people such as compensation is simply not ideal to boost an individual's performance. Instead, management

requires to bring forward higher level needs that will motivate employees to perform better such as incentives to promote continuous development in performance (Latham, 2012).
Name of model: <i>Herzberg's Two-Factor Theory</i>
According to Herzberg, there are numerous factors that can influence an employee to perform better at their jobs. In fact, he concluded in his theory that meeting an employee's low-level needs will not keep them motivated and satisfied at their jobs. According to the study conducted by Herzberg, Mausner, and Synderman (2011), the theory brought forward two factors that provide motivation for employees which are motivation and hygiene factors. The motivation factors such as job growth often seeks to encourage employees to excel at their work whereas hygiene factors such as compensation are to ensure that employees remain satisfied. There are various aspects that can lead to either job satisfaction or dissatisfaction among employees. As a result, the author has developed this theory by classifying the factors into two categories: satisfier factors or motivators which includes the factors that increase employee's satisfaction and dissatisfiers or hygiene factors which includes all elements that lead to dissatisfaction of employees (Herzberg, 1966). Thus, Herzberg theory suggests managers to identify both satisfiers and dissatisfiers while designing their reward systems and try to achieve a balance between financial and non-financial rewards.

1.7 Research Questions

The main research question that was derived from the literature review and secondary data to conduct this study is:

“What is the relationship between reward systems and employee performance in manufacturing firms in Bahrain?”

1. What is the impact of intrinsic and extrinsic rewards on employee performance?
2. What are the reasons for high turnover rates in manufacturing companies?
3. What are the factors determined for low performance and how they are related to reward systems?
4. What is the influence of government policies in shaping the reward package?

1.8 Research Objectives

The objective of this study is to ascertain the impact of reward system on employee performance within selected manufacturing companies in the Kingdom of Bahrain. The research objectives are:

1. To study the impact of intrinsic & extrinsic rewards on employee performance
2. To analyze the reasons for high turnover rates in manufacturing companies
3. To investigate the factors for low performance and their relationship with reward system

4. To analyze the influence of government policies in determining the reward package.

1.9 Research Hypothesis

From the studies that have been revised from other scholars and researchers, the following hypothesis are identified.

H01: Intrinsic and extrinsic rewards have a significant impact on employee performance.

H02: Rewards have a significant negative relationship with turnover rate.

H03: Rewards have a significant positive relationship with low performance.

H04: Government policies have a significant positive relationship with a reward package.

1.10 Research Significance

This study will seek to verify the importance of reward systems on employee performance considering issues related with poor performance levels and the reason behind it. The study will serve to add to the current literature for further studies with relation to the topic since reward systems have been till date widely studied however, it lacks investigation within the manufacturing setting. This study will collect and explore views and perspectives from different people working in various manufacturing companies within Bahrain to address the gap as well as educate people about how effective reward systems boost employees performance leading to better business outcomes and how poor systems can lower staff more and decrease

organization's performance which may lead to loss of money, effort, and human capital.

1.11 Research Setting

1.11.1 Manufacturing industry

Industrial manufacturing sector is in charge for producing products that are mainly needed for industrial use and which are generated from raw materials. In fact, the output of this industry is what made a difference in the mass production in numerous other industries (Industrial Manufacturing: Background, 2022). One of the main factors of how manufacturing companies are to remain unique from others is through efficiency. A company who can produce a product in a more efficient manner would simply mean that they are able to produce products at a lower rate which leads to higher profit margins. Recently, the trend in the manufacturing sector is to use high-tech production techniques in their production line bringing forward innovative technologies as a result of the pressure exerted from domestic and foreign competitors (Advanced Manufacturing Services, 2022). Companies are benefiting from increased productivity due to enhanced efficiency by using technologies such as robots, computers, and others. Yet, it is anticipated that developed countries in which the business is still mature, it seems that there's slight aim for growth. It is noted that manufacturing companies are slowly shifting to developed countries in which the operating rates are lower and which the sector is seeing potential for growth (Industrial Manufacturing: Background, 2022).

In 2020, the manufacturing sector in Bahrain has enhanced the "Gulf Kingdom's export performance" up to 12% rise in the national origin exports

during the fourth quarter. In fact, the country's national manufacturer "Alba" is one of the major single-site smelter in the world outside China in which they generate at full volume more than 2% of the global output. Moreover, Bahrain also hosts the regional headquarters of multinational manufacturing & logistics companies such as DHL, Reckitt Benckiser, and Mondelez (Zawya, 2021). Today, Bahrain is moving more towards digitalization within the manufacturing sector through industry 4.0, that is generating "smart factories" that have the tendency to respond to supply chain fluctuations in real time and that allows companies to improve the quality and efficiency of their products (Building an Attractive Hub for Investment in Manufacturing, Transport and Logistics, 2022).

The research will be conducted in Bahrain and data will be collected from within manufacturing companies in the Kingdom. Managers, supervisors, and labors will all be considered for the research to gather as much data and perspectives as possible from within the sectors in order to successfully meet the research objectives.

1.12 Conceptual & Theoretical Framework

1.12.1 Conceptual Framework

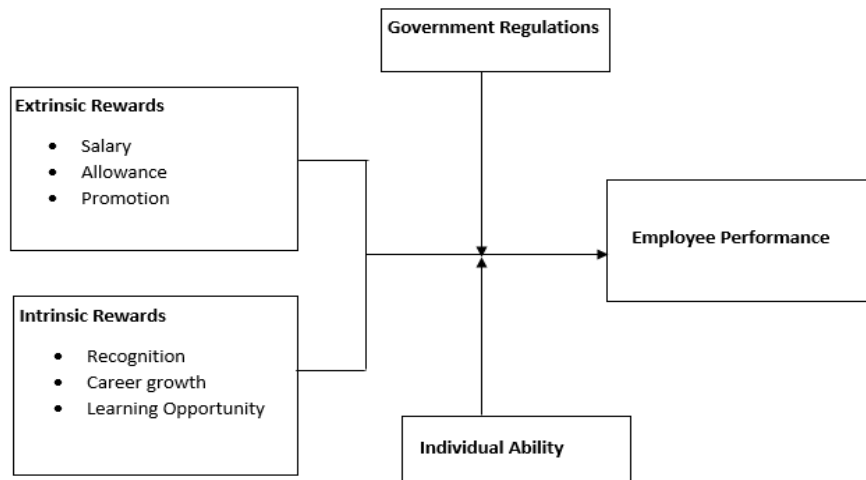


Figure 1: Conceptual Framework

1.12.2 Theoretical Framework

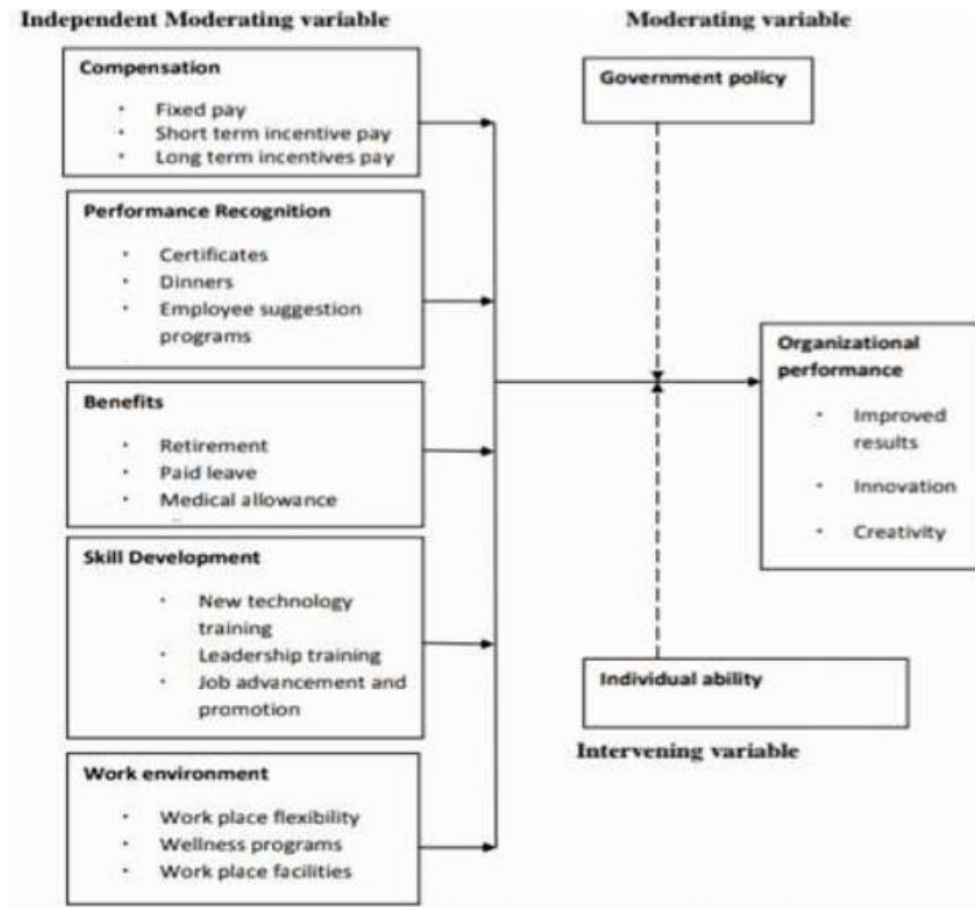


Figure 2: Theoretical Framework (Dr. G. Balamurugan, 2019)

1.13 Research Project Outline

This section demonstrates how the research project is designed and outlines all its chapters.

Chapter 1 (Introduction): This chapter appears as the base of the research introducing the purpose of the research and a brief description of the problem highlighting the research gap in order to generate the research question and objectives.

Chapter 2 (Literature Review): This chapter covers the literature review with reference to the studies carried on reward systems explaining

theories, types of rewards, and the relationship between rewards and employee performance.

Chapter 3 (Methodology): This chapter explains the research methodology of the research and the different tools used to conduct this research.

Chapter 4 (Results, Discussions & Findings): This chapter presents a summary of the data gathered which is basically the results of the research. Analysis & discussion of key findings explored during the research highlighting the main themes that assisted in answering the research question and comparing with the data from literature review to have a critical review about the two sets of information

Chapter 5 (Conclusion): Conclusion of the research summarizing all key findings, limitations, and recommendations will be presented for future research.

1.14 Chapter Summary

This chapter introduces the research topic by discussing the background of the topic followed by the problem statement that this research will focus on. The chapter also presents the research questions and objectives that the project aims to achieve. In addition, the research significance and setting are explained along with the thesis outline that shows the breakdown of the research project and its different chapters.

Chapter Two - Literature Review

2.1 Introduction

In this period of globalization, organizations are facing difficulty in retaining their human capital and remain competitive in the long run. In today's firms, the human resources are considered as one of the most critical functions in most businesses as they play a vital role in retaining talents, leverage positive work culture, and others. Studies have shed light on several strategies that could boost employee's satisfaction with reward strategies being highlighted as the most fundamental. This research focuses on studying the impact of reward systems on employee's performance and how they could be effective in lowering turnover rates within organizations and increase satisfaction levels.

