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IMPACT OF REWARDS SYSTEM ON EMPLOYEE PERFORMANCE: THE CASE OF PEOPLE'S INSURANCE PLC IN SRI LANKA

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ABSTRACT

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The study provides an extensive review of the impact of various reward mechanisms on employee performance at People's Insurance PLC. Its primary objective is to assess how different components of the reward system such as monetary incentives, recognition programs, and opportunities for career advancement affect employee performance within the organization. The study uses a cross-sectional approach to collect data in the third quarter of 2024, focusing on all 568 employee-level workers at Peoples Insurance PLC in Sri Lanka. Random sampling ensures an unbiased representation, with a calculated sample size of 61 employees selected at a 90% confidence level using purposive sampling techniques. The findings indicate statistically significant positive correlations between various elements of the reward system and employee performance. Salaries, bonuses, and incentives exhibited strong positive correlations, accounting for a considerable portion of the variance in performance outcomes. Recognition initiatives and flexible work arrangements were also found to positively influence performance, albeit to a lesser extent. The study finds that a comprehensive reward system, which includes competitive remuneration, bonuses, incentives, recognition, flexible work arrangements, and healthcare benefits, can significantly enhance employee performance and productivity. It explores theoretical and practical implications, underscoring the importance of monetary and non-monetary rewards in employee motivation. Recommendations to improve the reward system at People's Insurance PLC include establishing transparent pay structures, aligning bonuses with performance metrics, offering a variety of incentive options, and strengthening recognition programs. Additionally, the paper highlights the value of flexible work arrangements and comprehensive healthcare benefits. Future research directions are suggested, emphasizing the need for larger sample sizes, including a broader range of organizations, and investigating the interactions between reward systems and other influencers such as corporate culture and leadership style. Longitudinal studies and advanced statistical methodologies are recommended to deepen the understanding of the relationship between reward systems and employee performance.

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1. Introduction

Employee performance is a critical determinant of organizational success, encompassing the efficiency, effectiveness, and quality of tasks performed by employees. High-performing employees contribute significantly to improving productivity, innovation, and overall competitiveness. According to Aguinis (2019), effective performance management practices align employees' efforts with organizational goals, fostering a culture of continuous improvement and excellence.

Various internal and external factors influence employee performance. As highlighted by Armstrong (2014), external determinants include industry trends, current economic conditions, and technology breakthroughs, while internal aspects include motivation, work satisfaction, and organizational culture. Positive workplace cultures, strong Human Resource (HR) procedures, and capable leadership may frequently control internal variables. Organizations, however, are not entirely in control of outside variables like shifting market conditions and laws.

In the context of internal factors affecting employee performance, rewards can be considered an important factor. Rewards are incentives provided to acknowledge and inspire employee accomplishments, encompassing both internal and external elements (Smith 2020). These rewards can be monetary, such as salaries, bonuses, and benefits, or non-monetary, including recognition, career development opportunities, and a supportive work environment (Armstrong and Murlis 2007).

The components of rewards are crucial for employee performance and motivation. Monetary benefits like salaries and bonuses offer financial stability, directly impacting employee retention and job satisfaction (Milkovich et al. 2016). Non-monetary incentives, such as recognition, professional development opportunities, and a positive work environment, foster intrinsic motivation, enhancing employee commitment and engagement (Armstrong and Murlis 2007). As per Torrington et al. (2017), a well-balanced rewards system addresses both extrinsic and intrinsic needs, creating a comprehensive strategy that aligns employee goals with organizational objectives, thereby promoting overall productivity and performance.

This paper aims to study the relationship between the reward system and employee performance. In this context, People's Insurance PLC a leading non-life insurance provider in Sri Lanka, has been selected as a case study. The assets of the company exceed Rs. 11.2 billion and an annual premium income surpasses Rs. 6 billion, the company offers a wide range of services, including solar panel insurance, marine insurance, healthcare insurance, home insurance, and auto insurance. As of 2022, People's Insurance PLC operates 14 regional offices and 103 window offices within People's Leasing & Finance PLC branches, supported by a workforce of 620 employees (Francis et al., 2024). This strategic expansion highlights the company's commitment to growth and customer-centric service, making it an ideal case study for examining the effectiveness of reward systems (Maheswaranathan 2016).

