

**THE INFLUENCE OF REWARD SYSTEMS
AND EMPLOYEE DEVELOPMENT ON
EMPLOYEE PERFORMANCE: A CASE
STUDY OF THE WORLD TRADE CENTRE
KUALA LUMPUR (WTCKL)**

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THE WORLD TRADE CENTRE KUALA LUMPUR (WTCKL)

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ABSTRACT

This study focuses on the elements that influence of reward system (intrinsic and extrinsic) and employee development on employee performance at World Trade Centre, Kuala Lumpur. The purpose of this study is to investigate the relationship between feedback, opportunity of professional growth, self-esteem, pay, benefit, promotion and employee performance through leadership and recognition, organizational policies and team relations in the work environment. This study applies quantitative approaches. The data was collected from an interview session with the Corporate Director of WTCKL and secondary data, while a questionnaire survey was distributed among 169 employees, which were selected through convenience sampling. To determine the link between the variables, the data was examined using the regression analysis. The investigation revealed the r-square value indicates 62.1% of the variance in the dependent variable (employee performance) can be explained by the independent variable (intrinsic, extrinsic rewards and employee development). The Cronbach's Alpha for intrinsic rewards is 89.7%, which is very good. Extrinsic rewards are 89.2%, which is considered very well then for employee development with 91.5% which are very excellent. Meanwhile, the Cronbach's Alpha for employee performance is good, with a value of 74.8%. The correlation between intrinsic rewards and employee performance is 0.692 and it is indicated as a modest correlation. The employee development have the modest correlate with .621 and while for extrinsic rewards have the same modest positive impact on employee performance with a value of 0.484. The Pearson correlation analysis show that both intrinsic, extrinsic rewards and employee development have a significant impact on employee performance. Hence, H1, H2 and H3 are supported.

Keywords: Intrinsic reward, extrinsic reward, employee development and employee performance.

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Business Administration

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23 August 2023

DECLARATION

I hereby declare that the thesis submitted in fulfilment of the DBA is my own work and that all contributions from any other persons or sources are properly and duly cited.

I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the Doctor.

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A handwritten signature in black ink, appearing to be 'Irmohizam Bin Ibrahim', written over a horizontal line.

Signature of Candidate:

Date: 23 August 2023

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LIST OF ABBREVIATION

WTCKL	World Trade Centre Kuala Lumpur
PPMSB	Putrade Property Management Sdn. Bhd.
PWTC	Putra World Trade Centre
SPSS	Statistical Package for Social Science

CHAPTER 1

INTRODUCTION

1.0 Introduction

In this chapter, the researchers discuss the background of the study, the background of the organization World Trade Centre Kuala Lumpur (WTCKL) the problem statement, research objectives, research questions, the scope of study, and the significance of this study. Chapter one serves as a fundamental to the researchers to execute the research on the right track.

1.1 Background of Study

In the recent global economy, firms normally determine that their employees are their most useful resources in its prevailing competitive environment. Employee performance, behaviours, and motivation have a significant impact on organisational structures in businesses (Bruzelius & Skarvad, 2008). According to Whiteley (1996) motivation affects everyone to some degree. According to (Harinder and Isha, 2013; Beddoes, 2011) increased employee performance generally results in higher performance, productivity, and commitment. According to a study by Nurul et al. (2021) the majority of organisations have trouble deciding which reward systems and compensation plans are optimal for their employees. A properly managed reward system can boost employee performance. If an organisation does not have a suitable reward system in place, it will face issues such as low staff morale, inadequate employee performance, or a high employee turnover rate (Wilson, 2004). The majority of employees do not consistently show up for work on time, stay put, or put in a lot of effort for the business (Edward & Christopher, 2006).

Human resources are a vital part of any successful organization's backbone. According to the literature, a well-managed human resource can increase or sustain a competitive advantage in an organisation. The organisation can achieve and utilise its resources at an ideal level with the support of HR strategic management, which will contribute to the organization's continued and effective accomplishment. Has proposed that any business can achieve its objectives by maximising the use of its resources through effective human resource management (Luedeck et al, 2020).