2.2 Rewards & Employee Performance

Numerous researchers and scholars have studied reward system and employee performance which majority agreed that there is a positive relationship between reward systems and employee's performance. Mehmood (2013) showed in his study that reward systems can potentially motivate employees to perform better or when not effectively established, they can lower performance levels leading to employee's dissatisfaction. A well-designed reward system has the tendency to retain top talents within any organization in which rewards are directly associated with their levels of productivity as stated by Carraher et al (2006). Moreover, Mehmood (2013) further explains that to attract and retain high performers to the business, a fair reward system can assist in doing so and will allow organizations to gain

a competitive advantage in the market. In fact, an attractive reward package would influence individuals to accomplish more and exert extra efforts when motivated. Thus, to attain competitive edge, employers needs to ensure that the reward system is aligned with the business culture and strategy for all divisions to be line and share the same vision (Edirisooriya, 2014).

The success of a business performance and reward system have an effect on both moral and productivity. In fact, several companies found out that reward systems and their business performance were triggering “counter-productive behavior” (Hemalatha Somu, 2020). In addition, Ezigbo and Court (2011) argued that business performance is seen as a composite phenomenon with which it is highly impacted by employee’s motivation and ability within the company. They added that in this era of increased global competitiveness, rewards are the main imperatives that can support in originating the maximum input from workers as well as their commitment towards the organization to initiate business harmony between the workforce and the organization. Over the past years, scholars have argued that rewards play a vital role in motivating and retaining employees thus boosting their performance. In fact, Gerhart & Rynes (2003) stated that rewards and especially financial rewards (cash) could be associated to some anticipated behaviors and performance outcomes that can enhance the overall business effectiveness (Nwokocha, 2016).

According to Khawaja et al. (2012), he opposed in his study that employees tend to become more closer to their companies and execute better performance when supplied with attractive rewards and recognition from their employer. He further added that an effective reward system often increases workers performance levels in their job tasks which in return increases the success of the entire business. Employees feels grateful when their efforts are being appreciated by recognizing them through recognition programs and feel

a sense of pride as well as drives them to exert extra efforts within the business. Therefore, an effective reward package does not only support in attaining organizational goals but also secure the relationship between the employer and potential workers (Nwokocha, 2016).

2.3 Total Rewards Model

WorldatWork has brought forward one of the earliest models on total rewards that was originally developed in 2000 and was based on the association between the total reward strategy with the business strategy and employee performance. The model encompassed five elements of the reward strategy which are:

1. **Compensation:** it refers to the pay that is received employees receive in exchange of their efforts which includes fixed pay that is the basic wage an employee get and variable pay which that includes short/long term incentives that is tied to employee's overall contribution (WorldatWork Total Rewards Model, n.d.).
2. **Well-being:** it refers to a workforce that demonstrates a healthy, productive, and joyful culture bearing in mind several other factors such as emotional and mental well being of employees, financial and other environmental aspects. To fulfill this, HR specialists seek to initiate this state through business strategic influence and support in launching programs that will assist in workforce success that benefits employees state of mind and performance both within and outside the organization (Monica Franco-Santos, REWARD SYSTEMS, 2015).
3. **Benefits:** they are usually non-financial services that employees receive which includes health & welfare, retirement structure, time-off

that consists of sick leaves and annual leaves and others. The aim of these benefits is to retain employees in the long-term by providing a general level of security and wellbeing to the employees in the organization and their families (WorldatWork Total Rewards Model, n.d.).

4. **Development:** it incorporates all the rewards employers provide to support in enhancing their competencies, tasks, and contributions within the organizations which aims to assist employees self-efficacy and achievement and boost their motivation to perform better (Monica Franco-Santos, REWARD SYSTEMS, 2015).
5. **Recognition:** this type of reward could be in the form of formal or informal acknowledgement given to employees in response to their behaviors, performance, or seniority within the business. These programs allow employers to thank and recognize talents for their efforts which also strengthens the organizational culture thus motivating employees and enhancing their moral towards the organization by being recognized (Monica Franco-Santos, REWARD SYSTEMS, 2015).

The aim of this model was to allow organizations who possess this model to acquire increased productivity, commitment, and an inspiration workforce. In fact, WorldatWork believed that to successfully implement an effective total rewards model, companies must take into account the internal and external influences that might impact the overall aim of the reward system. They identified five internal impacts that can distract the design and execution of the model within the organization. These influences include:

1. Strategy

2. Culture
3. Workforce
4. Inclusion
5. Leadership

On the other hand, external influences were also identified which should be considered when establishing a reward model. Understanding the below influences in depth is essential to come up with well-developed programs that can attract and retain top talents boost business outcomes (WorldatWork Total Rewards Model, n.d.). These include:

1. Social norms
2. Regulatory
3. AI & Technology
4. Product & labour market



Figure 3: Total Rewards Model (WorldatWork Total Rewards Model, n.d.)

In 2006, WorldatWork introduced a revision of the total reward model with which they changed the five elements of reward strategy where

compensation and well-being remained the same. The new components involved work-life balance, performance & recognition, and development & career opportunities. In fact, the revised model was designed to support the organizations in attracting, motivating, and retaining employees within the business. The study stated that these rewards have a direct relationship to attract, motivate, and retain employees which may lead to enhanced business outcomes. Moreover, the study clearly reveals that a total reward model cannot simply function solely as it fully operates in the context of organizational strategy, organizational culture, and HR Strategy (Stephanie C. Payne, 2010). Organizations have started to place greater emphasis on global HR strategies in which organizations have begun to realize that each employee is unique and has a different perspective which is the reason for having strategies that differ from one another.

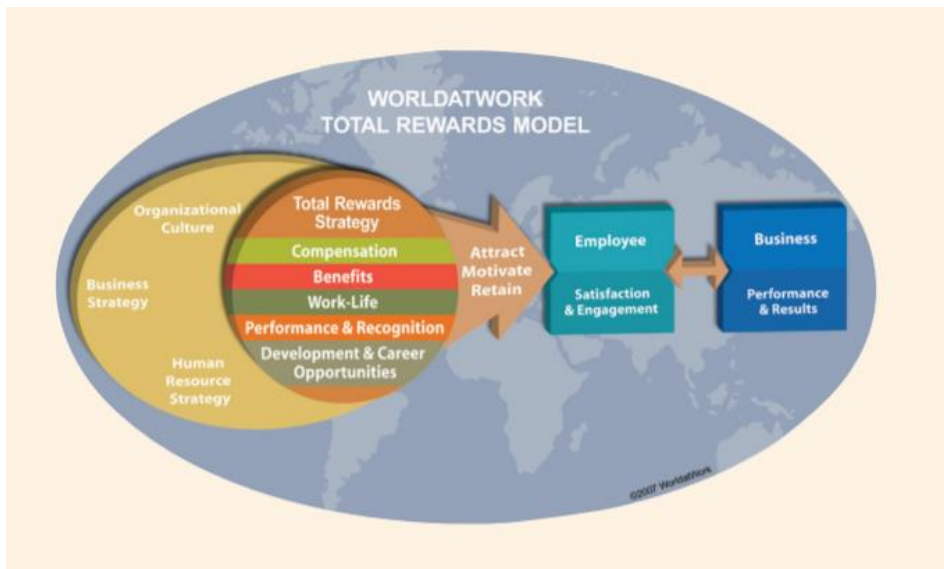


Figure 4: Revised Total Rewards Model (Stephanie C. Payne, 2010)

2.4 Alternative Viewpoints

According to Armstrong (2006), it was highlighted that establishing a reward system along with employee recognition programs and career growth has been noted as one of the critical aspects of management which in the research, employees revealed that respect and recognition were among the most effective “management levers” that can be exercised by managers and supervisors with regards to attract, motivate, and retain employees since they perceive these factors as vital (Dr. G. Balamurugan, 2019).

Similarly, the psychological contract that is the perceived promises to employees along with reward systems can be utilized as competitive tools with which studies have shown that employees highly value and emphasize on one’s career development (Widlund, 2019). However, other concerns may encounter if the company fails to provide particular promises such as attractive pay, work-life balance, learning and development, and others (Kickul, 2001). To attain competitive edge, organizations require to design reward systems that focuses on motivating employees to boost the competitive lead and that are embedded in the business needs.

Research has also revealed that compensation is a major influence on an individual’s effectiveness and behavior at work and that pay do motivate an individual as it is linked to satisfying numerous needs (Nina Gupta Jason, 2014). Yet, various motivation theories downgrade how extrinsic rewards can act as motivators. Apart from the numerous studies on the link between extrinsic rewards and employees motivation, some scholars shed light on the fact that money may not always seem the main aspect of motivation in which there are other features that employees value more than financial compensation. Likewise, intrinsic rewards showed to increase employees

creativity while on the other hand, extrinsic rewards lowers talent levels and the desire to pursue growth opportunities (Emelianova, Impact of Reward System on Employee Performance: A Case Study of Normet Ltd., 2019). A research that was conducted about employee retention and turnover in private and public sector showed that employees prefer to stay with their employers for longer periods when given a mixture of intrinsic and extrinsic rewards. Some of those motivational variables includes work autonomy, interesting job responsibilities and job security. Pay is an essential factor that contributes to employees motivation and often performance, however; the work performed is more important. In fact, the work climate plays a vital role in shaping the behaviors and attitudes of workers.

After reviewing all the above studies, it has been noted that scholars had different perspectives of reward systems and how each reward type can shape an employee's behavior and performance within the workplace. While many agreed that pay is the most crucial factor to enhance an employee's productivity, yet many argued that there are other reward strategies that do influence an employee's performance other than compensation only. Researchers have found that there is a large number of employee's value recognition and career development. They believe that pay could motivate individuals to a certain time period however; at some point, individuals will start to look for opportunities due to the nature of work and autonomy which has remained the same throughout their employment. Having clear development plans and being able to communicate that with the employee often results in high retention levels as employees are aware of their career growth and will strive to reach that desired goal. Similarly, simple recognition techniques were also found to boost an employee's performance such as appreciation letters, employee of the year awards, best sales, and others.

Recognizing employees within the entire organization increases employee's motivation levels and pushes them to work harder.

2.5 Research Gap

The gap that was found in most of the above studies was that rewards were being analyzed on the basis of how they could influence people's performance but were not highlighting the most effective strategies that organizations can adopt. In addition, the viewpoints varied where some supported the use of intrinsic and majority supported extrinsic rewards but none had studied the impact of having mixture of both. Some scholars briefly stated that having a mixture of rewards can be an effective way for organizations to implement but still research with this perspective remained vague. However, this research seeks to study the influence of both intrinsic and extrinsic rewards on employee's performance and what's the best method that companies can adopt to achieve better outcomes and high satisfaction levels.

2.6 Chapter Summary

This chapter studied in depth the concept of rewards management with reference to its types and how each reward type plays a role in influencing an employee's performance. Moreover, several theories and models were discussed with relation to rewards management and employee's performance to have a better understanding of the topic. An analysis of the different viewpoints on the topic were discussed and compared with the research literature stating the limitation of the previous studies and how this research

is contributing to the literature. The conceptual and theoretical framework were presented highlighting the main themes of this research paper.

Chapter Three - Research Methodology

3.1 Introduction

This chapter provides a description of the research process that has been followed in order to answer the research question. The main purpose of methodology is to determine the most suitable research method that can assist in meeting the research objectives, prior to applying the study. The following sections will discuss the most appropriate research methods to have a clear framework of the research process that will be carried out for this research. The sources of data and data collection methods used in this research will be explained along with the research design and approach. The section will also mention the data breakdown plan that was followed to analyze the gathered data.