According to statistics from People's Insurance PLC in 2022, there may be deficiencies in the compensation system and serious problems with staff retention and performance from 2018 to 2022. There has been a noticeable drop in profits per employee over the past five years. The profit per employee was 2,000,000 in 2018 but had fallen to 1,000,000 by 2022. Despite a rise in permanent staff from 554 in 2018 to 620 in 2022, a significant decline in productivity has been reported. In addition, the company has observed a worrisome decline in staff retention rates. The retention rate reached its peak in 2020 at 84%, then decreased to 81% in 2021, and further to 73% in 2022, while maintaining a relatively stable rate of 77% in 2018 and 2019. The consistent decrease in retention rates over the past two years may suggest the development of employee unhappiness, possibly stemming from an inadequate compensation system.

The decreasing trend in profits per employee also prompts questions about work happiness, morale, and employee engagement inside the company. A decrease in individual productivity and poor employee performance could be a sign of deeper problems like unmet expectations, a lack of drive, or inadequate resources and support for staff members (Brown 2019). To meet its strategic goals and maintain its competitive edge in the insurance market, People's Insurance PLC must address the issues surrounding employee performance. The firm may cultivate a culture of excellence, innovation, and continuous improvement by identifying and addressing the causes that are leading to the drop in earnings per employee.

These problems draw attention to a critical issue: People's Insurance PLC's present compensation structure might not be doing enough to retain and motivate staff members (Obeidat et al. 2023). The necessity to review and modify the compensation system to promote employee performance, happiness, and retention is highlighted by the fall in both retention rates and profitability per employee. People's Insurance PLC can strive to retain a steady, engaged staff and increase overall productivity by tackling these challenges. Therefore, the present study attempts to investigate the impact of the reward system of People's Insurance PLC on the performance of its employees.

2. Literature Review

Employee Performance

Employee performance encompasses a multifaceted evaluation of how effectively individuals fulfil their designated tasks and responsibilities. It is typically assessed based on the quantity and quality of output, efficiency in task completion, and alignment with organizational standards and objectives (Armstrong and Taylor 2014). According to Campbell et al. (1993), employee performance can be defined as the aggregate of observable behaviours exhibited by employees that are relevant to the organization's goals. In addition, Murphy (1989) provided a definition that emphasizes the importance of task completion and the execution of work duties, highlighting an individual's contribution to the organization's objectives.

Employee performance can be categorized into several distinct areas, including task performance, contextual performance, and adaptive performance. Task performance measures how efficiently employees execute essential job functions and responsibilities (Campbell et al. 1993). Contextual performance involves activities that enhance the organizational environment, such as assisting colleagues and adhering to workplace policies (Borman and Motowidlo 1993). Lastly, adaptive performance refers to an employee's ability to adjust effectively to new circumstances and changes within the work environment (Pulakos et al. 2000). Each of these categories is vital for a comprehensive understanding of overall employee performance within an organization. The performance of employees is influenced by a complex array of factors. A significant element that affects motivation includes extrinsic variables such as rewards, recognition, and financial incentives. Additionally, intrinsic factors like personal development, job satisfaction, and a sense of accomplishment play a critical role (Deci and Ryan 2000). Competence and skill levels are also paramount; employees exhibiting higher levels of these attributes generally achieve superior performance (Campbell et al. 1993). Furthermore, the quality of leadership, organizational culture, and availability of resources contribute significantly to the work environment (Podsakoff et al. 1996). Establishing clear expectations and facilitating effective communication are essential for aligning employee efforts with organizational objectives, thereby reducing misunderstandings and enhancing productivity (Robbins and Judge 2013).

The outcomes of employee performance significantly affect both individuals and organizations. Enhanced productivity directly contributes to increased organizational profitability and competitive advantage, with a strong correlation to high employee performance (Pfeffer 1998). Research by Harter et al. (2002) indicates that high-performance fosters job satisfaction and employee engagement, which in turn enriches the work environment and decreases turnover rates. Organizations that nurture high-performing employees are better positioned to realize their strategic goals and sustain long-term growth (Katzenbach and Smith 1993). Conversely, inadequate performance can lead to higher turnover rates, diminished employee morale, operational inefficiencies, increased costs, and a negative organizational climate (Murphy 1989).