However, developing employees to consistently outperform is one of the most challenging challenges that managers face (Sundaray, 2011). This was also supported by Beddoes (2011) where the study stated that engaging with employees is one of the biggest challenges today in any business. Meanwhile, Jilani and Juma (2014) stated that the concept of employee performance is rated among the critical preoccupations of today's organizations and is very crucial in an organization's setting. Obicci (2015) also suggested employee need provide the fully commitment, especially in capturing their thoughts and hearts at a particular phase of their working lives. This is one of the biggest challenges in most of the organization. This is because having disengaged employees will cause poor performance for the organization.

Based on (Beddoes, 2011) study employee performance is more important than employee satisfaction because it reflects employees' commitment to an organization. According to Sortheix et al. (2013) a performance employee is one who understands the business framework and is able to collaborate with co-workers to enhance productivity for the benefit of the company. The ability of businesses to retain and motivate employees, which leads to high levels of performance, is significantly impacted by reward schemes. Examples of competitive tools that might motivate employees to perform well and stick with the company include reward methods and

systems. Since the 1980s, developing nations have done substantial research and study on a reward system, including the United States and China. Nevertheless, a few academics have started to concentrate their research on Malaysia's incentive structure. As a result, the goal of this study is to look into the many forms of reward systems that can effect employee performance in a Malaysian company.

According to Abu Khalifeh and Ahmad (2013) employees who perform well are more likely to stick with their current company longer than and remain devoted to it. Nowadays it is widely recognised that a worker's motivation and output depend on whether or not they feel that their talents, expertise, and contributions are being appropriately compensated. Companies have diverse goals, so their reward schemes should be customised to meet those goals since they reflect the organisational culture (Bhattacharya & Mukherjee, 2012). Employees are looking for reward systems that include intrinsic and extrinsic benefits, according to Harter et al. (2002) study. Paying high salary and providing attractive advantages is insufficient for maintaining staff. When it comes to inspiring motivation and passion for the employment trait, rewards are a crucial component a study by Jilani and Juma (2014) stated that one way of ensuring employee performance is through rewards. In general, both public and private sector organisations have implemented rewards. For an organisation to attract high potential, highly motivated, and self-managing employee, an organization's ability to provide rewards is important to make them engage in the organization and fully commit with their work (Obicci, 2015). Harter et al. (2002) stated that rewards are a crucial factor in creating motivation and excitement for the employment characteristic. According to a study by Marlisa and Norhayate (2012) rewards are a crucial tool for management to use to direct employees' motivation in the manner they want. The researchers also noted that incentives may be described as being given by an outside

party when a desired act or job is completed. Additionally, it has informative and regulating qualities. Instead of just performing certain tasks, rewards should be tied to reaching the specified performance levels (Beddoes, 2011). Based on the person's specific ambitions and goals, it should be significant and worthwhile.

Reward systems are seen as planned activities in the business since they are used by organisations to motivate their employees or other persons to achieve the company's predefined goals. The management of human resources within the company is crucial because they are the most precious asset for any organisation. Because the organization's ability to effectively manage its workforce is essential to achieving its strategic goals. As a result, incentive programmes are a logical development that encourages people to satisfy their requirements in the workplace. One of the most important strategies for motivating staff to come up with creative solutions that improve both the financial and non-financial performance of the company is awarding prizes (Jeni et al., 2020). The reward system not only aids in organisational contributions, but it also achieves other goals such as legal compliance, labour cost restriction, access employee fairness, and employee performance that rises.

According to Wilson (2011) rewards are centred on meeting needs at work and as an individual rather than on workplace competition. Jilani and Juma (2014) asserted that a reward must have a favourable effect on people's behaviours. The kind of reward must fulfil fundamental human requirements for security and survival (Hackman & Lawler, 1971). Hackman and Lawler (1971) also discussed the need for businesses to pick appropriate rewards to give to their staff members. Deci and Ryan (2013) determined that giving out effective rewards encourages higher standards, the achievement of personal and social goals, higher productivity, a sense of competence

and freedom, and increased employee happiness in the organization. Employees are more likely to display undesirable behaviour in the absence of positive rewards.

