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Reward System and Its Impact on Employee Motivation in Nepalese Commercial Banks

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Abstract

This study examines the reward system and its impact on employee motivation in Nepalese commercial banks. Employee motivation is the dependent variable. The selected independent variables are salary increment, bonus and commission, promotion, job growth, and retirement benefit. The primary source of data is used to assess the opinions of respondents regarding salary increment, bonus and commission, promotion, job growth, retirement benefit, and employee motivation. The study is based on primary data of 125 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The correlation and multiple regression models are estimated to test the significance and importance of reward system and its impact on employee motivation in Nepalese commercial banks.

The study showed a positive impact of salary increment on employee motivation. It indicates that increase in salary leads to increase in motivation level of employees. Similarly, the study showed a positive impact of bonus and commission on employee motivation. It indicates that higher the bonus and commission, higher would be the employee motivation. Likewise, the study showed a positive impact of job growth on employee motivation. It indicates that opportunities of job growth leads to increase in employee motivation. Further, the study also showed a positive impact of promotion on employee motivation. It indicates that effective promotion policy leads to increase in employee motivation. In addition, the study showed a positive impact of retirement benefit on employee motivation. It indicates that retirement benefit leads to increase in employee motivation.

Keywords: salary increment, bonus and commission, promotion, job growth, retirement benefit, employee motivation

1. Introduction

Reward system is an important tool that management uses to channel employee's motivation in desired ways such as better functionality and further improve company performance. Generally, individuals are motivated to work by the needs they have which require satisfaction. Such individuals are committed to jobs they perceive to have a possibility of satisfying their needs through the reward they will receive for the work done. The type of motivation depends greatly on the nature of the reward. Remuneration is, therefore, one of the factors that have the ability to improve the performance of individuals and organizations by increasing productivity, quality of performance and encouraging positive work attitudes from workers to be in line with organization's objectives (Abdi *et al.*, 2017). Intrinsically motivated individuals will be committed to their work only when they find out that their job contains task that is intrinsically rewarding (Ajila and Abiola 2004). In the same light, extrinsically motivated persons will be committed to the extent that they can gain or receive external rewards for their job. In a nut shell, you can only get what you reward. Good remuneration, therefore, is expected to contain elements that reward both intrinsically and

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extrinsically to trigger both extrinsic and intrinsic motivation from the employee. With a well-motivated workforce, employee performance can be manifested on organizational effectiveness, which allows individuals to focus on the development of their work, in terms of behavior, knowledge, ethics, skills, and effectiveness (Chiekezie *et al.*, 2017). Every firm is concerned about employee engagement because it affects the way it achieves its objectives (Ghlichlee and Bayat, 2021). An organization needs a variety of resources to be successful and achieve its goals, including human resources, or personnel. Motivation, however, is also seen as an important value that is crucial in achieving the objectives of the business because brilliant and qualified workers may not provide the desired outcomes if they lack it (Otyola *et al.*, 2023). Dysvik and Kuvaas (2010) found that intrinsic motivation and turnover intention are significantly related to each other and employees with high intrinsic motivation are less likely to leave their current organization. When an employee is fully engaged, their highest level of personal pleasure and highest level of success-related contribution are in alignment. Employee satisfaction and contribution to company performance were the two main focuses of all definitions (Wang *et al.*, 2019). Employee motivation can be utilized to engage workers in their work in the firm, according to the findings of several academics studies (Faeq, 2022). Beyond motivation, many firms have recognized the necessity for employee engagement to succeed in today's fiercely competitive climate (Riyanto *et al.*, 2021).