3.2 Research Approach

To accomplish the research objectives of the study, a qualitative research was carried out. The qualitative approach to this study aims to provide the researcher perspectives which could be both positive and negative with reference to reward systems and what impact that has on the subject in question. A qualitative research is defined as a form of research that mainly depends on exploring and understanding various views and experiences of individuals. In fact, it mostly focuses on the “why” rather than the “what” of a social phenomenon and relies on individuals’ personal experiences as a means to gather the desired data (Ahmad S, 2019). Qualitative research is also a form of exploratory research that is unstructured, however; it is best known to study people’s behavior, experience, attitudes, intentions, and others all

through observation and interpretation to explore how individuals think and sense. In this research type, the researcher places higher emphasis on to the opinions of participants to draw conclusions to their research study (Ahmad S, 2019). The reason for choosing this approach was to examine experiences from a wide range of people from managers to middle-employees to the labors within the manufacturing setting about reward systems and their experience on whether rewards actually influence their performance levels or not. There are various methods to conduct a qualitative research which includes in-depth interviews, focus groups, case studies or observation all of which draws a better insight about an individual's experience enhancing the researcher's flexibility to variety of responses (Bryman, 2007). Moreover, a qualitative research often creates openness between the participants and researcher encouraging individuals to further expand on their responses which can assist to form new insights on areas that were not considered initially (Loraine Busetto, 2020). Therefore, qualitative research was seen as the most appropriate method to conduct this study.

3.3 Research Design

A qualitative research often concentrates on understanding a particular research question as an idealistic approach which is generated through non-numeric data and that is used in studies to understand people's experiences, attitudes, beliefs, and others. Qualitative research has gained high attention across disciplines in which it has been perceived for its ability to add new insights to interventional researchers that possibly cannot be gained through quantitative research alone (Vibha Pathak, 2013). The purpose of this study is to study the impact of reward systems on employee's performance in the

manufacturing sector. Therefore, qualitative research and analysis fits this aim with exploratory research being the most appropriate when the researcher is trying to study a particular topic in-depth with the aim to provide insights and identify new trends within the research topic. This approach was found suitable for this study to explore the different perspectives and experiences of employees within the manufacturing industry on the impact of reward management on their performance levels (Robert E Stevens, 2012).

3.4 Data Collection Methods

The data collection for this research study followed primary research with the aim to gather firsthand information that addresses the research objectives. Primary data is mainly defined as an original information source that is gathered immediately for any research project and is always specific to the researcher's needs (Salkind, 2010). Primary data can be collected through various ways such as interviews, focus groups, observations, and experiments. However, primary data collection is quite expensive and time consuming to conduct. This study used two methods of the primary data sources that is semi-structured interviews and focus groups.

Semi-structured interviews: According to Hijmans and Kuyper, they define qualitative interviews as an exchange relationship that is associated with an informal character which they view as a “conversation with a goal”. In fact, interviews are distinguished by the extent to which they are structured which could be through the form of a survey, structured or semi-structured interviews. Semi-structured interviews are designed using open-ended questions where the remaining questions can arise from the conversation between the interviewer and interviewee. These interviews have been widely

used as a form of qualitative research for its flexible approach which allows to study participants experiences and perspectives. The benefit of such interviews is that it promotes an interactive dialogue and gives space for new topics to emerge and be taken up by the researcher. Interviews can be recorded or simply take notes by the interviewer (Barbara DiCicco-Bloom, 2006).

Focus groups: are interviews conducted among a group of participants which usually consist around 5 to 8 individuals to discover people’s experiences and behaviors with relation to a specific topic. The session is usually led by a moderator to facilitate the discussion among participants and ease the conversation between the participants for each one to share their personal experiences and viewpoints. The discussion can be either audio taped or take down notes from the moderator. Focus groups are beneficial where they bring together homogenous group of participants with related experience on any topic which they can share their full information about. The advantage of this method is that is easy and fast to conduct as well as low-cost to gain data from group interactions (Busetto, 2020).

The table below explains the advantages and disadvantages of semi-structured interviews and focus groups.

Table 1: Semi-structured interviews

Semi-structured Interviews	
Advantages	Disadvantages
1. Allows researcher to examine the discussion & superficial responses to reach complex conclusions.	1. Loss of data could be encountered when they are conducted online or even loss of written notes.

2. Allows to gather rich context whereby various topics can be addressed with multiple themes. 3. They are flexible giving the interviewer space to synthesis various themes & provide room for free responses gaining new insights. (Kakilla, 2021)	2. Language barrier could possibly limit probing caused by interviewer. 3. Poor or limited responses can result issues in reliability and validity of the data. (Mike Saks, 2013)
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Table 2: Focus Groups

Focus Groups	
Advantages	Disadvantages
1. It saves times as information is gathered from number of people at the same time. 2. It is cost-effective compared to other methods. 3. Group interaction can encourage individuals to share their thoughts who may seem at first hesitant. 4. Allows for immediate follow up to further discover participants responses. 5. Promotes anonymity if participants do not know each other; high	1. No confidentiality since some personal details are exposed to the entire group. 2. Participants may not share their true opinions leading to biased data. 3. Difficult to analyze data & compare across various responses. 4. Results may not generalize the entire population. (Gaille, 2020)

probability of sharing reliable data with moderator. (Philbin, 2007)	
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Semi-structured interviews give space to address several themes within the main topic in which the responses are directed to particular areas of inquiry. Because this research is targeting a specific industry which is the manufacturing sector, this method is suitable to have an in-depth insight about the reward systems present within this sector and gives a better picture about employee's attitude and performance in relation to their rewards. Managers/supervisors would be able to explain the situation with live examples during the interview and the researcher can ask probing questions as to further add or comment on a particular theme that can add advantage to the research study.

Since we are aiming to investigate labor viewpoints about rewards, focus groups were the most suitable. Group of labors from the production line can be interviewed all at once to discuss about rewards and how it can impact their performance. It's difficult to interview a labor solely especially that it needs special permission for this worker to leave his duty. Therefore, gathering them together is easier as to save time and efforts. This method will allow to understand how labors think about rewards and their perspective which possibly will differ from that of an employee and thus, enrich the data in the study creating an enhanced conclusion.

3.5 Sample Size

The sample size for this research study was conducted for a total of 11 employees ranging from employees and line managers. The respondents were selected from the manufacturing sector in the Kingdom of Bahrain with the aim to meet the research objectives. The table below shows the sample characteristics for the respondents that participated in this research project.

Table 3: Sample Characteristics

Respondent	Position	Gender	Age	Number of Experience
1	HR Coordinator	Female	25	2 years
2	Digital & Direct Operations Executive	Female	25	2 years
3	Senior HR Officer	Female	33	7 years
4	HR Specialist	Male	26	3 years
5	Senior HR Manager	Male	44	15 years
6	HR Manager	Female	49	20 years
7	Admin Officer	Female	30	6 years

8	Maintenance Engineer	Male	40	12 years
9	Quality Engineer	Male	29	5 years
10	Team Leader – Operations	Male	32	8 years
11	Officer	Female	28	4 years

3.6 Interview process

Interviews and focus groups were used as methods of gathering information for this research with the aim to understand the influence of reward systems on employee's performance from different aspects. Participants in this study included managers, supervisors, and employees from various manufacturing companies within the Kingdom of Bahrain. The reason for adopting a range of participants was to gain a wider perspective about the research topic and assess data from different levels. The interviews and focus groups were conducted face-to-face within the participants premises. Requests are sent to managers to schedule an interview whenever they are available and upon approval, desired date and time is scheduled accordingly. In addition, an approval for having the interview audiotaped was also taken before hand to avoid any conflicts during the interview process. The duration of the interview ranged from 60-90 minutes. Some interviews were not recorded as per the interviewee request and so only written notes were carried out by the interviewer. Focus groups discussions were not recorded where just field notes on the main topics were noted down by the moderator.

A set of open-ended questions were formulated with relation to the research topic addressing the main objectives that the study is aiming to achieve. The interview questions were designed to be as open as possible for the participants to address their thoughts and opinions freely. In fact, the questions were quite simple and direct to avoid any unreliable responses. Interviews were conducted solely with each participant with which each interview was treated with full respect and under calm atmospheres to ensure reliability is preserved.

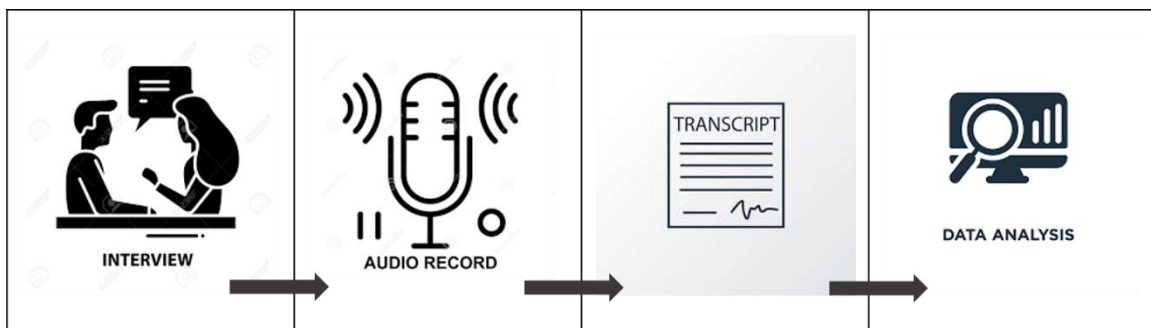


Figure 5: Interview process

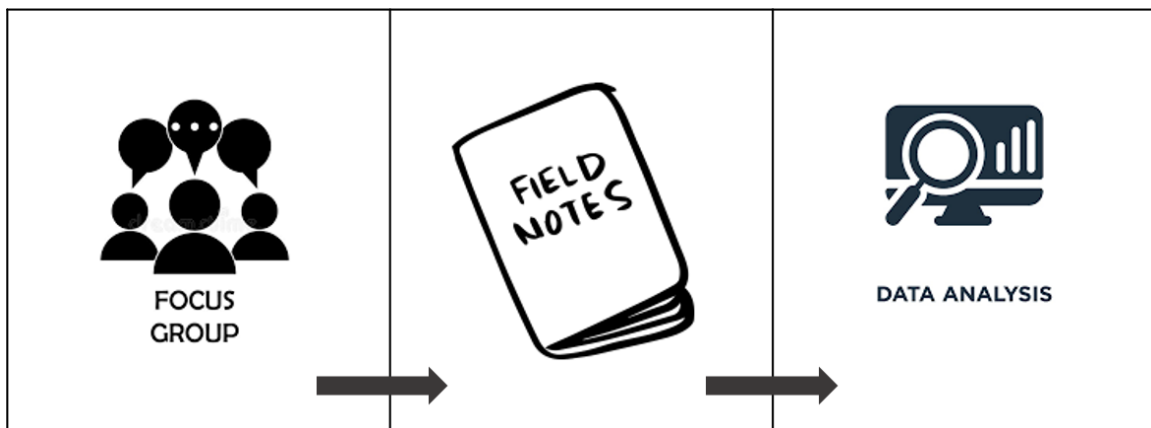


Figure 6: Focus group process

The below table shows the interview questions used for the research along with the constructs measured for each question.