Rewards Systems

A rewards system is a strategic framework designed to utilize various incentives and forms of recognition to motivate staff members towards achieving established corporate goals. Effective reward systems align employee behaviours and performance with the organization's strategic objectives, thereby fostering motivation, engagement, and productivity. Rewards can be categorized into two types: intrinsic and extrinsic. Intrinsic rewards, such as job satisfaction, career advancement, and recognition, fulfil psychological needs and often lead to sustained motivation. Conversely, extrinsic rewards include tangible benefits such as salary increases, bonuses, promotions, and other financial incentives (Francis et al., 2024). Both types of rewards play a pivotal role in shaping employee attitudes and behaviours (Danthanarayana et al., 2024)

Recent research underscores the importance of an equitable and balanced reward system. For instance, Obeidat et al. (2023) found that an effective incentive program positively impacts employee engagement, subsequently enhancing productivity and retention rates. Furthermore, Khan et al. (2022) highlight the

significance of fairness in reward distribution, noting that perceptions of equity can substantially influence employee morale and productivity. Additionally, there has been a notable increase in the integration of technology within rewards system management. Organizations leveraging artificial intelligence and advanced analytics to monitor and adjust rewards have reported enhancements in employee performance and satisfaction (Bersin 2021).

Monetary Rewards

Salary serves as a fundamental form of monetary compensation integral to employee remuneration, significantly influencing talent retention within an organization. Two principal advantages of salary are its stability and predictability, which provide employees with a consistent income to meet essential expenses and commitments. Research by Kaya and Kocakulah (2019) underscores the importance of competitive salaries as a cornerstone of comprehensive compensation packages, highlighting their role in enhancing employee job satisfaction and retention. Furthermore, salary serves as a benchmark for employees to assess their value and contributions to the organization, fostering perceptions of equity and fairness. However, there has been a growing discourse regarding the limited effectiveness of salary as the sole motivator in recent times.

Organizations have historically utilized bonuses as a form of monetary compensation to reward and recognize exceptional performance among employees. One of the primary advantages of bonuses lies in their ability to provide immediate and tangible recognition for outstanding work, thereby elevating employee morale and motivation. Research by Jiang et al. (2020) indicates that performance-based bonuses can enhance motivation and productivity, particularly when aligned with specific, achievable goals. Additionally, bonuses communicate to employees that their efforts are valued and appreciated, making them effective tools for attracting and retaining top talent (Kaya and Kocakulah 2019).

Organizations often implement incentives as a form of monetary compensation to enhance employee motivation, drive performance, and achieve strategic objectives. While incentives can be highly effective tools for improving productivity and fostering employee engagement, recent trends and research indicate that they present both advantages and disadvantages when it comes to facilitating long-term organizational success. One of the main strengths of incentives lies in their ability to create a clear and direct connection between rewards and specific performance outcomes, which significantly motivates employees to achieve set goals. Research by Jiang et al. (2020) highlights that performance-based incentives, particularly when aligned with both individual and organizational objectives, can substantially elevate employee motivation and productivity. Furthermore, by rewarding employees based on their achievements and contributions, incentives can nurture a culture of meritocracy and excellence in performance, as noted by Kaya and Kocakulah (2019).

Non-Monetary Rewards

In contemporary business environments, non-cash rewards such as recognition are gaining prominence as effective means to inspire employees, foster a positive workplace culture, and enhance productivity. A

significant advantage of recognition is its capacity to satisfy employees' inherent needs for belonging, validation, and appreciation. Research by Grant (2021) indicates that recognition programs enhance overall job satisfaction and well-being by fostering a sense of belonging and facilitating social connections among employees. Furthermore, recognition serves as a powerful motivator, encouraging staff members to maintain desirable behaviours and demonstrate exceptional performance, as noted by Zarantonello and Bove (2019). Additionally, employee recognition programs have been shown to improve company culture and retention rates.

Organizations are also increasingly adopting flexible work arrangements (FWAs) as a non-cash incentive to promote employee satisfaction, work-life balance, and overall well-being. One of the primary benefits of FWAs is the increased autonomy and control they offer employees over their work schedules, which can lead to enhanced job satisfaction and reduced workplace stress. Research by Allen et al. (2021) supports the notion that employees with access to FWAs often report higher levels of job satisfaction and engagement due to their improved ability to manage work and personal obligations. Additionally, FWAs contribute to employee loyalty and retention by making individuals feel valued and supported by their organizations (SHRM 2020). Evidence suggests that these arrangements can further boost productivity and organizational performance, allowing companies to capitalize on employees' peak performance periods and overall efficiency (Allen et al. 2021). Moreover, by demonstrating adaptability and a commitment to employee needs, FWAs can enhance motivation and morale within the workforce (Grant 2021).

