



# Employee Perception of Financial and Non-financial Reward as Elements of Job Performance Evaluation

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**Abstract:** Job evaluation methods are used for creating criteria for increasing employee motivation and raising job performance levels. There are different types of financial and non-financial rewards and benefits. The number of 196 employees in the tertiary sector of the economy were asked to evaluate the importance of job performance measurement. They were asked to evaluate their own experiences of receiving financial and non-financial benefits and elements of positive and negative motivation. Employee feedback was collected using an FNFRP Questionnaire which was designed for this research. Results show that employees consider job evaluation as an important part of receiving financial and non-financial benefits. Although employees considered job evaluation an important part of increasing job performance, most employees don't have very little personal experience in receiving a financial or non-financial reward. Employees reported that they faced the following factors for job motivation: independent working, a positive working environment, good technical equipment, opportunities to be creative, participating in decision-making, and receiving praise from their supervisors. These results could be implemented into company strategies for creating rewards and benefits as factors of job motivation.

**Keywords:** *Job evaluation; financial rewards; non-financial rewards*

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## INTRODUCTION

Human Resource Management (HRM) is a process of 'hiring and developing employees so that they become more valuable to the organization. It includes different processes such as job analysing, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels' ([Business Dictionary, 2007-2011](#)).

HRM also includes a job evaluation process, which can increase employees motivation and explore criteria for rewards and benefits. [Kirkpatrick \(2009\)](#) emphasises the importance of compensation systems in working organisations. Employees reacted positively to the following elements of working conditions as types of material and non-material rewards, such as: security, money/financial compensation, receiving authority and decision-making, better status/prestige, getting more responsibility, better working conditions in terms of physical environment or new equipment, self-satisfaction that includes sense of achievement and challenge, better personal contacts/being in touch

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with influential people, and the improvement of operational efficiencies. Those elements could be used as the different material and non-material rewards and benefits.

The factors that have influence on employee motivation and job satisfaction could be used for creating the material and non-material rewards and benefits (Bahtijarević-Šiber, 2014).

According to interviews with the professionals from the public and private sectors, the following elements explained the job satisfaction: 1. Motivation; 2. Social interaction in terms of individual need for communication and collaboration; 3. Employee characteristics, such as feelings, needs, personal traits, skills, education, and experience; 4. Organisational environmental characteristics; 5. Organisational perception and job security perception, and 6. Disturbing factors like stress (Izvercian, Potra, & Ivascu, 2016).

Small- and Middle-Sized companies (SMEs) in the service sector increase the job satisfaction by employee training, education, quality employee relations, teamwork, job security, and rewards, while salary levels have a lower impact on job satisfaction (Ardyanfitri & Wahyuningtyas, 2016; Kabak, Şen, Göçer, Küçüksöylemez, & Tuncer, 2014). There are individual differences linked to motivation and job satisfaction. The working quality of employment and their job satisfaction are connected to the personality traits of the managers and to the efficiency of a manager's coaching type (Mihalcea, 2013).

Employee performance depends on different factors, such as career planning, performance appraisal, training, and employee involvement (Hassan, 2016). The research results of Farooqui and Nagendra (2014) confirm that person who is organisationally fit (compatibility between employees and their organisations) related positively to job performance. Job safety also determines employee performance: employees in the sales company that have part-time jobs have higher performance comparing to those in full-time employment (Al & Anil, 2016). The research of Hatane (2015) conducted at 33 manufacturing companies and 34 non-manufacturing company shows that employees intellectual resources and their organisational knowledge could improve the companies financial performances.

Huang et al. (2016) used the social exchange theory to explain employee's job satisfaction in terms of the safety climate. Employees' safety climate perceptions are linked to the level of job satisfaction, engagement, and an objective turnover rate.

The job satisfaction of employees in research and development industry is positively correlated with overtime payment, employees authority, promotion opportunities, decision-making opportunity, and sensitivity of management towards problems at work (Oraman, Unakitan, & Selen, 2011).

Communication between employees and managers is deterring the job motivation. The interactive leadership styles and the communication competency of bank managers have an impact on the employees' job satisfaction, while transformational and individual-oriented leadership styles have no impact on the job satisfaction (Çetin, Karabay, & Efe, 2012). There is a significant positive relationship between emotional intelligence of call centre employees and their high level of job satisfaction (Çekmecelioğlu, Günsel, & Ulutaş, 2012).

