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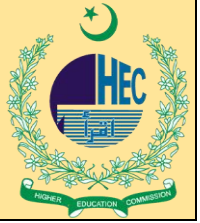
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Impact of Reward system on Employee Motivation “A case study of selected Universities in Jalalabad Afghanistan”

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ABSTRACT

Employees are the main factors of success for any organization their fore it is necessary to motivate them with both financial and none financial reward system. This research paper is design to show the relationship between reward system and employee motivation in the selected university of Afghanistan Nangrahar province. In current study reward system is independent variable which is measured through financial and none financial reward, while employee motivation is dependent variable. Mixed research method were adopted and primary data were used by distributed questioner to the respondent for collection of data. The collected data were analysis through SPSS software, for checking the reliability and validity, descriptive statistics, and hypothesis testing. Result Reveal that all the hypothesis are accepted as the value of the created hypothesis are less than 0.05. Furthermore $r = 0.364$ shoe positive change in between reward system and employee motivation and indicate that one unit increase in reward system will bring 0.364 units change in motivation, for none financial reward $r = 0.399$ indicate positive change mean that one unit increase in non-financial reward will bring 0.399 units change in employee motivation similarly for financial reward $r = 0.414$ indicate positive change between financial reward and employee motivation.

Keywords: Reward System, Financial Reward, None Financial Reward, Employee Motivation

Introduction

Human resource management is the support of any organization exclusively in education sector of Afghanistan. The human resource department developed and implements policies related to organizational values and the external business environment (Barrett & Mayson, 2007). The Human Resource policies of an organization encourage its employees, help them achieve organizational goals, and stimulate sustainable growth (Basak & Khanna, 2017). A Human Resource department’s primary function is to provide financial and non-financial reward opportunities for employees. Both active financial and non-financial rewards enhance employee commitment, motivation and contribute to sustainable growth (Andonova & Zuleta, 2007). Conversely, policies related to rewards are effective if they are balanced, unbiased, and fair. And Financial (or monetary) rewards include “basic pay, fringe benefits, medical/ utility allowances, commission, and bonuses. Non-financial (or non-monetary) rewards include appreciation

promotion, and flexible working hours. " The HR department of many firms in developing countries like Afghanistan focuses on limited functions, including hiring new employees and maintaining existing and past employees data

1.1 Reward System

Reward system classified in both financial and non-financial reward in current study. Joycelyn, S. A, Bless, K and Mawutor, K. G (2018) Reward systems are made up of the interlinked practices and procedures that work together for ensuring that reward management is implemented successfully for the benefit of the company and its employees. Continuously, Reward management is the set of strategies, policies, and procedures necessary to guarantee that the value of people and the contribution they make to achieving departmental, team, and organizational goals can be recognized and accepted. a reward system both attracts new members to the business and reduces the possibility that existing employees would leave (PR Wurman et al, A 2022,). Employers wants their employees to assign their job effectively in contrast, employees also expected their employers to satisfy them with balanced and appropriate reward system. An efficient and adequate compensation system is therefore necessary to ensure strong employee performance, and managing human resources effectively is one of the core responsibilities of any firm worldwide. (Tende, S and Elikwu, M, 2015, p. 151). Reward had been seen to be a vital instrument in employee performance. A well rewarded employee feels that he/she is being valued by the company that he/she is working for. When employees know that their employers value their well-being and are committed to their professional growth and career advancement, they are also motivated to work more and perform better. Employees are the engine of organization vehicles while reward is the fuel. No organization can achieve its stated objectives without its employees (Sajuyigbe, A. S. et.al, 2013, p. 27). Award systems are an effective way to direct attention inside a company and provide all staff members a clear understanding of what is expected of them in terms of output. (Schell, K. 1997, p. 34). Malhotra et al. (2007) Define rewards as any monetary compensation, physical advantages and services that an employee receives as a result of their job. (p. 213). The Cambridge dictionary defined it as "something given in exchange for good behavior or good work". The oxforddictionary defined it as "to give something to somebody because they have done something good or hard work".

1.2 Motivation

Malik Muhammad, S, Muhammad Saqlain, R and Maira, M (2011) provide definition to motivation is as both internal and external (environmental) forces that capture people's interest and energy to dedicate themselves to a task, career, or subject and to work tirelessly toward a goal (p. 167). Puwanenthiren, P (2011) defines motivation as a collection of procedures focused on the effect that motivates action and directions it toward obtaining some particular goal (p. 85). Tayo, E et al. (2018) describe motivation suggests something in both management and psychology. The psychological component of motivation refers to an individual's inner mental state and is linked to starts, direction, commitment, strength, and ending of behavior. On the other hand, the managerial component of motivation is concerned with managers' and leaders' actions in involving others to achieve a desired outcome. (p. 19). Managers may motivate their staff members with rewards including benefits, promotions, and recognition.