As a non-cash benefit, medical benefits are crucial parts of employee compensation plans because they give workers access to healthcare and support for their overall health. One of the key benefits of offering comprehensive medical coverage is its potential to enhance employee well-being while alleviating the financial burden associated with healthcare costs. Research conducted by Kaya and Kocakülâh (2019) indicates that access to robust medical benefits fosters a sense of support and appreciation among employees, thereby increasing their satisfaction and loyalty to the organization. Furthermore, as employees often prioritize access to high-quality healthcare when assessing job opportunities, medical benefits serve as a crucial asset for attracting and retaining top talent in competitive labour markets (Mercer 2020).

Theoretical Foundation

Herzberg's theory underscores the practical significance of attending to both hygienic elements and motivators in order to improve employee performance and happiness. It argues that intrinsic motivators like difficult work and recognition generate better levels of engagement and productivity, while acceptable working conditions and fair remuneration avoid unhappiness.

Recent studies emphasize how important reward systems equity is. For example, Al-Zawahreh and Al-Madi (2012) discovered a substantial correlation between employee work satisfaction and performance and perceived fairness in award distribution. Furthermore, Greenberg (2020) highlights that companies with compensation systems that focus on equity typically have higher employee engagement and retention rates. More egalitarian reward structures have also been made possible by technological developments.

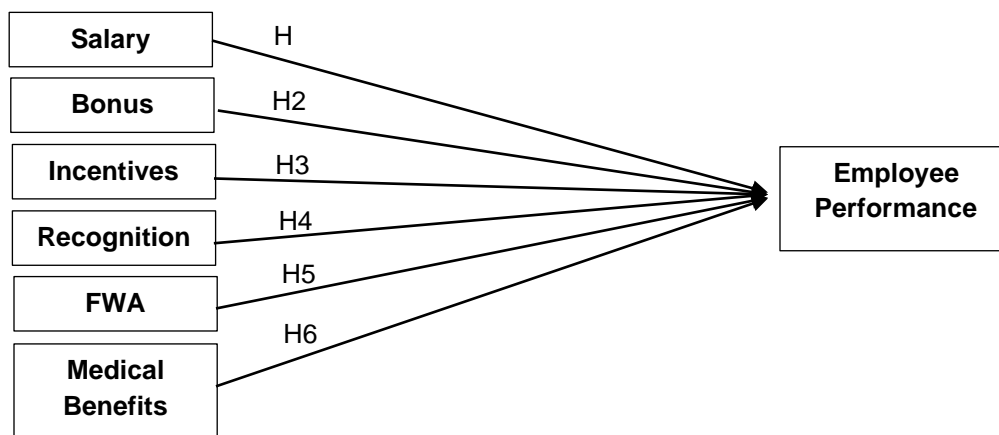
Organizations can more properly track and evaluate employee contributions with the use of HR analytics and performance management tools, ensuring that awards are given out equitably and according to objective standards (Biron et al. 2011). Equity theory sheds important light on how fairness affects motivation. Organizations can improve job satisfaction, motivation, and overall performance by making sure that employees feel that rewards are distributed fairly. A just and open compensation structure encourages long-term engagement and retention in addition to motivating staff members and fostering a positive company culture.

When a behaviour is gradually reduced or eliminated because it is no longer reinforced, it is called extinction. For example, if a worker's efforts are not acknowledged over time, they can eventually quit making extra effort. The effectiveness of reinforcement-based reward systems in a range of organizational contexts has been shown in recent research. For instance, Podsakoff et al.'s (2019) research demonstrates that staff morale and productivity are greatly increased by positive reinforcement through recognition programs. Furthermore, Kerr and Tindale (2020) stress the significance of reinforcement in establishing consistent performance and forming corporate culture.

The applicability of reinforcement theory has been significantly improved by technological developments. Positive reinforcement is delivered on time and in context thanks to performance management software, which tracks and recognizes employee behaviours in real-time (Aguinis et al. 2019). Using rewards and penalties strategically, Reinforcement Theory provides a strong foundation for comprehending and influencing employee behaviour. Organizations can change behaviour to accomplish desired results, boost motivation, and improve overall performance by putting in place a reward system that successfully uses positive reinforcement, negative reinforcement, punishment, and extinction.