The type of organisation culture determined the job satisfaction among employees; employees like to work in a friendly environment with mutual trust, informal relationships, a good team, and in organisations that appreciate their personal ambitions. Employees in the organisations with an adhocracy and a market type arrangement are less satisfied with their salary compared to employee satisfaction in hierarchical-type organisations (Belias, Koustelios, Vairaktarakis, & Sdrolas, 2015; Li, 2016). The organisational environment with a lot of interpersonal conflict, trait anxiety, conscientiousness, and distributive justice are connected with lower job satisfaction (Sheykhshabani & Beshlideh, 2011). The research conducted by Nadinloyi, Sadeghi, and Hajloo (2013) shows that unsatisfied employees are more depressed and take less social actions.

The overall objective of this research is to explore employee perception of the importance of evaluating job performance. The specific objectives are to evaluate employee experiences in obtaining financial and non-financial benefits as well as to evaluate the fervency of obtaining financial and non-financial benefits.

## METHODOLOGY

### Measurements

The measurement instrument used was the Questionnaire FNFRP - "Financing and Non-financing Rewards Perception". The FNFRP Questionnaire is designed for the purpose of measurement of employee perception of financial and non-financial rewards which face employees at their current business organisations.

The Questionnaire FNFRP contains 28 items. Five (5) items are demographic (gender, age, level of education, size of company, and type of business). Three (3) items are designed on the Likert scale with 5 points of agreement level (from 1 - strongly disagree, 2 - disagree, 3 - neither agree nor disagree, 4 - agree, and 5 - agree completely). The rest of the items (18) are designed as Likert scale with five (5) points of level of frequency (from 1 - never, 2 - rare, 3 - occasionally, 4 - often, and 5 - always). Two items are designed as the open-ended questions.

### Procedure

The research was conducted online. The Questionnaire FNFRP was adopted to Google Docs tool, distributed online, and sent to employees through social networks to the FB business groups. The core sample of respondents was convenience core sample of employees who use the social network. The feedback was collected anonymously.

### Respondents

The core sample included  $N = 196$  employees. The majority were young people from 18-27 (62.76%) and 28-37 years old (28.57%) groups. The rest of the respondents were people older than 38 years (8.67%). Approximately half of the respondents have a master's degree (50.78%) or a bachelor's degree (28.91%). 17.18% have completed high school and the rest have completed 8 years of elementary education (3.13%). The majority of respondents were employed in the tertiary sector of economy (service sector), such as banking, public service, real estate, social service, consulting and education. They were companies of all sizes-small companies, middle-sized companies, and from big companies.

## RESULTS

Respondents are asked to estimate the importance of job evaluation as the factor of motivation for job performances. The statement 'Each company needs to estimate the employees' job performance' is evaluated at the Likert scale with 5 points (1 - strongly disagree, 2 - disagree, 3 - neither agree nor disagree, 4 - agree, and 5 - agree completely). The results of respondents' answers are included Graph 1

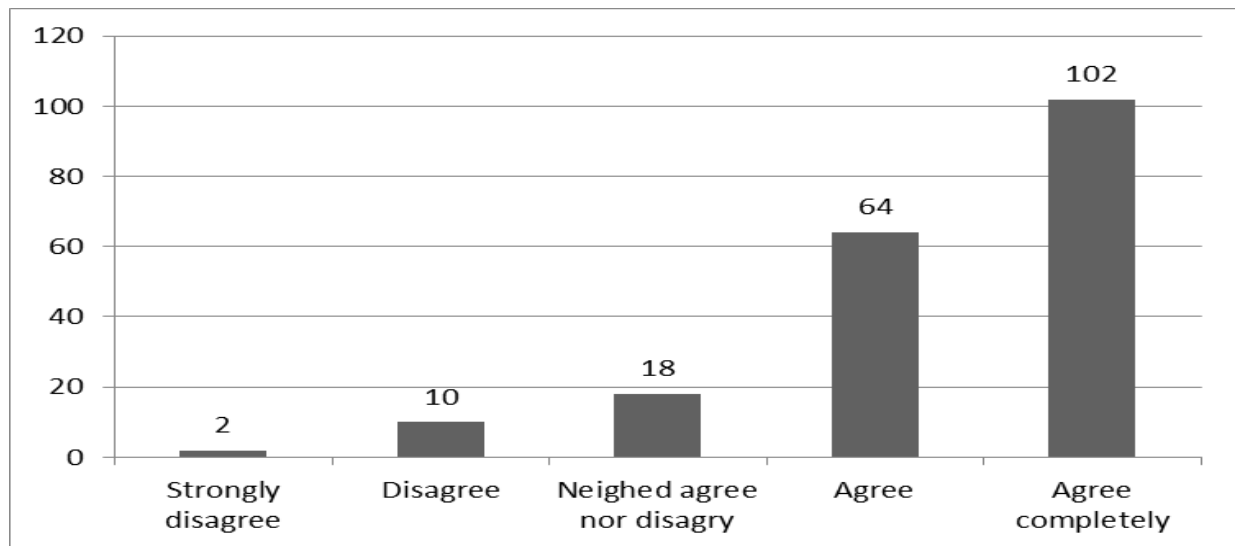


Figure 1 *Employee Perception of the Importance of Evaluating Job Performance (N = 196)*