Table 4: Interview Questions

Items	Constructs	Authors
How effective is the reward system in increasing the motivation of staff in your area?	Employee motivation	(Cynthia Eshun, 2011)
Does recognizing/appreciating employees performance lead to more motivation in employees?	Employee motivation	(Emelianova, 2019)
Which reward motivates an employee to a greater extent, monetary reward (extrinsic rewards) or non-monetary reward (intrinsic rewards)? Explain the types of intrinsic & extrinsic rewards in your company.	Pay & Benefits satisfaction	(Cynthia Eshun, 2011)

Does government policies influence companies in determining the reward package?	Government Impact	(Emelianova, 2019)
Do you follow a different reward pattern or structure for employees who work for Blue-collared jobs?	Reward package variation	(Kumar, 2019)
How effective do you think it is to apply a single reward system to all the employees working in different departments?	Pay & Benefits satisfaction	(Kumar, 2019)
In your opinion, do you think that reward system is linked with low performance levels? Explain.	Overall satisfaction	(Cynthia Eshun, 2011)
From your experience, to what extent do employees see training	Intrinsic Rewards	(Kumar, 2019)

and development/promotion as a form of rewards? Do employees value career growth more than monetary rewards?		
What type of reward/recognition do you value the most?	Employees preference	(Kumar, 2019)
Do you have a clear understanding on what you can do to progress or see an increased reward for your work?	Awareness of reward system	(Emelianova, 2019)
Do you have any recommendations on how the business can recognize hard-working employees more effectively?	Performance measures	-

3.7 Data Analysis Plan

The gathered data from interviews and focus groups will be analyzed at this stage to gain insights on the research topic. The challenging aspect of a qualitative research is the open-ended nature of information compared to quantitative research which is based on numbers only. Since qualitative is acknowledged for its non-standardized approach, analyzing and assessing data is essential especially that text as data is more complex to break down into patterns than having numbers as data. This research has adopted thematic analysis in order to analyze the data collected. Thematic analysis (TA) is commonly used method in qualitative studies and it is a process of “identifying, analyzing, and reporting themes within data”. Many researchers opt for this approach as a result of the wide range of research questions that can be explored and studied with the aid of this data analysis tactic. It also allows for greater flexibility and explanation when examining the data by studying the research topic in-depth through the methods used (Ashley Castleberry, 2021).

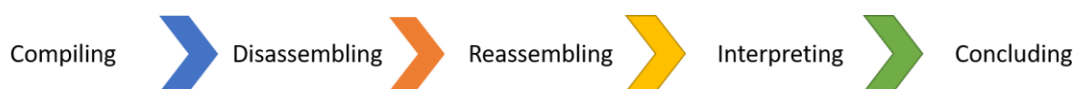


Figure 7: Process of Thematic Analysis (TA)

Qualitative data can be analyzed in five steps which includes compiling, disassembling, reassembling, interpreting, and concluding in which the procedure of TA will be explained using this framework.

Compiling: at first, the data gathered should be compiled into a form that can be used by the researcher to answer the research question. Data from interviews and focus groups is to transcribed, organize responses, and put

together other data that has been noted in order to include them all in the analysis phase. It is important that the researcher familiarizes themselves with the data by understanding every term or phrase when viewed within the entire context.

Disassembling: once the data is compiled and organized in a consistent format, the data should be detached. Disassembling involves separating the data and then grouping the data based on their similarities creating meaningful themes. This approach is also known as coding which is defined as the procedure by which raw data is transformed to a useable data by classifying different themes from the data collected that have some sort of relation with each other. Researcher here will be able to recognize the similarities and differences in the data. NVivo software was used to assist in the coding process which usually allows for further analysis of data. NVivo is a data management tool that helps the researcher to identify codes and link them together which often saves researcher's time and effort.

Reassembling: after the data is coded and arranged, the researcher focused more on the coded data that is relevant to answer the research question. These data are used to create themes which takes the vital data of the related code to show the wider picture of what is being represented. The researcher in this stage collected all related data into the defined themes and then review each theme to ensure whether it is powerful in relation to the coded data sets.

Interpreting: In this stage, the researcher made analytical conclusions from the data that was compiled as codes and then themes. A good interpretation involves a complete understanding of the data gathered with which the reader can easily identify the beginning and end of how the interpretations were drawn. Also, the researcher ensured that the interpretations are held accurate with the data collected and display all the primary data from interviews

conducted. The researcher analyzed the data and linked between the various beliefs and experiences which helped in recognizing thematic patterns across the information. Moreover, thematic map is designed which displays all the themes, codes and the relationships between them. These themes often act as a starting point in identifying how various themes relate to one another.

Concluding: the final stage is to provide conclusions to the data analyzed which is often the answer to the research question addressed in the study. The analysis should be the response to the main objective of the study (Ashley Castleberry, 2021).

3.8 Ethical Considerations

Maintaining ethical considerations while conducting the research study is essential. Plagiarism was taken into account with which the researcher was careful to not add any piece of work from other writers without being paraphrased or cited in order to endure the reliability of the information. In addition, interviewees were audio recorder (upon approval) to confirm conveying of actual views and perspectives and notes were taken by the researcher. The interviews were conducted in both English and Arabic language depending on the interviewee preference. Interviewees details such as their names and company names remained highly confidential and hence it was not mentioned in the research study.

3.9 Chapter summary

This chapter explains the research methodology followed to conduct the research study. It identifies the research approach that was followed along with the data collection methods used for gathering the data. The data collection methods have been described in depth determining the benefits and limitations of each one along with a justification of the chosen method. Moreover, it describes the process by which the data was analyzed and the steps followed to achieve it.

Chapter Four: Results, Discussions and Analysis

4.1 Introduction

Data analysis and findings are one of the most critical chapters in the research paper that shed light on the gathered findings and develop the discussion for reaching a conclusion. The researcher has gathered the primary qualitative data in this study by applying the interview approach. Therefore, the gathered data has been analyzed in a specific manner in this chapter to support the decision-making process of the researcher. Moreover, this section has developed recommendations by addressing the research problem, finding the future area of research, and the practical benefits of the research process.

In the context of this, it can be stated that the study has considered the reward system as one of the key drivers for managing the employee's performance. Therefore, the gathered empirical evidence has been collected from the manufacturing industry of Bahrain. For this purpose, the responses have been collected from individual respondents from the industry. Furthermore, the researcher has considered the study's objectives for preparing the themes and managing the discussion in an organized manner.

4.2 Findings

Based on the interview questions that were designed to gather the data, below is a summary of the responses and interpretation for every question asked.

4.2.1 Effectiveness of intrinsic and extrinsic rewards in increasing the motivation of staff in the workplace

With respect to the effectiveness of reward system in increasing motivation of staff in Bahrain, the following responses and keywords have been obtained.

Table 5.1: Interview response interpretation 1

Effectiveness of intrinsic and extrinsic rewards in Bahrain	
Keywords	Interpretation
<i>Monetary and non-monetary payments</i>	It can be interpreted that Bahrain's employees are often convinced with the reward system which they can maximize their intensity to perform actively accordingly to the rewards given.
<i>Pay out incentives, bonuses,</i>	The Bahrain government offers desired incentives and bonuses which are effective for motivation.
<i>Appreciation certificates, recognition</i> <i>Expectation of having rewards</i>	They meet employees' expectations.

<i>The pay is low compared to the amount of work</i>	Lack of employee satisfaction has also been analyzed.
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The responses varied from one interviewee to another however; they all accepted the fact that rewards whether monetary or non-monetary does influence one's motivation to perform better. The following responses have been obtained:

“Reward system has been proven the most effective system in increasing the motivation of the employees in a work environment, which includes non-monetary and monetary payments, and this is the reason companies still pay out incentives, bonuses, appreciation certificates, recognition and so on.”

In this respect, another respondent has stated that Bahrain is actively managing employees' integrity through rewards system with which he stated:

“Employees who work hard have an expectation of having rewards as a means of appreciation.” Most importantly, motivation is a key aspect of promoting employees' efficiency that can be achieved through rewards based on the consideration of intrinsic and extrinsic rewards.

On the other hand, another responded that:

“There is not much of a reward system in our area. The pay is low compared to the amount of work that employees are required to do. Salaries are paid on time and there are monthly announcements of the top achievers, but it still doesn't add much of a value.”

This showed a lack of employee satisfaction with the rewards being offered as compared to the low pay although some sort of employee recognition is displayed within the organization. It was mentioned that Bahrain is “very effective” in promoting a reward system that satisfies all the needs of employees in the context of ensuring motivation but depends on the company’s understanding of reward systems where some large organizations do meet employees’ expectations and fulfills their needs in terms of their rewards which is being reflected in their overall performance.

4.2.2 Significance of recognizing/appreciating employees' performance in order to lead the employees to more motivation

Table 5.2: Interview response interpretation 2

Recognizing/appreciating employees' performance	
Keywords	Interpretation
<i>recognition or appreciation gives them a good feeling</i>	Recognition or appreciation enables Bahrain's employees to work with positive energy

<i>positive feedback as appreciation</i>	It allows to generate positive thinking behavior to cooperate with company's culture
<i>appreciation enables to boost positive thinking</i>	Positive thinking behavior can help to ensure subjective motivation through appreciation
<i>appreciation gives immense courage</i>	Encouraging employees can be possible through recognition and appreciation.

In order to answer this question, one of the respondents explained that:

“Absolutely. When employees get recognized or appreciated, this gives them a good feeling and pride among their colleagues as a result of hard/good work.”

With respect to this, it can be expressed that employees are highly concerned about getting appreciation as it fulfills their internal desires and motivates them to be loyal to the company. Similarly, it was shown that employees' recognition or appreciation enables them to boost positive thinking behavior which is signifying a company's values toward employees. Moreover, it was added that receiving feedback in front of others allows employees to feel a sense of pride and happiness and drives them to work harder.

In the words of Hussain *et al.* (2019), employee recognition is one of the key techniques of motivation that boosts working capabilities to meet the target conveniently. In this context, it was also stated that appreciation gives immense courage to be active to contribute desired efforts.

Besides this, it was demonstrated that:

“Appreciating the performance of the employees, truly boosts their motivation in doing their work in the best way possible as they know that even a fraction of their contribution is significant to the company.”

Thus, it has been understood that appreciating the performance of the employees enables them to be highly motivated in their work which leads them towards the contribution of effective performance in the workplace as well.

4.2.3 Most motivational rewards that lead an employee to a greater extent, monetary reward (extrinsic rewards) or non-monetary reward (intrinsic rewards). Explanation of the types of intrinsic & extrinsic rewards in the company

Table 5.3: Interview response interpretation 3

Keywords	Interpretation
<i>incentive pays</i>	Incentives is mainly providing monetary supports to the employees
<i>employee of the month, employee of the year</i>	Employee recognition as per monthly and yearly performance are highly appreciated for accomplishing as motivation approach
<i>Upskilling training, Management Support</i>	Non-monetary rewards are subjective to gain active support from employees.

The monetary rewards varied from one organization to another where some had bonuses, commissions, or incentive pays depending on the nature of the job. In response to this question, it was stated that:

“I think both are equally important however depending on the type of work done or project assigned the type of reward is to be decided on.”

In this perspective, one reported that:

“Extrinsic rewards motivate an employee more.” This explains the fact that most employees value money more than any other sort of reward. As per intrinsic awards, such as monthly announcements of the top performers along with consistent development training may be valued by employees who are more career oriented and seeks intrinsic rewards over extrinsic rewards.

A similar view stated that:

“In our company, monetary rewards motivate employees more than non-monetary rewards.” As mentioned above, majority were found to value money as the number one motivator.

On the other hand, it was also demonstrated that:

“I will prefer both due to both having their own values and varying on the needs of the employees.”

Therefore, from this, it has been understood that both the monetary and non-monetary reward holds significance for contributing to employee motivation in the workplace. This is because providing the value to the employees is important besides managing the requirements of them.

4.2.4 Influence of the government policies on the companies in determining the reward package

Table 5.4: Interview response interpretation 4

Keywords	Interpretation
<i>government policies in specifying reward packages</i>	Government policies should be maintained by Bahrain in case of achieving employees' attention.
<i>graduate should get a minimum of 450 Bahraini dinar</i>	Minimum packaging needs to be offered by Bahrain for reaching the target.