3. Research Methodology

Conceptual Framework



Source: Developed by Authors based on theoretical literature

Research Design

Saunders et al. (2019) describe the research process using a research onion diagram, outlining essential steps for any research project. This study employs the research onion approach to detail its design, including research approach, choice, strategy, time horizon, population, and sampling. The present study is based on a deductive approach and therefore hypotheses are tested through empirical observations. This study uses a quantitative approach, emphasizing objectivity and generalizability through statistical analysis of numerical data. Questionnaires, effective for gathering data systematically from many respondents, were utilized to collect quantitative data on specific variables within the research environment. The study adopts a cross-sectional approach, aiming to collect data in the third quarter of 2024, allowing for a snapshot of the examined variables. The target population includes all employee-level workers at Peoples Insurance PLC, totalling 568 in Sri Lanka. Random sampling ensures an unbiased and representative sample. The calculated sample size at the 90% confidence level yielded 61 employees selected using purposive sampling techniques. These methods are designed to maintain high-quality response collection from participants (Etikan 2016).

4. Analysis and Discussion

The data collection aimed to assess the impact of the rewards system on employee performance at People's Insurance PLC. The study involved a sample of 61 individuals, utilizing a semi-structured questionnaire for data collection. Six independent variables were examined: salary, bonus, incentives, recognition, flexible work schedules, and medical benefits, with employee performance identified as the dependent variable.

The results indicate a diverse demographic composition among the employees, with the largest group (54%) belonging to the 18–24 age bracket. This suggests a significant representation of younger individuals within the workforce. The next largest group comprises individuals aged 25–34, accounting for 26%, followed by those aged 35–44, 45–54, and 55 and older, each representing 7%. This distribution highlights the heterogeneity of the workforce, emphasizing the importance of tailored recruitment, retention, and professional development strategies that consider age-specific needs.

Furthermore, the analysis reveals that women comprise 59% (36 individuals) of the sample, while men make up 41% (25 individuals). This gender distribution is noteworthy and provides valuable insights into the representation within the surveyed population. Understanding these demographic factors is essential for fostering an inclusive and supportive work environment.

The data presents a diverse workforce characterized by varying levels of experience. Notably, 44% of employees possess 1-3 years of experience, indicating a substantial representation of young professionals. Additionally, a quarter of the workforce comprises new hires with less than one year of experience, emphasizing the ongoing necessity for active recruitment efforts. Mid-career professionals account for 11% and 13% of the workforce, representing those with 4-6 years and 7-10 years of experience, respectively. This indicates a robust core of seasoned employees.

Furthermore, 7% of staff members have over ten years of experience, contributing invaluable knowledge to the team. This distribution underscores the importance of tailored development programs and retention strategies that cater to employees at different career stages. The educational background of the workforce is also noteworthy, as 46% hold master's degrees and 26% possess bachelor's degrees, highlighting a highly specialized and skilled workforce. Additionally, 11% of employees have associate degrees, pointing to a solid foundation in vocational education. The presence of individuals with doctorates (7%) and high school diplomas (10%) reflects both entry-level and highly specialized experience, further enriching the talent pool within the organization.

Table 01: Reliability of variables

Variables	Cronbach's Alpha
Employee Performance	0.785
Salary	0.843
Bonus	0.842
Incentive	0.880
Recognition	0.745
Flexible Work Arrangements	0.649
Medical Benefits	0.725

Source: Compiled by Authors based on survey data

The reliability test results for six variables are summed together in the table using the internal consistency measure Cronbach's Alpha. With Cronbach's Alpha scores of 0.843 and 0.842, respectively, Salary and Bonus exhibit great internal consistency and high reliability. With a dependability of 0.88, the incentive exhibits the highest level of consistency across its items. With a Cronbach's Alpha of 0.745, recognition has a moderate level of internal consistency and is deemed reliable. Cronbach's Alpha for medical benefits is 0.725, indicating acceptable consistency and reliability.

Even though flexible work arrangements have the lowest Cronbach's Alpha rating (0.649), it nevertheless pass reliability standards. This suggests that even while the internal consistency is not as high as it may be in relation to the other variables, it is still considered satisfactory. All things considered, the findings show that the measurements for each of the six variables are dependable, and the data's reliability for additional analysis is supported by Cronbach's Alpha values that show acceptable to high internal consistency.