A theory from Vroom (1964) clearly states that employees' efforts and motivation increase when rewards are offered. According to Badrinarayan and Tilekar (2013) the goal of awarding rewards is to motivate employees to be more productive, recognise achievements in the workplace, provide feedback, make work easier to do, and assist management in reaching their objectives and goal. Hackman and Lawler (1971) stated that a truly motivating incentive system must be created with a few other considerations in mind. It must inspire workers to do the work well and offer genuine rewards that are sufficient to give them a clear path, providing them the ability to control their performance and fulfil its promise.

In addition, the Maslow theory is utilised to tie employee needs to both incentives and to explain them in the context of the organisation (Marlisa & Norhayate, 2012). According to Maslow (1943) there are five categories of human needs that employees must meet: physiological, safety, social, esteemed, and self-actualization wants. These are represented in the demand for proper facilities, air, and a base income to ensure survival in the organisational environment. The demand for security and protection from harm is referred to as a safety need. The term "safety needs" in the context of an organisational workplace refers to requirements for job safety, ancillary benefits like health insurance, and job security requirements like the availability of parking with sufficient security levels.

Employees require social connection, a sense of belonging, love, fairness, and other social demands. The need for respect is known as esteem, and it is influenced by a person's status, reputation, attention, acknowledgment, accomplishment, and admiration. The desire for self-fulfilment, self-development drive, creativity, and job

happiness are all examples of self-actualization. Giving employees room to develop, express their creativity, and give progression shows that the organisation can accommodate employees' desires for self-actualization.

Both intrinsic and extrinsic rewards are possible, according to several academics. According to Hafiza et al. (2014) intrinsic rewards are intangible, non-financial, non-monetary, or psychological in nature. Examples of these include being appreciated, taking on new challenges, working in a supportive environment, having opportunities for job rotation, and others. Numerous scholars concurred that intrinsic rewards may have an impact on workers' performance. According to Ram and Prabhakar (2011) extrinsic rewards are tangible benefits that an employee receives for completing work that is unrelated to their position or assignment. Examples of extrinsic rewards include salary or pay, incentives, bonuses, promotions, job stability, and other forms of compensation.

Many study are being done in public organisations, compared to the private sector, where many studies have been done on rewards and employee performance (Aspalaila & Fatimah, 2016). The researchers want to investigate if these awards have a relationship and impact performance among WTCKL employees based on the data acquired and the results from prior investigations. If the findings show that there is a significant association between employee performance and rewards at WTCKL, the company should enhance the prizes to foster performance among its employees and be able to stop the issues that developed in this organisation.

1.2 Background of the organization

Putrade Property Management Sdn. Bhd. (PPMSB) is a property management company that managed the most renowned facility and iconic landmark World Trade Centre Kuala Lumpur (WTCKL) is a building in Kuala Lumpur, Malaysia. Previously known as Putra World Trade Centre (PWTC), began its operations in 1984, and as of November 2018, the company has raised a total revenue of RM70 million. PPMSB is a Bumiputra property management company incorporated on 28th September 1992, with a paid-up capital of RM1 million. The company's core business is in the hospitality industry, particularly conventions, food and beverage operations, and property management. The flagship of the company's operation is WTCKL, the leading convention centre in the country with a total revenue of RM70 million in 2018, which primarily comes from Meetings, Incentives, Conferencing, and Exhibitions (MICE) industries such as convention centre functions, food and beverages, and office spaces. Currently, PPMSB employs 373 (as of May 2019) employees and is managed by experienced managers from the hotel and restaurant industry.

The core business of PPMSB are services that include conference and exhibition venues, food services management, outside catering, industrial catering, hotel management, event management, and property management. PPMSB have six property divisions and management that include Menara Dato Onn (office space), Podium Block (retail lots), Selera Putra Laut (food court), cleaning services and real estate properties that include an office building, six shop lots and two semi-detached houses. WTCKL today good opportunity in core business manage event at WTCKL and other venue, then to become panel contactor for all the major event organizer, to provide the prestige convention and exhibition centre, industrial catering connected to multinational factories, universities and colleges and hospital. WTCKL also expand to