<i>poor reward management structure</i>	Poor reward management structure hinders employees' integrity to perform in Bahrain.
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It was found in this question that apart from having government policies on minimum wages, yet not all companies follow the same. In fact, it cannot be stated that all the companies are maintaining government policies in specifying reward packages whether they can be monthly or annually. It was reported that the manufacturing industry deals with employee motivation with rewards which is not in a proper manner that indicates they are not meeting the government policies accordingly. Most importantly, the segregation of the rewards package has differentiated Bahrain from others as they have a poor reward management structures that cannot fulfill government policies. It was stated as well that one of the companies believed in satisfying employees with rewards but they mostly focus on non-monetary rewards and move with favoritism that interprets they are unable to reach the government policies. In this consensus, low payment for workers in indicating Bahrain fails to offer the minimum wage as per the government instructions.

In this case, the manager has depicted that strict government policies cannot be fruitful. To summarize, government policies do have a positive influence on the determination of reward packages yet, it is not strictly applied across all organizations in Bahrain.

4.2.5 Different reward pattern or structure for employees who work for Blue-collared jobs

Table 5.5: Interview response interpretation 5

Keywords	Interpretation
<i>rewards are equal</i>	Equality in rewards boost employee's efficiency
<i>different reward patterns</i>	It can lead to conflict at the workplace.
<i>equality helps to create a promising attitude</i>	Equality helps in building a healthier culture in the workplace.

In this perspective, it was stated that:

“No, all rewards are equal in my company.” For instance, some companies are not structuring the reward patterns with blue-collared jobs that readily influence the way of positive behaviors of employees to survive in the organization. From the viewpoint of Saeed *et al.* (2019), a positive reward pattern enables employees to perceive good and perform proactively to meet the targets. Companies are supposed to maintain equality in the case of providing rewards because it helps to form a healthier culture in the organization. Along with this, equality helps to create a promising attitude in

the context of integrating adequate responses from staff to become a part of organizational development.

Another reported that:

“Yes. Our company is looking forward to dealing with different reward patterns as it helps to determine employees’ position in the workplace.”

Apart from this, it was considered that following a different pattern is not necessary. The labor view has depicted that:

“No, the reward pattern is almost the same for every type of worker.”

4.2.6 Effectiveness of applying single reward system to all the employees working in different departments

Table 5.6: Interview response interpretation 6

Keywords	Interpretation
<i>single reward system</i>	It is effective but in all the contexts of employees’ activities cannot be measured.
<i>different reward systems</i>	Different reward systems enable companies to deal with employee growth but affect the degree of equality.

In order to answer this question, majority were found to be against applying a single reward system to the entire workforce as they perceive that this ineffective. One of the respondents stated that:

“It will not be effective because every job is different and requires different reward systems to maintain employee motivation.”

Similarly, another one specified that:

“Not very effective.”

Majority think that a single reward system is not effective to measure all the prospects of employees' performance. On the other hand, there were opposite views where one reported that:

“Very effective and fair.” This explained that applying a single reward system is fair because it ensures equality in the workplace. Yet, the findings showed that applying different rewards were more effective as one demonstrated that:

“That will not be very effective as not everyone's needs are the same.”

Apart from this, from the view of the supervisor, it has been found that:

To meet employees' expectations, having various types of rewards are essential to boost one's motivation to work.

“No, it is quite necessary to have different reward systems according to the different needs of the employees, working in different departments.”

Therefore, it can be possible to say that the low performance level of the employees is associated with the reward system as with the salary raise

and promotion, employees can be motivated to manage the job in a more effective manner.

4.2.7 Reward system link with low performance levels

Table 5.7: Interview Response Interpretation 7

Keywords	Interpretation
<i>“In case of low performance employees, ...”</i>	Reward system has benefit to encourage the employees
<i>“Low performance levels don’t necessarily mean that ...”</i>	Low performance does not assess the capability of the employees
<i>“Performance is always directly connected to reward systems.....”</i>	High performance of the employees has direct connection with the reward system
<i>“Since we have implemented the Employee of the month reward, ...”</i>	Recognition enables the employees to deliver the effective performance
<i>“It is linked with low-performance levels, ...”</i>	Wrong reward policy cannot motivate the employees

Through this question, the researcher has gathered the response regarding the significance of the reward system to generate the low

performance level of the employees. In the context of this, one has responded that:

“In case of low performance employees, if reward systems are introduced, employees will be encouraged to perform well.”

It was demonstrated that employees often get motivated when promoting rewards such as employee of the month/year which often creates a sense of competition for one to achieve the award. In fact, it was stated that:

“Since we have implemented the Employee of the month reward, the low performance staff improved their performance to get this reward.”

On this basis, it has been understood that intrinsic reward is mostly preferred by the employees in the workplace. However, it is important to understand the influence of each rewards where if not introduced or implemented in the right manner, it may create a conflict and not meet the main objectives.

“Applying the wrong reward system to an employee will negatively affect the motivation status.”

4.2.8 Opinion regarding the employees training and development/promotion as a form of rewards. Value of career growth more than monetary rewards among the employees.

Table 5.8: Interview Response Interpretation 8

Keywords	Interpretation
<i>“training programs are treated as a benefit to an employee”</i>	Training and development programs are another effective reward policy.
<i>“employees do consider promotion/ training & developments ...”</i>	Promotion of the employees is also considered as the reward
<i>“Career development is important too....”</i>	Career development opportunity is also significant reward strategy
<i>“since we have implemented the Employee of the month reward, ...”</i>	Reward can improve the performance of the underperforming employees
<i>“Some significantly value promotion, ...”</i>	Bonus and monetary benefits are associated with the rewards

In this specific question, the researcher wants to understand the significance of the training and development or promotions in the form of the rewards. It was found out that employees often value training and development and become more productive when they are conscious about their career development path. However, the views may vary where some may depict this as a form of rewards while others not. It has been noticed from one of the viewpoints that:

“Career development is important to the majority of the people.”

Yet, this differs from one organization to another depending on their reward systems as well as their definition of rewards. For instance, one stated that:

“Some significantly value promotion, while some just want to earn bonuses and other monetary rewards.”

Thus, it has been understood that extrinsic rewards are the most valuable when being compared with intrinsic rewards.

4.2.9 Most valuable types of reward/recognition

Table 5.9: Interview Response Interpretation 9

Keywords	Interpretation
<i>“I would be very happy to receive a monetary reward but if”</i>	Both monetary and non-monetary reward has significance in the workplace.
<i>“I do appreciate both and”</i>	Extensive and intrinsic both rewards needed to be considered by the companies
<i>“I value incentive pays, bonuses as monetary rewards”</i>	Career development, flexible working management and others are non-monetary rewards.

<i>“Bonus – New job responsibilities.”</i>	Bonus is also a type of non-monetary reward
<i>“I value the extrinsic reward system the most.”</i>	Extensive reward has significant value as well

Through this particular question, the researcher wants to understand the value of the reward and recognition among the employee base.

Therefore, in the context of this, one of the responses have depicted that:

“I would be very happy to receive a monetary reward but if it comes without recognition then it wouldn’t add much to my growth.”

Besides this, another one stated that:

“I do appreciate both and give so much importance to intrinsic rewards.”

Thus, extensive and intrinsic rewards are valuable from the perspective of the needs of the different types of employees, manager, supervisor and others in the workplace. The responses to these questions were quite common with which they valued the importance of extrinsic rewards however, highlighted as well how intrinsic rewards can play a vital role as well in motivating employees as said:

“In my opinion, both types of rewards have their own significant values.”

4.2.10 Understanding the progress to increase the reward system in the work

Table 5.10: Interview Response Interpretation 10

Keywords	Interpretation
<i>“Not really”</i>	Enhancement of the reward is not effective to progress the work.
<i>“Yes”.</i>	The respondents have agreed with the above opinion.
<i>“Yes, according to my job I know what....”</i>	Employees should have proper ability regarding the company's needs for achieving the rewards.
<i>“Yes, I do”</i>	The respondents have agreed with the above response
<i>“All I need to do is keep doing my work in the best way possible”</i>	Managing the performance continuously could be effective to lead towards the reward

The researcher wants to shed light on the particular ways for enhancing the rewards. It was clear from the interpretation that the respondents were

aware of the ways that can lead them an increase in their rewards as mentioned:

“Yes, according to my job I know what should be done to progress and avail the rewards.”

Effective communication is crucial as it allows employees to be conscious on how to be rewarded and based on what criteria. The more employees are aware, the better will be their performance and motivation to achieve the desired objectives. One depicted that:

“All I need to do is keep doing my work in the best way possible, which will let me get recognized and also provide me with a promotion.”

4.2.11 Recommendations to recognize hard-working employees more effectively in business

Table 5.11: Interview Response Interpretation 11

Keywords	Interpretation
<i>“upper management should have a plan....”</i>	Upper management can take initiative for motivating the employees
<i>“A day of leisure/relaxed trip within the country....”</i>	Travel and relaxation benefits can be effective

<i>“by giving tasks or targets according to the job itself”</i>	Effective performance review is also beneficial in this case
<i>“The best practice to recognize hard working employees is to monitor their performance quarterly”</i>	Recognizing the hard work of the Employees with the set of KPI can be effective for identifying the hard-working employees
<i>“Verbal communication is the best way”</i>	Verbal communication can be effective to understand the needs of the employees.

By the applications of the specific recommendations, it is possible to recognize hard-working employees more effectively by the companies. It was shown that upper management should have a clear plan to identify high potential employees to find different strategies to keep them retained within the company. Another one stated that:

“by giving tasks or targets according to the job itself to see the employee’s achievement and dedication which will be a very effective performance review.”

Monitoring performance and setting up key performance indicators (KPI) were common answers as they are the most popular for evaluating employees at the end of every business year. Another perspective added the importance of not only achieving objectives but the roadmap taken to reach that goal should be identified as well.

“I would recommend that not just the result of the work of employees, but also how they are working along with what problem they have faced, each and every factor should be observed and also help the employees if possible if needed.”

Therefore, it can be possible to say that verbal communication holds significance for recognizing the needs and requirements of the employees specifically.

4.3 Data Analysis

Finding Theme 1: The impact of intrinsic and extrinsic rewards on employee performance

In order to manage the performance of the employees, companies are needed to ensure the management of motivation among the employees continuously. In this context, the reward and recognition strategy have great significance as it is one of the particular ways of managing the motivation of the employees and involving them highly in the organizational work. According to the view of Nigusie & Getachew (2019), a reward strategy provides an opportunity for companies to praise the employees' good performance, motivating them to develop their performance level continuously. In the modern business world, reward and recognition strategy has significant benefits for managing the competitive advantage of the companies in the market. Moreover, in the manufacturing industry of Bahrain, there exist numerous companies. That is why from Saeed et al. (2019) view, it can be possible to say that managing the effective performance of the employees is necessary for ensuring the long-term sustainability of the business in the market by applying the reward system. By considering the outcome of the findings, it is also observed that the reward system effectively enhances the motivation level of the staff in the work area. In this case, monetary and non-monetary or intrinsic or extrinsic rewards have different benefits. These acquired research findings can also be justified with an emphasis when Zaki & Norazman (2019) articulated that AMO Theory provides insight into employee motivation to empower employees. The main theoretical attributes of the AMO paradigm namely ability, motivation and

opportunity have acquired individual significance for creating and influencing on the HRM decision-making. Bahrain-based employers implement the AMO theory and provide a reward system to increase employees' work ability for making them motivated. This is how the AMO theory signifies the reward system as a driver of employee performance and this theoretical alignment can be further discussed when Sidhu & Nizam (2020) agreed that Maslow's hierarchy needs of motivation theory enhance employees' job satisfaction levels. This theoretical discussion proves that Bahrain's managers have applied the concepts of motivational models in order to make employees motivated by providing intrinsic and extrinsic rewards.