The data analysis reveals a significant positive relationship between salary and employee performance. Specifically, as average compensation increases, so does average employee performance. A p-value of less than 0.001, considerably lower than the conventional alpha threshold of 0.01, indicates that this correlation is statistically significant. Consequently, we can confidently accept the alternative hypothesis and reject the null hypothesis, thereby demonstrating a strong linear relationship between employee performance and compensation. Based on a sample of 61 observations, these findings provide compelling evidence in support of the hypothesis that enhanced employee performance correlates with higher salaries. This highlights the critical role that competitive salaries play in fostering increased employee productivity. Furthermore, the data

aligns with hypothesis (H2), which posits a linear correlation between employee performance and bonuses. The correlation between bonuses and employee performance is evidenced by a Pearson correlation coefficient of 0.609, indicating a moderate to significant positive relationship. This suggests that as average bonuses rise, employee performance tends to improve correspondingly. Again, a p-value of less than 0.001 underscores the statistical significance of this correlation. As such, we can affirm the alternative hypothesis and confidently reject the null hypothesis, indicating a robust linear link between employee performance and bonuses. These findings, based on a consistent sample of 61 observations, strongly support the assertion that larger bonuses are associated with enhanced employee performance. This further emphasizes the importance of incorporating competitive bonuses within compensation strategies to elevate employee productivity.

Table 02: Summary of hypotheses testing

Hypothesis	P-value	Pearson correlation	Result
H1: There is a relationship between Salary and employee performance	.000	0.609	Accepted
H2: There is a relationship between bonuses and employee performance	.000	0.503	Accepted
H3: There is a relationship between incentives and employee performance	.000	0.671	Accepted
H4: There is a relationship between recognition and employee performance	.000	0.636	Accepted
H5: There is a relationship between flexible work arrangements and employee performance	.000	0.631	Accepted
H6: There is a relationship between Medical Benefits and employee performance	.000	0.563	Accepted

Source: Compiled by Authors based on survey data

There is a strong positive association between incentives and employee performance. The null hypothesis, which holds that there is no relationship between incentives and employee performance, is strongly refuted by this significance level, which indicates that the possibility of this association occurring by chance is very low. The reasonably big dataset indicated by the sample size (N) of 61 for this research adds to the reliability of the findings. Thus, organizations can conclude that improving incentive structures will probably have a favorable effect on worker performance, highlighting the significance of well-thought-out incentive programs in encouraging increased worker engagement and productivity.

The association between employee performance and recognition is depicted. There is a strong positive linear association between these two variables, as indicated by the Pearson correlation coefficient of 0.636. With a p-value of less than 0.001, this correlation is statistically significant at the 0.01 level. Strong evidence contradicting the null hypothesis—which holds that there is no association between employee performance and recognition—is provided by the significance level, which shows that the likelihood of this correlation occurring by chance is very small. The fact that this analysis's sample size (N) is 61 gives the results

legitimacy and implies that the conclusions are solid. This suggests that employee performance will probably improve as recognition rises. Businesses may take advantage of this knowledge by putting in place efficient recognition programs that raise staff morale and productivity, improving overall performance and helping the company reach its objectives.

This study examines the relationship between employee performance and flexible work arrangements. The findings indicate a strong positive linear correlation between these two variables, as evidenced by a Pearson correlation coefficient of 0.631. The associated p-value of less than 0.001 demonstrates that this correlation is statistically significant at the 0.01 level. Consequently, the null hypothesis, which posits that there is no relationship between flexible work arrangements and employee performance, is effectively refuted. The low p-value suggests that the observed correlation is highly unlikely to be attributable to chance. The analysis is robust and statistically sound, based on a sample size (N) of 61. These results affirm the significance of the linear association between employee performance and flexible work arrangements, implying that employee performance tends to increase alongside the quality of such arrangements. Organizations may leverage this insight by promoting flexible work options to enhance productivity and employee satisfaction, ultimately contributing to improved overall performance and organizational success. Additionally, the study reveals a moderate positive association between medical benefits and employee performance, represented by a Pearson correlation coefficient of 0.563. The statistical significance of this relationship is affirmed by a p-value of less than 0.001, indicating a less than 1% probability that this correlation has occurred by chance. This underscores the notion that employee performance tends to rise in accordance with enhancements in medical benefits. With a sample size (N) of 61, these results provide compelling evidence supporting a linear association between employee health benefits and performance outcomes. This research highlights the importance of offering comprehensive medical coverage as a means to bolster employee performance and productivity in the workplace.