Results show that the majority of respondents think that the job needed to be evaluated ( $M = 4.37$ ,  $S.D. = 0.86$ ). The results confirm the high level of employee awareness of the importance of job evaluation as the element of motivation and job performance. Respondents were asked how often they face different types of job rewards, such as financial incentives and non-financial benefits (like acknowledgment of appreciation, appreciation, etc.) They were in particular asked about their own experience in obtaining financial incentives or non-financial benefits. The answers were recorded on the Likert scale (from 1 - never, 2 - rare, 3 - occasionally, 4 - often, and 5 - always). The employees' answers are in the Graph 2).

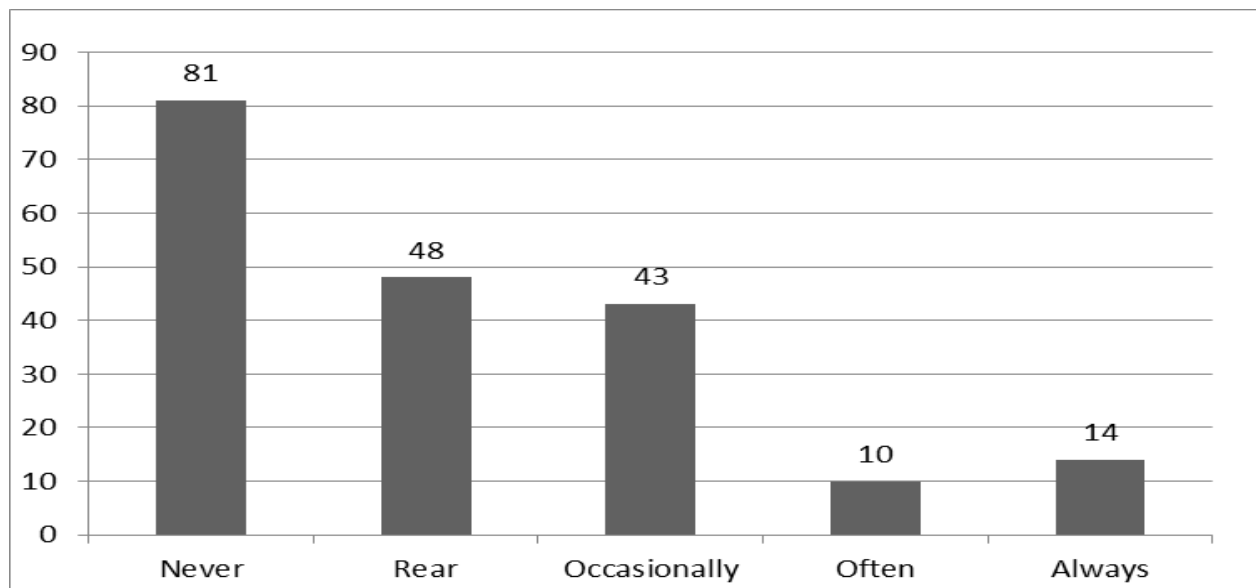


Figure 2 *Employees' Own Experience in Obtaining Additional Financial Incentives for Their Excellent Job Performances (N = 196)*

The majority of respondents had not individual experience in obtaining the extra money for their excellent job results ( $M = 2.20$ ,  $S.D. = 1.25$ ). 41.33% of employees have never had experience of extra credit for their extra job results. Employees were asked about their own experiences in getting other types of rewards for their job performances. This bonus included non-financial benefits, such as acknowledgement of appreciation. Results are shown in the Graph 3.