1.3 Research Gap

While in the past many studies have explored the effects of reward systems on employee motivation in various sectors, but no one explore the same issue in Afghanistan, especially in the sectors of educations and university so in the mind of researcher it was a suitable contextual gap that need further investigation. Employees need for energetic moves during work talking about

motivation focused on higher educational institutions as a little more deeply at this extended region. Considering challenges faced by academic staff of higher educational institutions made free points to be investigated. Noticed that there is a general lack of studies that consider how organizational cultural and institutional differences affect the implementation and effectiveness of reward systems. Related to topic there is contextual differences most researches on reward systems and employee motivation is centered where region, country or location and organization reward-system structures are fundamentally different those done earlier and here the same topic research are conducted on academic higher educational institutions here in Nangharhar. There is a need to investigate how reward systems for educational settings influence or effect motivation among faculty and administrative staff employees. There is limited understanding of the specific types of rewards (monetary and non-monetary) so, conducted study to compare the effectiveness of different reward types in motivating academic staff.

1.4 Research Question

- Is there any relationship exist between reward system and employee motivation?
- Does financial reward effect employee motivation?
- Is there any relationship between non-financial reward and employee motivation?

1.5 Research objectives

- To investigate the effects of reward system on employee motivation in selected higher educational institutions.
- To identify the impact of non-financial reward system on employee motivation.
- To show the relationship between financial reward and employee motivation.

Literature review

2.1 Empirical literature Review

Based on evidence from previous researches it is believed that reward system does effect employee motivation which directly influence organization overall performance, success, stability and goal achievements. As worked done previously regarding the same selected topic shown that it is a reality and a common truth that only better motivated employees can enhance the productivity and gives to the organizations comparative advantages with good quality product and service. To support the same idea (Boyne and Hood, 2010) states that business continuous success strongly depends on more highly motivated employees who are productive and creative (p. 177). The ways organizations behave with own employees have great impact on the growth and survival of the organization (Karell & Widlund, 2019). According to Sajjad et al. (2013), motivation is a cause that allows the individual to show a certain specific behavior. Armstrong (2001) stated that motivation is a tool or factor that affects the individuals to role-play or work in a particular expected manner. Furthermore, motivation can be defined as “a set of energetic forces that originate both within as well as beyond an individual’s being to initiate work-related behavior, and determine its form, direction, intensity, and duration” (Pinder, 1984, p.8). In an organization, motivation is an absolutely critical condition that requires careful evaluation. Since motivation can boost employee performance by energizing and focusing their efforts particular goals, it can contribute to an organization's success. It also aids organizations in achieving their goals by raising worker loyalty and output (Bishwa, A, 2021, p. 4). Motivation, in working environment, is a psychological mapping and directions that results from the interaction between an employee and the work environment and it is characterized by a certain level of willingness to increase their work effort in order to obtain a specific need or desire that they hold (Beardwell & Claydon, 2007, p. 491). According to Arnold (1991), motivation lies in of three portions: First, direction – what a person is trying to do. Second, effort – how hard a person is trying and Third, persistence – how long a person keeps on trying? Managers can motivate