According to the view of Chantal, Manyange & Asuman (2022), intrinsic reward refers to the specific types of reward policy in which companies provide non-monetary benefits to employees. In many cases, the intrinsic reward is considered the internal reward that employees can achieve by performing well or accomplishing any tasks or projects. In the findings, it is observed that most of the respondents have mentioned that intrinsic reward is associated with the employees' psychology and managing their higher satisfaction by working in the company. For example, it can be mentioned the recognition policies as well that are generated by praising the good performance of the employees in any specific project by the manager. In this regard, from the view of Alias *et al.* (2018), it can be stated that recognition also worked to motivate the employees and manage their satisfaction level for working in the company. In the case of manufacturing companies, employees have to be involved more in the different types of work activities and projects. Therefore, reward and recognition have great significance in managing the employees' effective performance, enabling the companies to deliver high-quality projects to their customers.

Moreover, the above outcome of the findings also shows that employees consider the career development opportunity as one of the effective reward strategies of the companies that are even associated with the management of the employee turnover in the organization. It has been enunciated by Acquah et al. (2021) that Herzberg's motivation theory helps companies to identify factors such as job satisfaction and workplace environments in order to motivate employees. Upon implementing this theoretical phenomenon, the gathered research findings can be supported since Bahrain-based employers have been successful in improving the workplace culture and increasing work satisfaction. The success rate of these two motivating factors becomes an influential component to reduce the propensity of staff turnover, and this reduction leads to the enhancement of employee performance. In this sense, rewarding employees for their performance is a motivating aspect that increases job satisfaction and thus, the relevance of Herzberg's motivation theory seems to be appropriate in the findings' context of this study.

Furthermore, the flexible working arrangement is also considered under the intrinsic reward. In this regard, from the viewpoint of Austin-Egole, Iheriohanma & Nwokorie (2020) it can be possible to say that flexible working arrangement provides an opportunity for the companies to manage workplace responsibility as per their preferred time and location. From the interpretation of the findings, it can be demonstrated that it is possible to motivate employees highly through the flexible working arrangement. Moreover, in the post covid 19 situation, there are drastic changes in the manufacturing industry of Bahrain. That is why, by providing flexible working management, companies can be able to motivate employees highly and involve them more in the organizational work. This statement can be

proven relevant in the context of deriving academic values. For example, Thant (2022) discovered that formulating flexible work schedules is the subject to create strong influences on job satisfaction. It seems that this contemporary academic author agrees on the research finding since he mentioned in the work that flexible work schedules increase job satisfaction whereas the research finding asserts that employees feel motivated when Bahrain-based employers create flexible working arrangements. Therefore, different types of intrinsic rewards significantly influence their performance in the industrial manufacturing sector.

On the other hand, besides intrinsic rewards, there are also extrinsic rewards that are majorly monetary rewards and benefits for praising the good performance of the employees. In the context of this, the study of Emmanuel & Nwuzor (2021) has highlighted that extrinsic reward has the monetary value which is provided to the employees for achieving any unique objectives in the organization. From the findings, it is noticed that the respondents have mentioned the significance of both the extrinsic and intrinsic rewards in the workplace for motivating the employees and gaining good performance from them. Even respondents have mentioned that in the manufacturing sector, extrinsic rewards can be introduced in order to keep the high motivation level of the employees. This is because, providing the extrinsic reward is not only beneficial for the employees rather, it enables the employees to realize themselves as one of the valuable assets in the workplace. Hence, it is effective to manage the high organizational performance and to ensure the long-term sustainability of the competitive advantage of the organizations in the market. It has been found also that providing the perks and benefits is also a part of the extrinsic rewards. In the context of this, from the research of van Zyl, Mathafena & Ras (2017) it can be possible to say that monetary benefits

provide an opportunity to the companies to drive the attention of the best talents in the market towards their company. In this way, it has been understood that findings also show that net salary hikes, bonus schemes and others can be given to employees under the extrinsic reward through which it is possible to fulfill their needs and benefits particularly. Thus, it has been understood that the manufacturing companies in Bahrain prefer extrinsic rewards for primarily managing employee motivation. In contrast, Manzoor, Wei & Asif (2021) argued that intrinsic rewards create firm potential implications for the enhancement of employee performance. The inclusivity of this academic finding resembles that those contemporary academic authors do not agree with the gained research findings since they prefer the contribution of intrinsic motivation as compared to extrinsic motivation for the betterment of employee performance. The entire findings of this theme can be summarized in the form of illustrations to assess the acquired research findings.

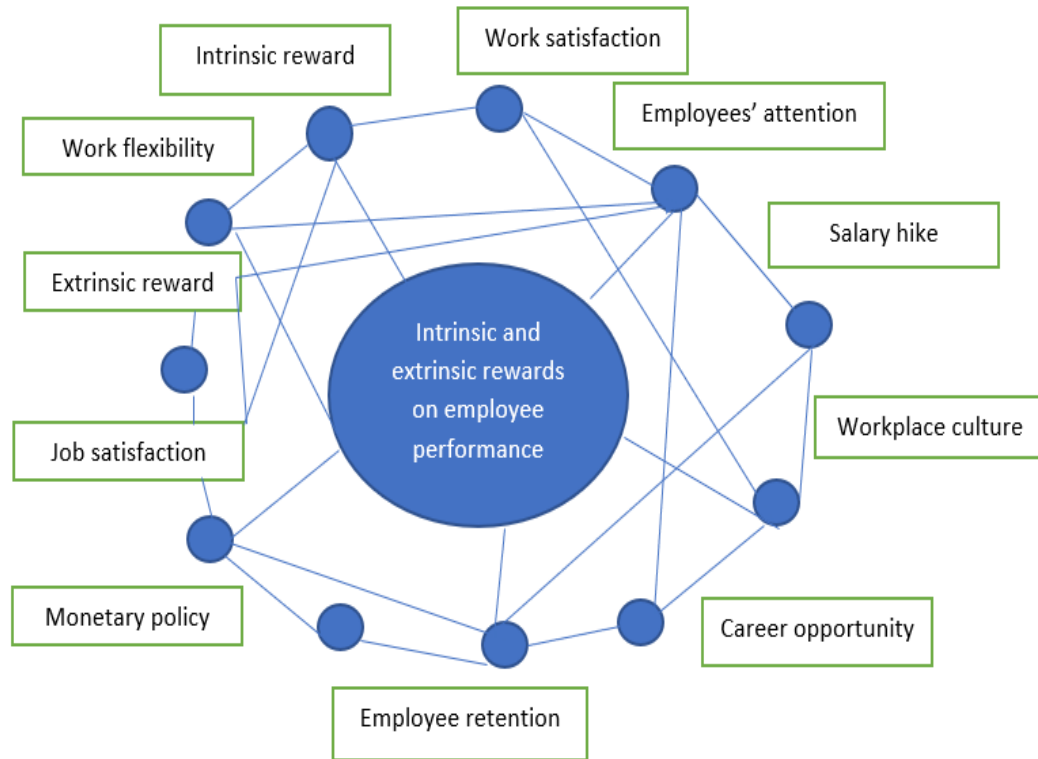


Figure 8: Network diagram of the most commonly used keywords (Source:
Created by author)

Thus, it can be said that employees consider the extrinsic reward more valuable than the intrinsic as it fulfills their monetary needs. Therefore, the significance of extrinsic reward among the employees has been understood from this.

Hypothesis 1:

H01: Intrinsic and extrinsic rewards have a significant impact on employee performance.

Result: Based on the analysis of the answers, the hypothesis has been accepted.

Finding Theme 2: The reasons for high turnover rates in manufacturing companies

Not managing the high motivation level among the employees could lead the companies toward a higher turnover rate particularly. The companies' improper reward and recognition policies are also associated with the generation of a higher turnover rate of organizations (Frye *et al.* 2020). From the above discussion of the findings, it has been understood that some significant reasons exist behind the high turnover rate among the manufacturing companies of Bahrain. In the context of this, the study of Renaud, Morin & Fray (2016) has highlighted that providing perks and benefits is highly associated with the company's employee management to get the effective performance from them. This academic phenomenon supports the findings since Bahrain-based workplaces are found to be providers of a range of benefits to enhance effective employee performance. Therefore, it can be said that in this age of utmost competition, manufacturing companies need to provide extra perks and benefits to their employees so they can manage the motivation level of working in the company. Through this, it is possible to involve the employees in the company's work activities for a long period in the organizations. Moreover, it is possible to say that improving the relationship between employers and employees is also possible by considering employee benefits. It contributes to the high employee retention rate in the manufacturing companies of Bahrain.

Along with this, the above findings also show that the different kinds of reward policies drive the employees' attention and motivate them automatically to manage effective performance in the workplace. Furthermore, it is also noticed that employees are motivated because of the

career development opportunity in the workplace. In the context of this, from the viewpoint of Eberhard *et al.* (2017), it can be said that the labor market has become highly competitive due to the existence of skilled laborer's in the manufacturing industry. That is why, employees are also looking for opportunities for career growth in their workplace. Thus, it can be stated that because of the lack of career development opportunities in the manufacturing sector, the high employee turnover rate among the manufacturing companies of Bahrain has become evident. Therefore, it will contribute directly to the generation of problems for the companies for managing the long-term sustainability and growth in the manufacturing industrial sector. Thus, it has been understood that a lack of career development opportunities in the workplace leads the employees to quit from the job.

The research of Awan *et al.* (2021) highlights that lack of recognition by employers in the workplace leads employees to quit their jobs in companies. This is because, in many cases, it is observed that manufacturing activities are hectic and employees have to take huge pressure both physically and mentally. That is why companies are required to manage the continuous motivation of their employees so that they can perform as per the needs of the companies and can enable the company towards the achievement of the goals and objectives. Moreover, it can also be said that recognition policies develop the urge of employees to manage workplace responsibilities more properly as it enables them to drive the employees' attention easily (Sonnenstuhl & Trice, 2018). This academic finding clearly supports the acquired research findings since recognition policies are found noteworthy elements to drive employees' work behavior in a concrete context. In the case of the manufacturing sector, a significant deficiency has been observed in this area, leading the companies towards greater employee turnover. On the other hand, in the context of this,

it can also be stated that not considering the employee perception in the workplace is also associated with employee turnover in the company. This is because, by this, employees feel valueless and decide to quit their job responsibilities in the companies.

Through effective communication by the HR management of the companies with employees, it is possible to assess the issues of working in the company (Boštjančič & Slana, 2018). Hence, it has been understood that companies need to maintain continuous communication with employees to find out any issues. In the findings section, from the interpretation of the data, it has also been highlighted that communication with the employees is necessary for managing the motivation level and assessing their issues in the workplace effectively. In this case, the upper management of the companies is required to take the initiative to assess any employee issues that provoke them from quitting their job. By working in manufacturing companies, employees may face different types of issues in the workplace due to the hectic work pressure of manufacturing firms. Therefore, employees may feel issues of stress and depression that can motivate them to manage their work responsibilities effectively. However, the managers of the companies are required to take the initiative in this case. Thus, it can be said that most manufacturing companies do not follow a motivating and positive environment for helping employees deal with the different issues in the workplace. Hence, it contributes to the generation of higher employee turnover in companies.