5. Conclusion

The study's objectives were to investigate the effects of different reward schemes on workers' performance at People's Insurance PLC. With a Pearson correlation coefficient of 0.508, the results show a substantial positive correlation between salary and employee performance, indicating that salary can account for 25.8% of the variance in employee performance. The notion that bonuses improve employee performance is supported by the fact that bonuses also showed a substantial positive correlation ($R = 0.609$) with employee performance, meaning that bonuses explain around 25.3% of the variance in performance.

With a Pearson correlation coefficient of 0.671, incentives were found to have the greatest effect, accounting for 59.4% of the variance in employee performance. This substantial positive correlation emphasizes how important incentive-based pay is in raising worker productivity. With a correlation coefficient of 0.636, recognition also had a favorable impact on employee performance, accounting for 28.7% of the variance in

performance. This result validates the theory that acknowledging workers' efforts improves their output considerably.

Although it accounted for 5.3% of the variance, the connection between flexible work arrangements and employee performance was positive but weaker ($R = 0.231$). This suggests that although flexible work arrangements have a positive effect on performance, their influence is not as great as that of other reward components. The favorable relationship does, however, continue to emphasize how crucial it is to provide flexible work arrangements to boost worker performance and satisfaction. A moderately positive connection ($R = 0.563$) was observed between medical benefits and employee performance, accounting for 31.7% of the variance. This finding supports the theory that full medical benefits enhance worker performance by fostering wellbeing and lowering absenteeism.

All of the p-values for the regression analyses were less than 0.001, which indicates strong evidence in favour of the hypotheses. This validated the statistical importance of these associations. The regression models' dependability was confirmed by the Durbin-Watson statistics, which showed no autocorrelation. All of these results highlight how crucial it is for People's Insurance PLC to have a comprehensive reward program that includes competitive pay, large bonuses, successful incentives, meaningful recognition, flexible work schedules, and full medical benefits in order to improve employee performance and productivity.

The purpose of the study was to investigate how different reward schemes affected worker performance. The results provide strong evidence in favour of the idea that various reward systems have a big impact on worker performance. More specifically, salary and employee performance have a substantial positive link, suggesting that competitive compensation plays a critical role in increasing productivity. This is consistent with other research that highlights the importance that appropriate compensation has in motivating employees to perform better. The premise that bonuses can function as efficient incentives for increased productivity is supported by the strong positive correlation that was found in the relationship between employee performance and bonuses. This result is in line with previous research that emphasizes the contribution of monetary incentives on employee motivation and enhanced performance outcomes. The information also showed a strong positive link between incentives and worker performance, supporting the notion that a well-designed incentive program may boost productivity and engagement.

Non-monetary rewards like recognition also demonstrated a high positive association with worker performance. This implies that acknowledging and rewarding workers' efforts can greatly increase their output. This result is consistent with theories of intrinsic motivation, which hold that performance can be motivated and psychological needs can be met by non-monetary rewards like acknowledgement. The idea that providing flexible work options might increase employee satisfaction and productivity is supported by the positive correlation that was found between flexible work arrangements and employee performance. This is especially important in the modern workplace, where employees value flexibility more and more. The findings of the study have a number of theoretical and applied ramifications. Theoretically, by providing empirical

evidence for the efficacy of both monetary and non-monetary rewards, they add to the body of knowledge on the influence of reward systems on employee performance. From an operational standpoint, the results offer useful guidance to companies seeking to improve their incentive schemes in order to improve worker productivity. Organizations can modify their reward programs to better suit the requirements and motivations of their workforce by knowing which precise kinds of rewards stimulate performance.

The study does, however, have certain shortcomings. The study was limited to a single company, and the sample size was rather small, which would have limited how broadly the results could be applied. To further validate the results, future studies could involve more organizations and a larger sample size. Furthermore, although the study concentrated on particular compensation systems, it ignored other elements like corporate culture and leadership style that might also have an impact on worker performance. To have a more thorough grasp of these elements' effects on worker performance, future research might examine how they interact with reward schemes. The study concludes that financial and non-financial rewards have a significant impact on employees' performance at People's Insurance PLC. Companies that implement a comprehensive reward system that includes competitive pay, bonuses, incentives, recognition, and flexible work schedules can boost employee performance and achieve superior organizational outcomes.

Recommendations

The People's Insurance PLC study provided important new information about how different reward schemes affect worker performance. For every one of the six variables that were examined; salary, bonuses, incentives, recognition, flexible work schedules, and medical benefits; the following recommendations are put forth to address the difficulties that have been found and improve overall employee productivity and happiness.