employees by two types of methods such as pay, promotion and praise and employees can also motivate themselves by seeking work where individual goals, needs and wants will be achieved. These two types of motivation are called intrinsic and extrinsic motivation and are further described as following: (Armstrong, 1988, p. 109). First, intrinsic motivation brings up to the motivation that occurs from inside of an individual. This type of motivation is generated by gratification or pleasure that one acquires in completing or even working on a task. Factors of intrinsic motivation include responsibility, freedom to act, scope to use and develop skills and abilities, interesting work and opportunities for advancement. These motivator factors, which are implicated with the quality of work life, run to have long-term effects (Armstrong, 1988, p. 109-110). Second, extrinsic motivation is something that is getting done to or for people to motivate them. It originates from factors outside an individual, such as money, grades, criticism or punishments. This kind of motivator factors of rewards provide satisfaction and pleasure that the task itself might not provide. An extrinsically motivated person might work on a task or job project even out when they have seeking less interest in it. This type of motivation almost has quick and powerful effect, however it does not incline to last for long period of time (Armstrong, 1988, p. 109-110). Lindner et, al (2004) also defined motivation as a psychological and managerial process in which psychological procedure defiantly gives movement to behavior. The psychological aspect of motivation touches the internal mental state of a person that relates to the initiation, direction, intensity and outcome of behavior. On the other hand, the managerial motivation deals with executive and leader's activity to include others in order to produce a desire result (p.18). Motivation is passion and encouragement to act or move, actually organization persuading employees to act in determined and directed manner to achieve organizational objectives. The concept of motivation has reached advanced significant that does not come as easily as expected infect, it is something that workplace executives ought to encourage and control (Safi, 2021, p. 11). Safi (2021) concluded that motivation role cannot be neglected and ignored in addition also cannot be understand because, it is a set of behavioral acts in human mind enhance to understand the same behavior proper motives acquiring and applying methods are essential to bring stimulated motivation which in return benefits organizational overall goals (p.13). The Sources and Significance of Motivation provided by, the study of previous researches it is accepted that motivating employee is the extreme finest responsibility of organizations and managers for seeking overall success. Now, it is time to elaborate sources and significance of motivation. As, introduced by psychologist Decker, L. (2010) that double motivation sources are available he goes on to say that motivation can originate from internal sources (Intrinsic sources e.g. biological attributes and psychological depositions), and from external sources (Extrinsic sources e.g. money, social recognition or praise) (Smith, E. 2015, P. 43). Moreover, in the paper of Smith, E. (2015) has cited from Mason, L.J. (2001) that for organizational survival, success and overall performance the concept of employee motivation is seriously essential parts.

Non-Financial Rewards and Employee Motivation

Some past studies have examined the impact of different sides of “financial and non-financial rewards” on employee motivation. For example, Nyandema & Were (2014) found that “career development, management and coaching/mentoring” affects employee motivation and satisfaction. Moreover, the study found that an encouraging work environment is a life-heartening essential reward that stimulates a positive attitude. Kurdi, Alshurideh & Alnaser (2020) found that “self-esteem and appreciation for work” are a precursor to employee motivation. The authors also indicated that employee benefits depend on educational qualification and tenure in an organization. Promotion and growth opportunities are other non-

financial rewards that enhance employee motivation (Teo, Bentley & Nguyen, 2020). However, the study suggests that a reward system is effective if based on accurate and normal standards. On the contrary, many researchers believe that all the employees do not have same skills and capacity to learn. Therefore, a standard non-financial reward system for all the employees may not be effective Bari et al. (2019) found that “employee empowerment and supervisory attitude” are a critical precursor to employee motivation. When a firm provides freedom and supportive attitude, then employees’ trust increases. Consequently, the trust element motivates employees and enhances their emotional attachment with the firm. Harunavamwe & Kanengoni (2013) found that the impact of non-monetary rewards on junior employees’ motivation level is moderate. But “monetary rewards and motivation” have no significant association. Jeni, Mutsuddi & Das (2020) argue that demographic factors moderate the association between non-financial rewards and motivation. Thus, the study recommended that firms should focus on this aspect while developing nonfinancial reward policies. It is not advisable to have a uniform non-financial policy for all gender, ages, and income groups (Jamjumrus, 2019). A study examined the impact of five non-monetary rewards, i.e., “training, recognition for performance, opportunities for career advancement, effective communication channels, and job security.” The study found that these five aspects affect employee motivation except “training and performance recognition” (Cheema & Mirza, 2013). Yousaf et al. (2014) found that non-financial rewards are important predictors of motivation in developed countries. On the other hand, it is not that important in developing countries like Pakistan. Tausif (2012) found a strong association between

“non-financial rewards and motivation” in Pakistan’s education sector. The study also found that non-financial rewards are not a strong predictor of motivation for all age groups. It is higher for older employees and lower for younger employees.

Financial Rewards and Employee Motivation:

Many past studies have recognized that financial rewards are a precursor to employee motivation (Fischer, Malycha & Schafmann, 2019; Shibly & Chatterjee, 2020). These studies also found that a change in reward has a corresponding impact on employee motivation and satisfaction. Nyandema & Were (2014) found that extrinsic rewards stimulate employee motivation, but they also observed that many organizations are not rewarding their employees appropriately, due to which they have a low motivation level. Similarly, Lombardi et al. (2020) found that financial rewards and motivation do not directly affect all employees. Extrinsic rewards do not influence employees in the higher-income group the same way as employees belonging to lower-income groups.

Ekhayemhe & Oguzie (2018) based on empirical results, have concluded that financial rewards stimulate employee motivation. That is, increase in rewards would increase employee performance and motivation. The study also found that the association between extrinsic rewards and motivation is universal. Prasetya & Kato (2011) found that intrinsic and extrinsic rewards affect employee motivation and performance. Thus, organizations, besides offering a competitive salary package to employees, should not ignore intrinsic rewards. Robescu & Iancu (2016) argue that offering fair and adequate rewards to all employees in an organization is difficult since their expectation level is not the same. It depends on a host of cultural and demographic factors.