Mendis (2017) examined the impact of reward system on employee turnover intention: a study on logistics industry of Sri Lanka. The study found that give evidence that better financial and non-financial rewards have strong impact on employee's turnover intention. Similarly, Verma (2018) investigated the Impact of compensation and reward system on organization performance an empirical study. The study found that the reward and compensation strategies have a significant positive impact on performance of the bank. Likewise, Ngwa *et al.* (2019) argued that the effect of reward system on employee performance among selected manufacturing firms in the Litoral Region of Cameroon. The study found that the profit sharing had a significantly positive effect on employee commitment in manufacturing firms. In addition, Myint and War (2020) examined the effect of reward system on employee performance of KBZ bank in Yangon. The study found that, there is strong relationship between company's reward system and employee performance. Moreover, Lavena *et al.* (2020) investigated the effect of leadership behavior and reward system on the employee performance mediated by organizational citizenship behavior of pt danpac pharma. The study found that the leadership behavior has a positive and significant effect on employee performance and reward system has a positive and significant effect on employee performance. Noorazem *et al.* (2021) analyzed the effects of reward system on employee performance. The study found that the organization to improve its reward system and to ensure it could help in increasing the employee's performance. Similarly, Obiaga and Itakpe (2021) examined the reward system and employee performance in the oil and gas industry in Rivers state. The study found that, there is a significant relationship between bonuses and productivity, compensation and productivity, promotion and productivity in the oil and gas industry in Rivers State. Moreover, Putri *et al.* (2021) investigated the effect of reward system, job motivation, and job satisfaction on employee retention. The study found that the provided an implication for Omsa Medic Jimbaran regarding how the importance of the reward system, work motivation and job satisfaction can affect employee retention. Likewise, Aremu and Adepoju (2022) argued that the mediating effect of green reward on green training and environmental performance in Nigerian food and beverages.

The study found that analysis proved that green training has a direct linear relationship with environmental performance.

Ejumudo (2014) examined the pay reward system management and staff performance in Nigeria: a study of the delta state civil service. The study found that reward system has a significant impact on performance of teachers at elementary level. Similarly, Koskey *et al.* (2015) investigated the effect of reward on employee engagement and commitment at Rift Valley Bottlers Company. The study found that the several factors contribute to employee's engagement and commitment at the place of work. Likewise, Riasat *et al.* (2016) analyzed the impact of intrinsic and extrinsic rewards influence on the job satisfaction and job performance. The study found that an intrinsic reward has significant and positive relationship with employee's performance and their satisfaction. Similarly, Abasili *et al.* (2017) investigated the effect of reward on employee performance in Kano state board of internal revenue. The study found that the performances of employees are largely influenced by salary, bonus and incentives, promotion and recognition. Armstrong *et al.* (2011) argued that reward systems could be formal and informal, monetary and non-monetary, and tangible and intangible. Further, Mahaney and Lederer (2006) concluded that the reward practices of several organizations are of two types. These are intrinsic (non-monetary) and extrinsic (monetary) rewards. Extrinsic rewards are tangible. In contrast, intrinsic rewards are intangible or psychological. Intrinsic rewards include achievement, appreciation, autonomy, attractive, and challenging job, career development, empowerment, and feeling of accomplishment, participation in decision-making, personal growth, praise, recognition, responsibility, training opportunities and vacations. Extrinsic rewards include fringe benefits, bonuses, incentives, promotions, salary, supervision and working conditions. Rewards could either be extrinsic or intrinsic or a mixture of both. Further, Kabuki (2019) contended that the pronounced performance of employees ultimately would result from a correct mix of strategies of reward management like developmental rewards, financial rewards, intrinsic rewards and social rewards. In addition, Dewhurst *et al.* (20010) emphasized that a total reward system is an efficient tool of management for the motivation of low performance workers and for boosting the job satisfaction of great achievers.

Jeni *et al.* (2020) examined the impact of rewards on employee performance: a study of commercial banks in Noakhali Region. The study found that reward systems have a significant effect on employees' attitudes toward work. Likewise, Rasheed *et al.* (2020) Perceived compensation fairness, job design, and employee motivation: The mediating role of working environment. The study found that perceived compensation fairness and job design are positively associated with the job motivation of bank employees. Similarly, Albawaia *et al.* (2022) investigated the impact of corporate culture and employee motivation on organization effectiveness in Jordanian banking sector. The study found that bank managers can achieve effectiveness by building a balanced organizational culture that combines different corporate cultures (Clan, Market and Hierarchy). Moreover, Afif *et al.* (2023) analyzed the factor affecting employee motivation to increase performance of Sharia bank in Indonesia on Islamic perspective. The study found that the conclusions received from the pattern could be relevant to the populace and the pattern carried out to the populace have to be representative. Likewise, Kumari *et al.* (2021) examined the role of motivation and reward in employees' job performance through mediating effect of job satisfaction: An empirical evidence. The study found that the results indicated that reward and motivation affect employee job performance positively significantly. Similarly Siswanto *et al.* (2021)

investigated employee engagement and motivation as mediators between the linkages of reward with employee performance. The study showed that the reward does not have a direct influence on the performance of employees.