On the contrary, from the viewpoint of Agarwal *et al.* (2021) it can be possible to say that in the lack of training and development programs in the workplace, it is not possible to manage the upskilling process of the employees. Furthermore, employees will not be able to assess their

performance through this. In this way, they will not be able to understand their growth by working in the company. It is one of the major reasons for the high employee turnover rate among manufacturing companies. Hence, from the above discussion, it has been understood that different factors contribute to the higher employee turnover rate of the manufacturing companies.

Hypothesis 2:

H02: Rewards have a significant negative relationship with turnover rate.

Result: Based on the analysis of the answers, the hypothesis has been rejected.

Finding Theme 3: The factors for low performance and their relationship with reward system

From the above findings, it can be analyzed that low performance of employees is associated with the reward system. In this context, both tangible and intangible rewards systems are responsible for leading to low performance of employees in Bahrain. Most importantly, improper reward management culture is signifying low employee morale in place of Bahrain which directly reduces the performing ability of employees. Based on the interview response, it can be analyzed that Bahrain is not significantly able to maintain a reward system concerning appropriate payment which mostly influences the lower performance of employees. A study by Sarfraz *et al.* (2018) has explained that low payment influences employees to feel negative as the company is not treating all the employees equally. Therefore, low

payment for employees forces them to perceive a lack of promotional opportunities in the organization, leading to a downturn of productivity.

In contrast to this, it has been discussed that Bahrain is working on managing its employees' performance by generating a reward management system. In this consensus, it can be reported that a lack of employee satisfaction has disintegrated organizational productivity, which is crucial for the firm to succeed. In the words of Anwar and Abdullah, (2021), monetary rewards are highly effective for boosting short-term productivity that is more likely to impact the firm's overall performance. In the case of Bahrain, it can be analyzed that bonuses, incentives, and vacation packages are also highly effective in developing reward management programs.

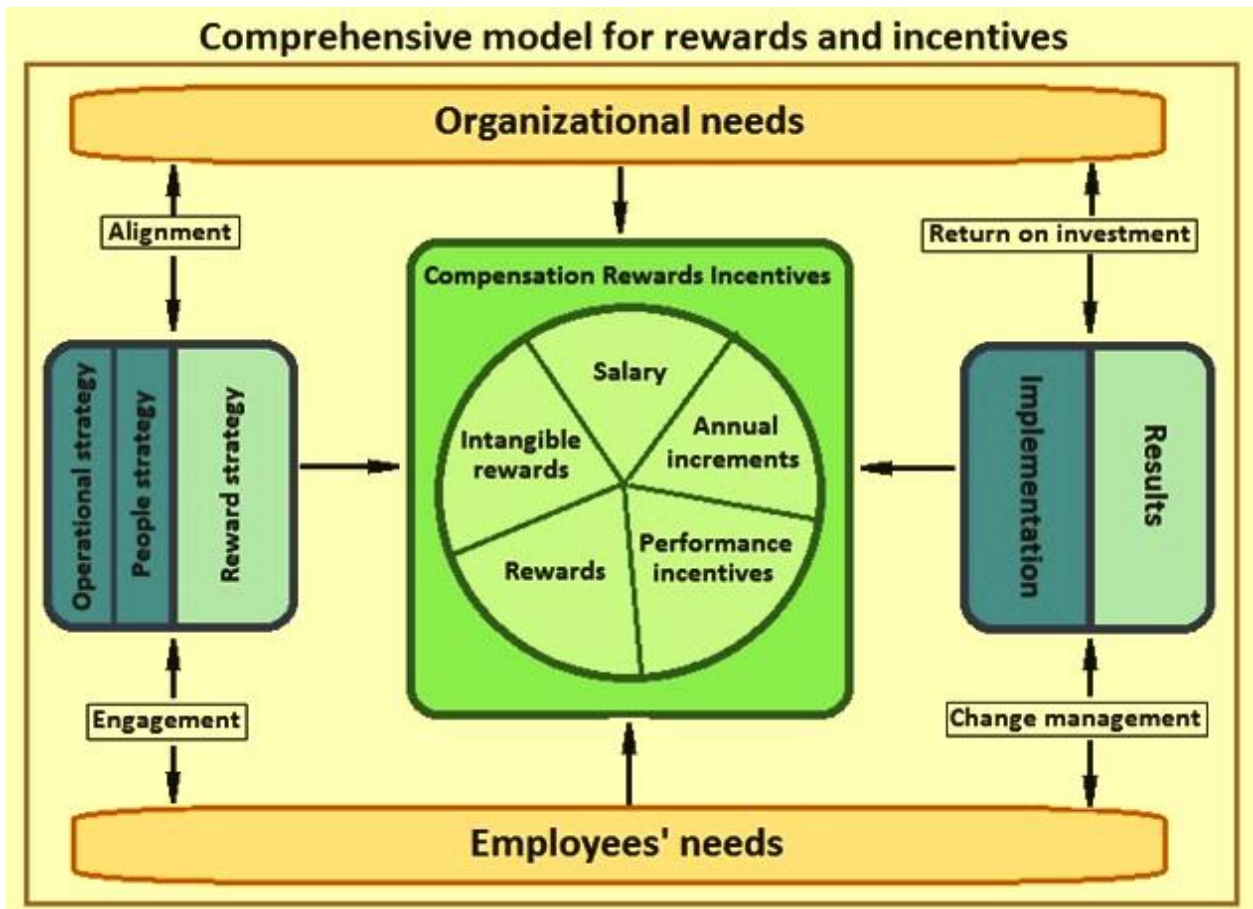


Figure 9: Different reward patterns (Source: Patro and Kumar, 2019)

Lack of appreciation in the workplace for employees is underpinned as a critical factor that reduces employees' productivity. In this response, it can be expressed that inadequate recognition or appreciation has imposed a challenge to manage the reward system. With this respect, it can be highlighted that Bahrain cannot maintain employees' integrity due to the inability to recognize or appreciate employees' key performance. As explained by Batat, (2022), employee recognition in the workplace has created a positive spectrum that is immensely effective in the context of driving the value of a positive culture. For this instance, it can be analyzed that low employee morale is one of the key attributes of a lower degree of employee performance that affects overall performance efficiency.

On the other hand, Bahrain plays an important role in providing rewards as monthly announcements for top performers but lacks adequate values. In this aspect, it can be mentioned that negligence in ensuring employees' values at the workplace has created a dominating situation that may be unbearable for the employees to continue work (Yener, Arslan & Kiliç, 2020). Therefore, the lack of delegation in Bahrain is a critical factor that diffuses employees' performance and leads to a downturn of the overall productivity of the firm. In the words of Fügner *et al.* (2022), employees are indeed seeking delegation as an appreciation that readily influences positive behaviors to perform accordingly. In this aspect, poor supervision is identified as a critical negative characteristic of Bahrain that moves them toward negative performance.

Apart from this, it can also be analyzed that the manufacturing industry in Bahrain offers low payment compared to work that is highly prevalent to influence negative behaviors among employees which are more likely to impact employee turnover. In consideration of the reward system of Bahrain,

they have a lack of focus on measuring employees' contribution to pay appropriate amounts, which leads to dissatisfaction and finally impacts overall outputs due to hindrance in productivity. Suomi et al. (2021) explained that employees' dissatisfaction due to improper reward management systems in the workplace affected organizational reputation. On the contrary, lack of training for lay-level staff is crucial to make a positive relationship in terms of the employment system. In this aspect, discrimination in providing intangible rewards has negatively influenced employees thinking behavior. That is why employees' have experienced a negative situation which is directly proportional to loss of day-to-day productivity. Conversely, it can be stated that Bahrain deals with a special recognition program that is relevant for encouraging employees to think rationally regarding the value of the organization. However, it affected lay-level staff as they felt deprived of the special reward programs. As a result, day-to-day productivity has diminished and organizational reputation in the commercial world can be criticized. Per the study of Patro and Kumar, (2019), special recognition programs indicate workplace discrimination that interferes with employee performance efficiency due to a lack of motivation. Therefore, discrimination in managing rewards regulates a negative appearance in employees' behavior that deals with low performance.

Beyond this, the above findings help to discuss that equality in the workplace of Bahrain in the case of reward management is reliable for forecasting productivity. Conversely, according to respondents' responses, Bahrain is less cooperative in maintaining equality while managing rewards, which is also an essential aspect of decreasing productivity. Specifically, inequality in maintaining different reward systems has led to a conflicting situation in the workplace and readily damaged regular production rates. In

the words of Ali and Anwar, (2021), the reward system is subjective to deal with employees' efficiency as all the employees are expected to gain promotional opportunities to build their careers. In the case of offering blue-collar jobs, Bahrain is unable to address equality practices with necessary action as it prefers to hand over the rewards based on efforts and the independence of staff. However, inequality in managing rewards has imposed a burden on Bahrain in the way of integrating adequate support or cooperation from employees.

In contrast to this, it has been analyzed that a single reward management system dominates employees' ability to work with accuracy to achieve the rewards but it is ineffective to measure all the degrees of employees' performance. From this perspective, the chances of categorizing employees' positions in the workplace determine a lack of control over the reward system that proves inefficiencies of the single reward system. As coined by Springer, (2020), a single reward management system leads to frustration or anxiety among employees that become reactive to managing organizational performance. Moreover, the single reward system has radical effects in influencing the annoying behaviors of employees who rely on achieving satisfaction through rewards.

Hypothesis 3:

H03: Rewards have a significant positive relationship with low performance.

Result: Based on the analysis of the answers, the hypothesis has been accepted.

Finding Theme 4: The influence of government policies in determining the reward package

Based on the findings of this research to concerning interview responses, it can be analyzed that Bahrain is close to fulfilling the demands of the government of the Middle East. The manufacturing industries are playing a critical role in maintaining government policies in terms of getting in touch with organizations' reliability. In this aspect, the manufacturing industry in Bahrain is offering desired payment as a reward for employees by considering graduate employees also. However, they have not paid adequate attention to following government policies to determine effective reward packages. In the words of Nagori (2022), an effective reward package has stimulated employees' integrity to perform actions in the context of supporting the manufacturing industry to develop a strong workforce. Besides this, reward packages include 30 days of vacation per year in Bahrain which are more likely to influence employees' attention to work by following the corresponding structure of the manufacturing firms. However, most manufacturing firms cannot provide adequate vacation benefits that are crucial to integrating positive responses from employees to work with loyalty. As studied by Winkler & Saur, (2019), vacations as rewards are highly appreciated for encouraging employees to get free space as per balancing work life. Manufacturing industries in Bahrain are closely associated with maximizing employee productivity by offering vacations to feel positive to stay connected with the firms as long as possible. Therefore, ensuring the opportunity to deal with work-life balance has a wider spectrum on the alignment of government policies in Bahrain to achieve employment standards.



Figure 10: Total Rewards system of Bahrain (Source: Zayed *et al.* 2022)

On the other hand, in the case of female employees, the Bahrain government mandated 60 days of paid maternity leave that immensely effectively standardized an employment system with rewards. In this context, it can be analyzed that the Bahrain government prioritizes female employees to build a strong workforce in the organization. As per the study of Asaari, Desa & Subramaniam (2019), maternity leave as a reward is highly influential to signify organizational capabilities to function flawlessly in the commercial business world. Concerning this interview response, manufacturing industries in Bahrain have played a critical role in driving the value of employees in the workplace in order to reach the targets of government policies. With this

respect, it can be highlighted that maternity leave should be employed in reward packages in the manufacturing industry as it can help to integrate support of female workers as well as be effective to develop a subjective workforce (Zayed *et al.* 2022).