2.3 Hypotheses

H1: Reward system has significant relationship with employee motivation.

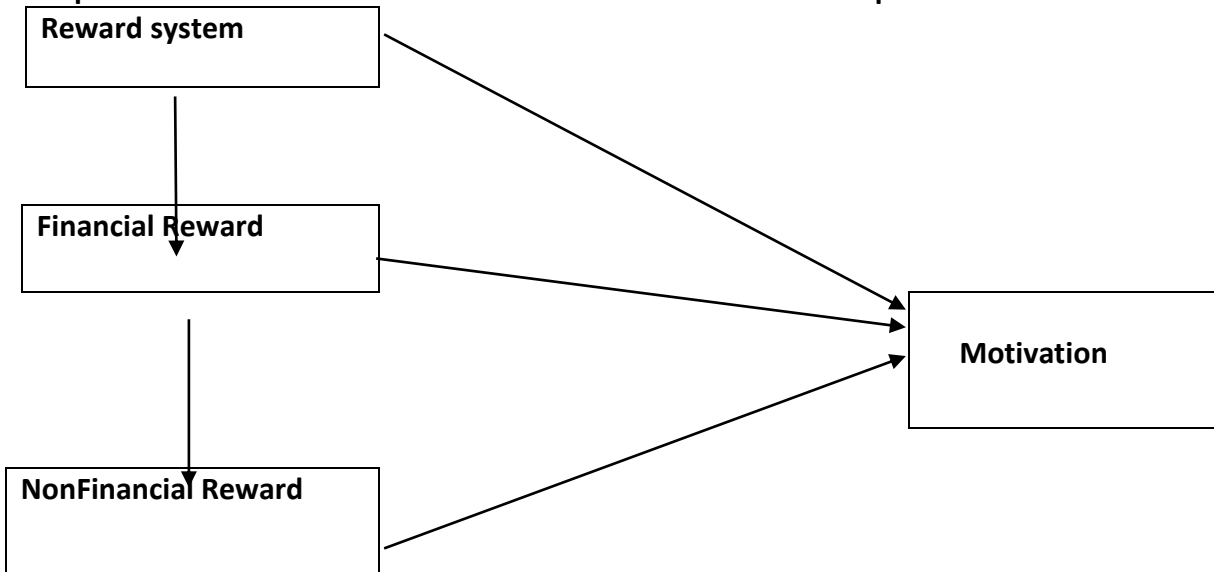
H2: Non-financial rewards positively affect employee motivation.

H3: Financial rewards positively affect employee motivation.

2.4 Theoretical Framework

Independent Variable

Dependent variable



Research Methodology

Population and Sampling

The study focuses on private and Government University in the education sector of Afghanistan Nangarhar province. We have targeted this sector because its contribution towards employment generation and knowledge is significantly higher than other sectors. The data was collected from the target population which is private and Public Sector University situated in Nangrahar province. The enumerators visited the target Universities and distributed 400 blank questionnaires. A total of 385 filled questionnaires were received. The data was collected through quota sampling.

Research Design

The research under the title of effects of reward system both financial and non financial on employee motivation a case study of selected institutions of higher education in Afghanistan, Nangharhar province is conducted as mixed research method.

Data Analysis

The collected data were analysis through SPSS software to check for reliability and validity of questionnaire. For hypothesis testing and descriptive analysis

Descriptive Analysis

The study has examined the constructs' internal consistency based on Cronbach's alpha values. Further, univariate normality was assessed based on skewness and kurtosis values. Table 2 shows a summary of the descriptive analysis.

Table 1: Descriptive analysis

Variable	Cronbach's Alpha	Mean	SD	Skewness	Kurtosis
Employee Motivation	0.874	4.14	1.35	1.204	1.376
Financial Reward	0.835	3.98	0.87	-0.987	-1.555
Non-Financial Rewards	0.884	3.77	1.10	-1.001	0.987

The results suggest that Cronbach's alpha values ranged from 0.802 to 0.884. The Cronbach's alpha value is the highest for non-financial rewards (Mean= 3.77, SD=1.10, α = 0.884) and the lowest for employee commitment (Mean=4.25, SD=1.25, α =0.802). Thus, we have concluded that the latent variables used in the study have good internal consistency. The Skewness (SK) values of the study's constructs are as high as 1.204 and as low as -1.116. Moreover, the Kurtosis (KR) values are as high as 1.376 and as low as -1.555. Therefore, we have inferred that the latent variables do not violate the requirement of univariate normality.