Budirianti *et al.* (2020) examined the influence of work discipline, motivation, job satisfaction and the work environment on the performance of contract employees. The results of the study using the t test variables of work discipline, motivation, job satisfaction and work environment showed a significant value smaller than 0.05, this means that the variables of work discipline, motivation, job satisfaction and work environment have an effect on employee performance. Similarly, Duru *et al.* (2023) investigated effect of reward systems on workers' performance at the University of Abuja. The study found that the study has shown a positive relationship between work motivation and the performance of Otuksa's employees. Likewise, Umana *et al.* (2024) analyzed employee Benefits and Employee Retention in Commercial Banks in Akwa Ibom State, Nigeria. The study found that employee benefits in retaining the services of high performing and experienced employees in banks. Moreover, Umana *et al.* (2024) examined training and Development and Employee Retention in Commercial Banks in Akwa Ibom State, Nigeria. The study found that training and development can make significant contributions to employee retention in commercial banks in Akwa Ibom State. Similarly, Lawani *et al.* (2024). Effect of Employee Motivation on the Performance of Micro-Small and Medium Enterprise in FCT Abuja, Nigeria. The study found that there is a relationship between employee motivation and organizational performance.

In the Nepal context, the study examines the effect of several factors on the performance of bank employees in Kathmandu Valley, the capital city of Nepal. It reveals operational options for enhancing and motivating personnel in commercial banks to increase organizational performance. This research can assist other organizations in reevaluating their workers' performance and comprehending the impact of factors affecting employee work performance (Ghimire *et al.*, 2023). The highest efficiency and effectiveness of the employees, their satisfaction is very important. Moreover, these employees will do their best performance when they experience or expect that their hard work and performance are to be rewarded by their organizations (Priya and Eshwar, 2014). Therefore, reward satisfaction plays a key role in determining the work performance of employees.

The above discussion shows that empirical evidences vary greatly across the studies on the reward system and its impact on employee motivation in commercial banks. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The major objective of the study is to examine the reward system and its impact on impact on employee motivation in Nepalese commercial banks. Specifically, it examines the relationship of salary increment, bonus and commission, promotion, job growth, and retirement benefit with reward system and its impact on employee motivation in Nepalese commercial banks.

The remainder of this study is organized as follows: section two describes the sample, data, and methodology. Section three presents the empirical results and final section draws the conclusion.

2. Methodological aspects

The study is based on the primary data which were collected from 125 respondents through questionnaire. The study employed convenience sampling method. The respondents' views were collected on salary increment, bonus and commission, promotion, job growth, retirement benefit, and employee motivation. This study is based on descriptive as well as causal comparative research designs.

The model

The model used in this study assumes that employee motivation depends upon reward system. The dependent variable selected for the study is employee motivation. Similarly, the selected independent variables are salary increment, bonus and commission, promotion, job growth, and retirement benefit. Therefore, the model takes the following form:

Employee motivation = f (salary increment, bonus and commission, promotion, job growth, retirement benefit)

More specifically,

$$EM = \beta_0 + \beta_1 SI + \beta_2 BC + \beta_3 P + \beta_4 JG + \beta_5 RB + e$$

Where,

EC = Employee motivation

BC = Bonus and commission

P = Promotion

JG = Job growth

SI = Salary increment

RB = Retirement benefit

Employee motivation was measured by using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly agree and 1 for strongly disagree. There are 5 items and sample items include "The reward system in this commercial bank effectively recognizes and appreciates employees' contributions", "The bank's reward system motivates me to perform at my best in my role" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.792$).

Salary increment was measured by using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly agree and 1 for strongly disagree. There are 5 items and sample items include "Salary is an important factor in my decision to join or stay with this commercial banks", "The bank's reward system motivate me to perform better in my job." and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.747$).

