

THE RELATIONSHIP BETWEEN EXTRINSIC REWARDS AND EMPLOYEES'
PERFORMANCE AMONG OFFICE STAFF AT UNIVERSITI PENDIDIKAN
SULTAN IDRIS (UPSI) IN TANJONG MALIM, PERAK

Prepared for:

ROZITA BINTI HANAPI

Prepared by:

QAIRUN NAJIHA BINTI AHMAD FAZIL

DEGREE IN OFFICE SYSTEMS MANAGEMENT (HONS.)

UNIVERSITI TEKNOLOGI MARA (UiTM)

FACULTY OF BUSINESS AND MANAGEMENT

JUNE 2018



DEGREE IN OFFICE SYSTEMS MANAGEMENT (HONS.)
FACULTY OF BUSINESS AND MANAGEMENT

“DECLARATION OF ORIGINAL WORK”

I, Qairun Najiha Binti Ahmad Fazil, (I/C: 960207085354)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

ABSTRACT

Extrinsic reward is a reward that affect employee externally based on what he or she does within an organization. Many researches have shown that extrinsic rewards provide a greater impact in influencing employees to do their best in the job. Therefore, it is very important for an organization to ensure an efficient type of rewards occur throughout the entire organization. But, in selecting the best type of extrinsic rewards is not easy and have encountered many issues between the workers and human resource department. Therefore, this study was conducted to determine the relationship between extrinsic rewards and employees' performance based on Motivation-Hygiene Theory by Herzberg (1959) which stated that Motivators can motivate an individual such as performance bonuses and Hygiene-factors were said to have a de-motivational value if not present in the organization environment such as salary and working conditions. Questionnaire was used as the instrument in collecting data among respondents which are office staff at a university in Tanjong Malim, Perak. 24 questions were developed and categorized according to respective variables which are performance bonuses, salary, working condition, employees' performance and also including demographic surveys. A total of 97 questionnaires were valid and had been analyzed to find out the outcomes. All tests were done and the results show that working conditions showed a positive, strong and significant relationship towards employees' performance ($r=0.520$, $p<0.01$). For performance bonuses, the result was positive, moderate and significant relationship towards employees' performance ($r=0.492$, $p<0.01$). For salary, it shows that salary has positive, weak but significant relationship towards employees' performance ($r=0.268$, $p<0.01$). In conclusion, this study determined that performance bonuses, salary and working condition are elements in extrinsic rewards that can affect the productivity of employees.

TABLE OF CONTENTS

	Page
AUTHOR’S DECLARATION	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	viii
LIST OF FIGURE.....	ix
LIST OF APPENDICES.....	ix
CHAPTER 1	1
INTRODUCTION	1
Background of the Study	1
Statement of the Problem.....	3
Research Objectives.....	5
Research Questions	5
Significance of the Study	6
Limitations of the Study.....	6
Definition of Terms.....	7
CHAPTER 2	8
LITERATURE REVIEW	8
INTRODUCTION	8
Extrinsic Rewards	8
Employees’ Performance	9
Elements of Extrinsic Rewards.....	10
Conceptual Framework	13

CHAPTER 1

INTRODUCTION

This research investigated the relationships between extrinsic rewards and employee's performance among office staff at Universiti Pendidikan Sultan Idris (UPSI) in Tanjong Malim, Perak. This chapter discussed the background of the study, the underlying problems regarding the variables, research objectives, research questions, importance of the study and limitations. Lastly, definition of terms was also provided in this chapter.

Background of the Study

In this research, the researcher wanted to investigate further about the use of extrinsic rewards in improving employees' performance as discuss by Irshad (2016). There are many extrinsic rewards but only three of them are included in this research which are the independent variables, performance bonuses, salary and working conditions. Employee performance is a core concept within work and organizational psychology. During the past few years, researchers have made progress in clarifying and identifying the performance concept (Wiernik, 2015). Every organization depends on their employees to achieve the organizational goals. In order to achieve the goals, extrinsic rewards are needed to increase the employee's performance.

According to Nationalencyklopedin (2015), reward is "either money or honor that pays out as compensation, normally as a sign of appreciation or achievement". Why rewards system is important?