Composite Reliability and Discriminant Validity

Table 3 shows the results related to composite reliability and discriminant validity

Table 3: Composite Reliability and Discriminant Validity

	Composite Reliability	AVE	EM	FR	NFR
Employee Motivation	0.803	0.666	0.793		
Financial Reward	0.835	0.668	0.487	0.817	
Non-Financial Reward	0.884	0.689	0.631	0.574	0.830

The results show that the values of composite reliability (CR) range from 0.803 to 0.884. It also shows that all AVE values are at least 0.60, suggesting an acceptable value of convergent validity. The discriminant validity results show that the AVE square root is as low as 0.793 and as high as 0.830. The AVE square values are greater than the Pearson correlation values. Thus, we have inferred that the constructs used in the study are "unique and distinct."

Hypotheses Testing

Table 4: Results Related to Hypotheses testing

	Beta	T Statistics	P Values	Result
Reward system. -> Emp. Mot. (H1)	0.364	14.702	0.000	Accepted
Non Fin. Reward -> Emp. Mot. (H2)	0.399	12.739	0.000	Accepted
Financial Reward -> Emp. Mot. (H3)	0.414	4.472	0.000	Accepted

The results support all the hypotheses as all the p-values are lesser than 0.05. Reward system has $r = 0.364$ suggest that one unit increase in reward system will bring 0.364 units positive change in employee motivation and result is statistically significant with $p = 0.000$. On the other hand $r = 0.399$ for non-financial reward indicate positive change in between none financial reward and employees motivation and result is significant. The relationship between financial reward and employee motivation is also has direct influence on each other as one variable increase other tend to increase and $r = 0.414$, $p = 0.000$ suggest significant and positive result between FR and motivation.

Discussion and Conclusion

Discussion

The study has suggested following three hypotheses. But our outcomes support all these hypotheses. We have discussed each hypothesis and it has relevance to previous studies in the following section.

Hypothesis 1 states that “reward system has a positive effect and significant relationship on employee motivation.” Most of the researchers suggest that affective reward system impact on employee motivation.

Hypothesis 2 suggests that “non-financial rewards has a positive effect on employee motivation.” And Our results support this hypothesis. Many of the past studies create that financial and non-financial rewards impact on employee motivation. But, the studies also suggest that the impact of financial rewards is stronger than non-financial rewards in organizations. Employees in labor-intensive fields are less motivated with non-financial rewards than other sectors (Urbanová & Vnoučková, 2018; Whitener, 2001). The association between non-financial rewards and motivation also varies according to age and income group. Non-financial rewards and motivation relationships are more relevant for employees in the higher-income and old-age groups (Jeni, Mutsuddi, & Das, 2020; Jamjumrus, 2019).

Hypoth 3 assumes that “financial reward has a positive effect on employee motivation.” Many past studies have documented that financial rewards enhance employee motivation, due to which employees develop a positive attitude towards their work. Our current study also support H3. This positive attitude enhances employee and organizational performance (Fischer, Malycha & Schafmann, 2019; Yun, Takeuchi & Liu, 2007). Offering appropriate financial packages to employees also enhances their trust, due to which they develop a maintainable relationship with an organization. A large pool of talented employees gives a competitive edge to a firm resulting in sustainable growth (Lombardi et al., 2020; Ekhayemhe & Oguzie, 2018). Shibly & Chatterjee (2020) argue that a firm should not ignore the non-financial rewards while focusing on financial rewards. An adequate balance between the two is necessary for enhancing employee motivation and loyalty (Robescu & Iancu, 2016).

Conclusion and Implications

We developed a model that has three direct relationships. We found that “financial and non-financial rewards” affect motivation. The current study will help academicians, researchers, and experts to make strategic plans and HR policies. As well we found that both financial and non-financial rewards affect employee motivation. Therefore, Higher education sector must keep a balance between “financial and non-financial rewards while developing their reward packages.” Ignoring one or the other will not be effective in attractive employee motivation. Motivated employees in higher education sectors will give them an edge over others. As a result, Universities performance may increase and lead to sustainable growth.

Limitations and Future Research

This research study has some limitations. We have focused universities in the higher education sector of Afghanistan Nangrahar province. Future studies can target other sectors, including large scale manufacturing sector and the services industries. The effect of financial and non-financial rewards is not the same on employees from different age and income groups. Other studies may discover these features. Afghanistan is a culturally rich country. Cultural values also affect motivation and commitment. Therefore, we recommend researchers to explore this aspect.

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