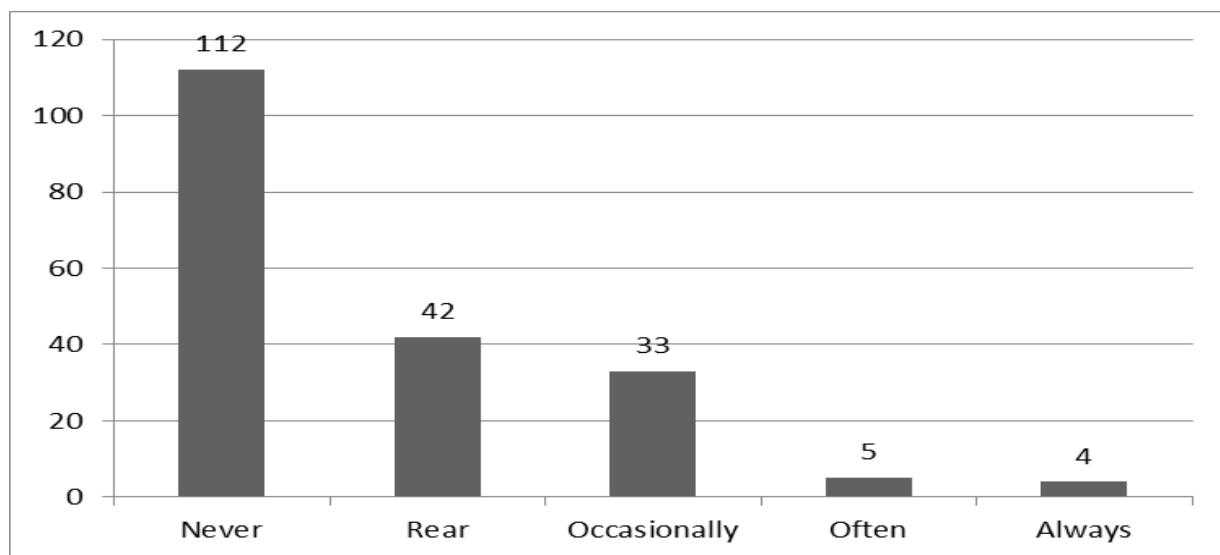


Figure 3 *Employees' Own Experience in Obtaining Extra Non-financial rewards (N = 196)*

Respondents reported that only a minority of employees have an opportunity of obtaining additional non-financial rewards for their excellent job performances ( $M = 1.70$ ,  $S.D. = 0.98$ ). More than half of the respondents had never experienced non-financial rewards for their job performances (57.14%).

Respondents were asked about their own experiences in obtaining different types of financial benefits (such as pay rises) and non-financial benefits/compensations (such as acknowledgment of appreciation). Their answers are ranked in Table 1, starting with the element of job benefits that are more often in their companies, to the elements of job benefits that are rarely there, according to their working experience.

Table 1 *THE RANKS OF EMPLOYEES' EXPERIENCES IN OBTAINING DIFFERENT FINANCIAL AND NON-FINANCIAL BENEFITS (N = 196)*

	<i>M</i>	<i>SD</i>
1 Independent work	3.95	0.95
2 A Positive Working Environment	3.30	0.99
3 Technical Equipment	3.26	1.10
4 Opportunity to Be Creative	3.20	1.14
5 Participation in the Decision-making Process	3.18	1.18
6 Praise from Your Supervisor	3.05	1.06
7 A Supervisor Helps you Establish Your Goals	2.75	0.96
8 Flexible Working Hours	2.33	1.43
9 Financial Incentives	2.20	1.25
10 Paid Courses	2.17	1.22
11 A Day off	2.13	1.21
13 Paid Lunch	1.87	1.36
14 A Stress-free Environment	1.85	0.92
15 Non financial benefits	1.70	0.98
16 Acknowledgement of Appreciation	1.44	0.96
17 Free Travel	1.22	0.57

These results show that these employees value more opportunities for independent working, a more positive working environment, good technical equipment, an opportunity to be creative, a chance to participate in decision-making, and a chance to obtain praise from their supervisors (Rank from 1 to 5, 3 or more scores on the scale). Very rarely do employees value free traveling, acknowledgment of appreciation, non-financial benefits, a stress-free environment, and paid lunches during the working time (scores less than 2, at the scale from 1 to 5).

## CONCLUSION

Employees are aware of the importance of the evaluation of job performances as a basis for job incentives and ensuring financial and non-financial benefits (compensations). Employee job motivation is connected to employees' performances. Those similar results are confirmed in other research. [Hanaysha and Tahir \(2016\)](#) also found that employee empowerment, employee training, and team work are positively correlated with employee engagement and higher level of performances. According to employees' experiences, they do not have many opportunities for obtaining financial or non-financial benefits (awards) for their job performances, in spite of incentives and benefits that are an important factor in raising their motivation and job performance.

Employees reported that they experienced opportunities for independent working, a more positive working environment, good technical equipment, an opportunity to be creative, a chance to participate in decision-making, and a chance to obtain praise from their supervisors. They also found free travel, acknowledgment of appreciation, non-financial benefits, and stress-free environment as very rare, and they do not have experience in those categories of non-financial benefits. Supervisory feedback could be used more as the tool for raising the employee motivation for job performance. According to [Elfering, Gerhardt, Grebner, and Müller \(2017\)](#), praise from a supervisor, social support, participation possibilities, and appreciation are highly and positively correlated with employee's job satisfaction. Further research could be designed in order to include employees from primary and secondary industry and different educational and age groups on job satisfaction, employee engagement, and turnover using social exchange theory as the theoretical framework.

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