Salary

Pay Structures: It is important to develop clear and well-defined compensation structures that outline the criteria for raises and promotions. By promoting transparency in these processes, organizations can reduce feelings of injustice and enhance motivation among employees. Communicating these compensation guidelines will also help mitigate misunderstandings related to salary disparities, fostering a more equitable workplace environment.

Regular Salary Reviews: To ensure that compensation remains competitive within the industry, it is advisable to conduct annual or biannual salary reviews. By aligning pay with prevailing market rates and recognizing the individual contributions of employees, these regular assessments can play a critical role in retaining top talent. Furthermore, demonstrating appreciation for employees' efforts not only fosters a sense of respect but also promotes long-term commitment and loyalty to the organization.

Bonuses

Performance-based bonuses: Establishing a direct connection between compensation and clearly defined performance targets is essential for fostering a motivated workforce. This approach ensures that employees receive appropriate recognition for their achievements and contributions, which can significantly enhance overall motivation. By setting specific targets, employees gain a clear understanding of the criteria necessary to qualify for bonuses, thereby driving productivity and aligning their objectives with the overarching goals of the organization.

Bonus criteria that prioritize inclusivity should take into account both individual and team performance. Recognizing contributions from groups fosters cooperation and mitigates the potential negative impact of competitive environments on teamwork. By promoting a culture of collaboration and support among all organizational members, this inclusive approach has the potential to enhance overall performance.

Incentives

Flexible Incentive Options: To effectively accommodate a diverse array of employee preferences, it is essential to offer a combination of non-financial and cash incentives. While financial incentives can be impactful for certain individuals, other factors such as additional vacation time, opportunities for professional development, or wellness initiatives may hold greater significance for others. By providing a variety of incentive options, organizations can address the unique needs and interests of each employee, thereby enhancing overall job satisfaction.

A balanced approach that includes both short-term and long-term incentives is critical for sustained engagement and performance (Francis and Ganeshamoorthy 2017). Long-term incentives, such as stock options or retirement plans, can foster ongoing commitment and loyalty, while short-term incentives are beneficial in driving immediate performance outcomes. This dual approach ensures that both the current needs and future aspirations of employees are adequately met (Francis et al., 2021).

Recognition

Public Recognition Programs: To recognize and celebrate staff achievements formally, it is advisable to implement official initiatives such as featuring articles in corporate newsletters, providing public recognition during meetings, and establishing an Employee of the Month program. Such acknowledgement not only enhances the morale of the recipients but also sets a positive example for colleagues, fostering a culture of excellence within the organization.

Customized Recognition: It is essential to tailor recognition initiatives to align with individual employee preferences. Some employees may favour private acknowledgement over public recognition. By offering personalized appreciation, organizations can significantly enhance employee motivation and satisfaction, fostering a sense of value, appreciation, and understanding among their workforces.

Flexible Work Arrangements

Options for Remote Work: It is essential to continue offering remote work opportunities when feasible. The flexibility to work remotely can significantly enhance job satisfaction, alleviate commuter stress, and improve work-life balance. To ensure the success of this initiative, it is crucial to establish and adhere to clear policies regarding remote work. Additionally, providing employees with the necessary tools and resources will enable them to work efficiently and productively from home.

Implementing flexible working hours can effectively address the diverse needs of individuals with varying lifestyles and personal commitments. Allowing employees the autonomy to choose their working hours can enhance productivity, as they can work during their most effective times. Furthermore, this flexibility demonstrates the organization's commitment to its workforce, which can foster increased dedication and loyalty among employees.

Medical Benefits

All-inclusive Health Plans: The implementation of all-inclusive health plans that encompass mental health support alongside a wide range of medical services is very important. Providing employees with access to high-quality healthcare can significantly enhance productivity by reducing stress levels and minimizing absenteeism. Furthermore, comprehensive health plans not only contribute to improved employee retention but also elevate an organization's attractiveness as a desirable workplace.

Wellness Initiatives: Implementing initiatives that promote both mental and physical well-being can greatly benefit the workforce. Options may include stress management seminars, designated mental health days, yoga classes, and gym memberships. By fostering a culture of employee well-being through these initiatives, organizations can expect to see improvements in staff satisfaction, a reduction in turnover rates, and an overall increase in productivity.

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