Bonus and commission was measured by using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly agree and 1 for strongly disagree. There are 5 items and sample items include "Bonus and commission play a significant role in my decision to join or stay with this commercial bank", "I believe that the bonus and commission I receive are fair compared to the industry standard" and so on.

The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.811$).

Job growth was measured by using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly agree and 1 for strongly disagree. There are 5 items and sample items include "Opportunities for job growth and advancement are important factors in my decision to join or stay with this commercial bank", "I believe that the opportunities for job growth in this bank are sufficient compared to industry standards" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.733$).

Promotion was measured by using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly agree and 1 for strongly disagree. There are 5 items and sample items include "Opportunities for promotion are significant factors in my decision to join or stay with this commercial bank", "The bank's reward system adequately recognizes and rewards employees who are promoted" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.836$).

Retirement benefit was measured by using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly agree and 1 for strongly disagree. There are 5 items and sample items include "The retirement benefits offered by this commercial bank are important factors in my decision to join or stay with the organization", "The bank's reward system adequately recognizes and values employees' retirement benefits" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.807$).

The following section describes the independent variables used in this study along with the hypothesis formulation

Salary increment

Bullock *et al.* (2015) showed that in the private and public sectors, salaries play an important role in ensuring employees are motivated, thorough, loyal and sincere to their work. Similarly, Noor *et al.* (2020) stated that when employers pay low salaries and payment methods are not fixed, it will affect the performance of employees. Likewise, Mata *et al.* (2021) argued that salaries are the most important aspects that motivate employees compared to other factors such as promotion, job security, working conditions, appreciation, and other benefits. Moreover, Behe *et al.* (2022) found that the employee's with high level of salary tend to work hard and perform better in their work as compared to the employees with low level of salary. Further, Belias *et al.* (2023) found that salary as the most important employee motivating factor to achieve greater organizational productivity. Similarly, Fulmer *et al.* (2023) examined that the ability to motivate workers and retain desired employees is largely influenced by increase of salary. Likewise, Zhou *et al.* (2009) argued that organizations that wish to have highly motivated employees have to provide higher salaries to the highly productive workers. Further, Duru *et al.* (2023) showed that salary remains the strongest and compulsory factor for employee's motivation, which can satisfy only basic needs. Based on it, this study develops the following hypothesis:

H₁: There is a positive relationship between salary increment and employee motivation.

Evadine *et al.* (2022) argued that organizations that wish to have highly motivated employees have to provide higher bonuses and commission to the highly productive workers.

Likewise, Sajuyigbe *et al.* (2013) stated that financial incentives (bonus and commission) have significant effect on employee's motivation. Moreover, Nelson *et al.* (2006) found that bonus and commission are the most efficient intrinsic reward that enhanced employee's performance. Similarly, Jensen *et al.* (2019) suggested that an intrinsic reward as a tool that motivate employees to perform as expected. Further, Olubusayo *et al.* (2014) Argued that direct financial reward played a critical role in attracting talented employees, and have a term impact on the motivational levels of employees. Similarly, Anku *et al.* (2018) found that cold-hard cash motivates workers whether their jobs are exciting or mundane in labs and real world settings alike. Likewise, Musenze *et al.* (2013) concluded that bonus and commission affects the level of employee motivation which means that satisfaction derived from therefore declaration of employee so good. Moreover, Pratheepkanth (2011) asserted that motivation of employee productivity can be enhance provide effective bonus and commission which provide the result improve the performance of organization. Further, Noorazem *et al.* (2021) emphasized on outcome-based bonus and commission in order to enhance customer satisfaction and gain a competitive advantage, getting high customer interaction, ensuring more production. Based on it, this study develops the following hypothesis:

H₂: There is a positive relationship between bonus and commission and employee motivation.

Promotion

Takahashi (2006) showed that promotion has a positive impact on employee's work motivation. Similarly, Pham *et al.* (2023) found that promotion significantly influenced employee motivation, while employee motivation has a significant impact on employee performance. Likewise, Hussain *et al.* (2013) suggested that promotion has a greatest effect on employee work motivation. Moreover, Rinny *et al.* (2020) stated that promotion is a move from one position to another that has a higher status and responsibility. Likewise, Marlin *et al.* (2023) argued that job promotion has a positive and significant influence on employee motivation. Similarly, Manalo and Adamu *et al.* (2023) asserted that the promotion of position has a positive and significant influence on performance. Moreover, Macey and Schneider (2008) concluded that when an organization gives frequent promotions and appraisal system in their workplace, it can be motivated the employees. Likewise, Dieleman *et al.* (2003) argued that workers would be more committed to the organization and loyal to the organization and the intention to leave the organization was low if the promotion was made fairly and equally impact on employee motivation. Based on it, this study develops the following hypothesis:

H₃: There is a positive relationship between promotion and employee motivation.

Job growth

Muruu *et al.* (2016) stated that the concept of employee job growth has been used by many organizations as a strategy to boost employee motivation. Similarly, Klopota *et al.* (2018) found that job growth would affect the high motivation of employees, which ultimately affects their performance. Likewise, Ellickson and Logsdon (2002) argued that job growth opportunities is positively and significantly related to the employee motivation of municipal workers. Moreover, Noviarita *et al.* (2021) examined that there is a direct and positive association between job growth and employee motivation. When employees perceive that there are high chances for job growth they feel motivated to work harder to achieve organizational goals. Similarly, Siramiati *et al.* (2015) suggested that the real success

of organizations originate from employees willingness to use their creativity, abilities and know-how in the direction of their organizations' growth and development path in response to the favorably stimulating and encouraging reward practices. Based on it, this study develops the following hypothesis:

H₄: There is a positive relationship between job growth and employee motivation.

Retirement benefit

Herrador-Alcaide *et al.* (2021) examined the relationship between early retirement and employee motivation. There are fewer studies related to the role of motivational factors, such as work goals (intrinsic and extrinsic) in decision making before the official age of retirement. Similarly, Solih and Sattar (2023).stated that work motivation as the main intermediary mechanism in the framework of early retirement intentions. Likewise, Singh *et al.* (2022) found that retirement benefit have a positive impact on employee's work motivation. Moreover, Sardar *et al.* (2023) argued that retirement benefit has a significant impact on employee motivation. Further, Bryant *et al.* (2005) concluded that there is a direct relationship between retirement benefit and employee motivation. Similarly, Peter *et al.* (2016) indicated that, among six selected motivational factors (good salary, retirement benefit, job satisfaction, and sense of achievement, recognition, training and development), retirement benefit was the major motivating source in the context of Commercial bank of Ethiopia West Addis Ababa district. Likewise, Takahashi (2006) showed that retirement benefits influence positively employee's work motivation. Based on it, this study develops the following hypothesis:

H₅: There is a positive relationship between retirement benefit and employee motivation.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with mean and standard deviation has been computed and the results are presented in Table 1.

Table 1

Kendall's Tau correlation coefficients matrix

This table presents Kendall's Tau coefficients between dependent variable and independent variables. The correlation coefficients are based on 125 observations. The dependent variable is EM (Employee motivation). The independent variables are SI (Salary increment), BC (Bonus and commission), JG (Job growth), P (Promotion), and RB (Retirement benefit).

Variable	Mean	S.D.	EM	SI	BC	JG	P	RB
EM	4.075	0.581	1.00					
SI	4.090	0.564	0.452**	1.00				
BC	3.981	0.639	0.543**	0.527**	1.00			
JG	4.054	0.553	0.535**	0.478**	0.534**	1.00		
P	4.043	0.642	0.595**	0.493**	0.591**	0.637**	1.00	
RB	4.035	0.589	0.599**	0.483**	0.525**	0.615**	0.631**	1.00

Notes: The asterisk signs (**) and (*) indicate that the result are significant at one percent and five percent levels respectively.

Table 1 shows the Kendall's Tau correlation coefficients of dependent and independent variables. The study shows that salary increment is positively correlated to employee motivation. It indicates that increase in salary leads to increase in motivation level of employees. Similarly, bonus and commission is positively correlated to employee motivation. It indicates that higher the bonus and commission, higher would be the employee motivation. Likewise, job growth is positively correlated to employee motivation. It indicates that opportunities of job growth leads to increase in employee motivation. Further, promotion is also positively correlated to employee motivation. It indicates that mechanisms of promotion leads to increase in employee motivation. In addition, retirement benefit is positively correlated to employee motivation. It indicates that retirement benefit leads to increase in employee motivation.

Regression analysis

Having indicated the Kendall's Tau correlation coefficients, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it shows the regression results of bonus, compensation, pay, incentives and recognition on employee commitment in Nepalese commercial banks.

Table 2

Estimated regression results of salary increment, bonus and commission, job growth, promotion, and retirement benefit with employee motivation

The results are based on 125 observations using linear regression model. The model is $EM = \beta_0 + \beta_1 SI + \beta_2 BC + \beta_3 JG + \beta_4 P + \beta_5 RB + e$ where the dependent variable is EP (Employee motivation). The independent variables are SI (Salary increment), BC (Bonus and commission), JG (Job growth), P (Promotion), and RB (Retirement benefit).

Model	Intercept	Regression coefficients of					Adj. R_bar ²	SEE	F-value
		SI	BC	JG	P	RB			
1	1.552 (5.054)**	0.617 (8.295)**					0.354	0.467	68.813
2	1.629 (6.687)**		0.615 (10.170)**				0.452	0.430	103.435
3	1.138 (4.055)**			0.724 (10.555)**			0.471	0.432	111.411
4	1.643 (6.594)**				0.602 (9.888)**		0.438	0.436	97.763
5	1.378 (5.174)**					0.668 (10.237)**	0.456	0.423	104.792
6	1.378 (5.174)**	0.277 (3.139)**	0.452 (5.801)**				0.489	0.489	60.368
7	0.607 (2.137)	0.173 (2.052)**	0.280 (3.463)**	0.280 (4.703)**			0.565	0.384	54.581
8	0.572 (2.060)	0.147 (1.773)**	0.254 (3.201)**	0.250 (2.424)**	0.216 (2.612)		0.585	0.375	44.613
9	0.464 (1.681)	0.120 (1.455)**	0.258 (3.3313)**	0.177 (1.683)*	0.102 (1.086)	0.239 (0.2.443)	0.601	0.3671	38.363

Notes:

- Figures in parenthesis are t-values.
- The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.
- Employee motivation is dependent variable.

The regression results show that the beta coefficients for salary increment are positive with employee motivation. It indicates that salary increment has a positive impact on employee motivation. This finding is consistent with the findings of Lawler and Porter (1969). Similarly, the beta coefficients for bonus and commission are positive with employee motivation. It

indicates that bonus and commission has a positive impact on employee motivation. This finding is consistent with the findings of Shafiq and Naseem (2011). Likewise, the beta coefficients for promotion are positive with employee motivation. It indicates that promotion has a positive impact on employee motivation. This finding is consistent with the findings of Takahashi (2006). Further, the beta coefficients for job growth are positive with employee motivation. It indicates that job growth has a positive impact on employee motivation. This finding is consistent with the findings of Ellickson and Logsdon (2002). In addition, the beta coefficients for retirement benefits are positive with employee motivation. It indicates that retirement benefits has a positive impact on employee motivation. This finding is similar to the findings of Takahashi (2006).

4. Summary and conclusion

The reward system is a structured program implemented by organizations to recognize and appreciate employee's contribution, achievements and performance. It is designed to motivated employees, increased job satisfaction and foster positive work culture. Rewards can be monetary and non-monetary. Monetary rewards include bonuses, cash incentives and financial benefits likewise non-monetary include recognition, praise, awards, flexible work arrangements, career development opportunities, or personalized perks. Employee motivation is a multifaceted concept influenced by a combination of intrinsic and extrinsic factors, organizational culture, leadership practices, and individual needs and preferences. By understanding what motivates their employees and implementing strategies to enhance motivation, organizations can cultivate a positive and productive work environment conducive to success.

This study attempts to examine the reward system and its impact on employee motivation in Nepalese commercial banks. The study is based on primary data of 125 respondents.

The major conclusion of the study is that salary increment, bonus and commission, job growth, promotion, and retirement benefit have positive impact on employee motivation. It indicates that higher the salary increment, bonus and commission, job growth, promotion, and retirement benefit, higher would be the employee motivation. Likewise, the study also concludes that job growth is the most significant factor followed by retirement benefit that determines the changes in the employee motivation in the context of Nepalese commercial banks.

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