On the contrary, medical leave and sickness leave are primary according to the guidelines of the Bahrain government. However, manufacturing industries are facing a critical situation in the context of sickness leave; rather they are offering upskilling training and management support as non-monetary rewards. By supporting this, Jain, Sharma & Shrivastava, (2021) upskilling training is highly effective in boosting employees' efficiency to reduce the chances of errors at work. Therefore, the manufacturing industries follow Bahrain Government policies for making a parallel movement with desired growth and prosperity through employment generation. With this respect, it can be expressed that in case of the betterment of reward packages, the inclusion of sick leave and medical leave can be fruitful for energizing employees' integrity.

Apart from this, most of the manufacturing companies in Bahrain are following poor reward management structure which has extensive impacts in decreasing employees' performance effectiveness. In this consensus, it can be analyzed that reservation wages in manufacturing companies is highly effective in stimulating employees to think rationally regarding the feasibility of rewards management in Bahrain (Stone *et al.* 2018). In this context, it can be highlighted that reward policy concerning career development opportunities has a wider spectrum in signifying the characteristics of reward packages that imply values on performance generation. Therefore, career development opportunities enable employees to be loyal to the company by accepting the reward management system in the manufacturing industry in

Bahrain. In the words of Diamantidis & Chatzoglou, (2018), the manufacturing industry should focus on dealing with employees' satisfaction. Otherwise, commercial performance can lead to a downturn which is unbearable for managing overall organization performance. Recognition and appreciation in the workplace are another essential criterion mandated by the Bahrain government to ensure employees' security. With respect to this consensus, it can be expressed that employees can feel negative if they lack recognition of appreciation in the workplace as it increases stress, anxiety, and frustration. As per the study by Hartman & Barber, (2020), workplace stress is not effective in retaining employees' cooperation as it dominates employment behaviors before achieving the target actively. Therefore, lack of employee recognition as rewards indicated manufacturing industries weakness in achieving the mandated policies of the Bahrain government.

Despite this, it can be analyzed that the Bahrain government-mandated equality in reward packages as can help to generate employment standards. This statement seems similar to the opinion of Bussin & Brigman (2019) as these academic researchers proved that the flexibility of a reward package is an inherent factor to increase the job performance of workers. Governmental interventions are required to influence Bahrain-based manufacturers in making useful reward packages to ensure employee motivation and enhance job performance.

In most cases, it is noticeable that manufacturing industries are offering higher pay for males than females as they feel males are more capable than females to contribute to day-to-day manufacturing. From this perspective, in Bahrain, the manufacturing industry faces criticism due to a lack of consistency in manipulating employees' integrity directly deprives the firms to reach the target flawlessly. In the words of Zhang *et al.* (2020), inequality

in managing rewards has critical impact on the overall performance of staff in the organization as it indicates partiality in treating employees. With this respect, it is important to mention that in-effectiveness in managing rewards as per government guidelines dominates firms to move into the international business world. On the other hand, it can be envisaged that monetary rewards are extensively beneficial for employees to be committed to the roles and responsibilities of employees. In the case of manufacturing industries in Bahrain, interview responses reveal that a lack of adequate investment in developing remuneration structures creates hindrances in managing reward packages as per government policies.

Hypothesis 4:

H04: Government policies have a significant positive relationship with a reward package.

Result: Based on the analysis of the answers, the hypothesis has been accepted.

Chapter Five – Conclusion & Recommendations

5.1 Conclusion

In conclusion, it is essential for organizations to understand the relationship between reward management and employee's performance to be able to best use reward systems to meet the business objectives and employees needs. In fact, the research has reflected on the importance of incorporating reward systems as part of the company's management strategies as it assists the company to gain competitive advantage if well executed. Similarly, some types of rewards work better than others in terms of increasing individual's performance levels which implies that companies should steer away from having a one type of reward strategies that fits all employees. The findings of this research shed light on the importance of intrinsic rewards as they assist in boosting employee's satisfaction levels which in return increases employees motivation towards their work. In addition, it was found that in a world full of skilled labors/employees, career development has been sought after by all individuals as they seek to continuously progress in their career growth. This often leads to higher productivity within the organization where employees are conscious about their next steps towards success. Similarly, appreciation of employees does influence people's behaviors especially labors however; manufacturing companies showed to have lack of appreciation from management to their people. It was also revealed from the study that the high turnover rates within the manufacturing industry is due to the low pay when compared within the long hours and efforts exerted by the labors. This also is a major concern for most of the manufacturing companies in Bahrain that can

be looked after when managing a well-designed reward system that can aid in reducing the overall effects examined by the company.

5.2 Suggestions

5.2.1 Suggestions to address the problem

Through considering the above discussion, in this section, some suggestions have been discussed in detail. Through this, the manufacturing companies of Bahrain can be able to utilize the reward system for gaining the high-performance level of the employees. In the workplace. They are as follows:

- Manufacturing companies of Bahrain can utilize the different performance management software for assessing the employee's performance in the workplace. For this purpose, they can utilize performance management software such as bamboo HR, Lattice, Paylocity, 15 Five, Paycom and others (G2, 2022). Through the application of this software system, they can identify the accurate performance of the employees and give them rewards accordingly. In this way, there will be no controversy regarding the reward policies of the companies. Moreover, low performance employees will be motivated through this and they will be able to develop their performance also.

- Besides this, it is necessary to recruit an effective HR executive in the company. This is because HR employees can develop specific strategies in the organization by considering the effective employee management policy. In this way, it will be possible for the manufacturing companies to implement the recognition-related policies effectively and to

achieve a higher performance level. From the above findings, it is grasped that hectic work pressure is a significant reason for poor employee performance in Bahrain-based manufacturing employers. In order to reduce this issue for the company, it is worth recommending to the HR practitioners along with the HR executive to formulate the 'reward and recognition programs. The validity of these programs can be supported by scholarly preferences when Hussain *et al.* (2019) agreed that employees' reward and recognition programs acquire notable implications in the improvement of employee job performance. This academic inclusivity supports the valid recommendation since it will reduce the readiness of the identified issue for Bahrain-based manufacturing companies.

- Lastly, it is also suggested to the companies adopt an appropriate reward policy by considering the needs of the employees. This is because, in many cases, intrinsic reward policies are not beneficial to get the desired performance. This statement is assessed as a relevant research finding since the previous analysis exhibits that job stress and depression deteriorate employee performance significantly. Lack of intrinsic reward policies can further increase job stress levels and anxieties. In order to minimize the threat of the mentioned issue, Bahrain-based employers need to increase salary hikes by evaluating the potential employees' hard work. This recommendation can be proven plausible for the chosen research context since Jain, Gupta & Bindal (2019) in their research paper determined that when employees want hikes in their salary increments, they become involuntarily motivated in the organization. Thus, extrinsic motivation in the form of salary increment sounds better rather than intrinsic motivation in order to enhance employee performance. This is because, in this case, extrinsic reward may help manage the employees'

issues. Thus, an adaptation of the proper reward policy is required to be considered by the manufacturing companies.

5.3 Practical benefits from the research process

The researcher has gained some practical benefits from this process that will help them to conduct any similar kind of research project more properly in the future. Although, it has been understood that there is a requirement to improve the research and analytical skills appropriate to contribute to the achievement of a greater outcome from the research studies. This is because having effective research and analytical skills leads the researcher toward the proper conclusion. That is why, there is a requirement of developing the research and analytical skills among the researcher to get the practical benefits from the research process.

5.4 Suggestions for Future Research

Through conducting this research study, it has been understood that the researcher has shed light on the reward system for the improvement of the employee's performance majorly. However, in the future, the researcher can explore the adaptation of the particular reward strategies and the challenges associated with implementing the rewards programs in the workplace. Through this, it is possible to explore the other aspects associated with the reward system in the development of the high-performance level of the employees in a more defined manner.

5.5 Managerial Implications

The research study concluded that having a blend of intrinsic and extrinsic rewards has a better impact on employees' performance. Organizations and managers are in need to identify best reward practices and what is being mostly preferred by individuals in order to meet majority of the employee's needs. Managers play a vital role in appraising people's performance and to implement rewards that can help retain employees in the long term. Since this research focuses mainly on the manufacturing industry, pay is one of the key factors used to boost employees' levels which includes overtime pay for the long hours spent on the production line. However, managers need to implement new reward strategies such as recognition of top-performers which will engage employees emotionally and help build a bond between the employer and the employee. Moreover, new learning and development opportunities are to be offered to recognize talents and help employees meet targets and deadlines with a sense of belonging to achieve organizational success. This study allows managers to understand the main factors for low performance levels and how to rectify them. Managers need to focus more on intrinsic rewards and appreciation of employees to increase their motivation levels even if the pay was not meeting the basic standards. The lack of career development in the manufacturing industry has led to high turnover rates and so, managers have to emphasize on this point to develop career plans for their employees and delegate tasks with proper supervision.

This research study was able to highlight the main drivers behind employees low performance levels with relation to reward management. Most of the research studies on similar topic concluded that pay was the most essential factor for increasing employee's performance. However; this research was

able to fill a gap in the literature by first focusing on the manufacturing industry in Bahrain, and second by showing that there are factors other than pay that impact employees performance and may lead to high turnover rates. The study brought forward the importance of intrinsic rewards and career development and how they can play an important role in shaping an employee's behavior, boost their productivity, and foster a positive work culture.

5.6 Chapter Summary

From the discussion of the overall chapter, it has been understood that gathering secondary qualitative data has become helpful for this research study in answering the research question. Besides this, the interpretation has been prepared by considering the respondents' responses in the interview approach. In the data analysis, the investigation has been developed based on these findings. The findings conclude that theoretical assessments are proven relevant in the case of pointing out the crucial statement about employee motivation and employee performance. It is found that intrinsic motivation such as flexible work schedules influence employee performance whereas a salary hike increment is an extrinsic employee motivational factor. It has been understood that the reward system has great significance in the management of employee performance. This is because, through effective rewards and recognition strategies, companies can be able to motivate the employees and get effective performance from them which will contribute to the achievement of the goals and objectives of the manufacturing companies in the market.

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Appendices

Appendix 1: Semi-structured Interview Questions

With the aim to explore the relationship between reward system & employee performance in the manufacturing sector, I would highly appreciate your responses to the below questions to help gain a better insight about the research topic & whether rewards do impact one's performance or not.

1. How effective is the reward system in increasing the motivation of staff in your area?
2. Does recognizing/appreciating employees performance lead to more motivation in employees?
3. Which reward motivates an employee to a greater extent, monetary reward (extrinsic rewards) or non-monetary reward (intrinsic rewards)? Explain the types of intrinsic & extrinsic rewards in your company.
4. Does government policies influence companies in determining the reward package?
5. Do you follow a different reward pattern or structure for employees who work for Blue-collared jobs?
6. How effective do you think it is to apply a single reward system to all the employees working in different departments?
7. In your opinion, do you think that reward system is linked with low performance levels? Explain.

8. From your experience, to what extent do employees see training and development/promotion as a form of rewards? Do employees value career growth more than monetary rewards?
9. What type of reward/recognition do you value the most?
10. Do you have a clear understanding on what you can do to progress or see an increased reward for your work?
11. Do you have any recommendations on how the business can recognize hard-working employees more effectively?

Participant Name:

Participant Position:

