



Assessment on the Impact of Compensation and Reward System on Public Organizational Performance and Productivity (Case Study at Malawi Housing Corporation-Northern Region of Malawi)

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ABSTRACT

The purpose of this study was to evaluate how compensation and reward systems affect productivity and organisational performance. The investigation was conducted in collaboration with the empirical and theoretical literature. The research design used in the study was descriptive. Thirty of the fifty employees were chosen as a sample. Both quantitative and qualitative methods were applied. Methods for gathering primary and secondary data were employed. SPSS was used to analyse the data, and the findings were interpreted. Results, Pay and Reward Systems are presented; nevertheless, they are not promptly provided, and employees at MHCN are not motivated or satisfied with their compensation. Based on these results, it has been shown that Pay and Reward Systems influence employees' work ethic and boost productivity and organizational performance. It is suggested that the current reward systems be improved in order to increase organisational productivity.

KEY WORDS: Compensation, Reward Systems, performance and Productivity

INTRODUCTION

The human resource management department works with senior management to create policies, processes, and practices that support productivity and organisational performance (Brewster, Mayrhofer, and Ferndale, 2018).

Even though Taylor (1947), a proponent of scientific management, argued that economic money served as the primary motivator for people at work, money and material possessions continued to have a strong influence on people.

Systems of compensation and rewards show how a company and its personnel share information. It outlines the contributions made by staff members and the outcomes a person might anticipate from a company in exchange for their output and performance (Mishra, 2017).

According to Oboreh and Arukaroh (2021), the Compensation and Reward System focuses on developing and putting into practice methods and policies that try to compensate workers in a way that is equitable to the organisational structure.

In 2014, guests had the belief that employee motivation is largely dependent on rewards. According to Hameed et al. (2014), an organisation can only function effectively if its personnel are driven to work hard and deliver quality work. Decenzo and Robbins (2016) state that even with the best plan in place, an adequate structure cannot replace motivation. As a result, organisational performance and productivity are based on results, and questions like "Did you get the job done?" are asked in order to gauge success.

In order to focus and exert all of their energy into their work, which will produce more products and increase organisational performance and productivity, many organisations have been looking for novel ways to compensate and reward their employees (ALFES, 2013).

It is imperative for top management in organizations to prioritise the welfare and well-being of their workforce by ensuring that the organization and its employees have aligned goals. This is because leaders and followers have a mutually beneficial relationship in which the former expects the latter to give their all, and the latter expects the former to be rewarded or motivated for doing so (Hameed et al, 2014).

The quality of an organization's human resources, both skilled and unskilled, has allowed it to succeed since without a workforce, machinery and funding are unable to provide the necessary performance and production (Khan, 2015).

LITERATURE REVIEW

This section examines the literature on the subject of the relationship between productivity and performance of an organisation and its compensation and reward systems. In order to comprehend the state of knowledge regarding the problem statement that was being assessed, this was done. According to Groen BA (2012), additional assistance provided by employers to their Chinese workforce in their line of work has a good effect on worker outcomes as well as organisational performance and productivity. The study involved 437 Chinese employees in multinational corporations. Using a 364-population sample, Eze (2013) investigated the role of compensation and reward system management in organisational performance through a case study at the University of Nigeria in Nsukka, Enugu state of Nigeria. The study's findings showed a positive and significant correlation between employee compensation and rewards and productivity and organisational performance.

2012; Rizal et al. examined how compensation affected workers' commitment to the company, motivation, and output at an Indonesian local revenue management company. A structural equation model was used to analyse the responder data. The study's conclusions were that, while compensation has little bearing on worker performance, it does have a major impact on employee motivation and loyalty to the company.

Armstrong (2008) Effective compensation schemes have been shown in German to help numerous businesses achieve improved organisational performance. Businesses with competitive base pay and compensation that exceed market rates report higher job satisfaction rates, lower employee turnover, more productive workers, and positive employee relations.

According to Banker et al. (2007), organizations should view achieving employee happiness as a key objective since it has an impact on customer satisfaction, staff retention, productivity, and profitability. It is thought that motivated and contented workers will improve customer satisfaction, which will then improve organisational performance.

RESEARCH METHODOLOGY

This study was conducted at Malawi Housing Corporation Northern Region, Mzuzu Malawi. The study incorporated both quantitative and qualitative research approaches to better understand the relationship between variables in the research problem. In this study probability sampling techniques specifically simple random sampling and purposive sampling was used to get those 30 respondents from different sections (konthali, 2012).

The sample was determined by the following formula:

$$Na = N / re \times 100$$

Where

Na is the actual sample size required, 50

Re is estimated response rate 30

N is minimum sample size 25

The estimated response rate was 83% with actual size required being 30. Variety of data collection methods were employed, this included questionnaires, interviews and documentary review (kothali,2009).

The main tool for analysis which the researcher applied in achieving desired results was Statistical package for Social Sciences (SPSS).

RESULTS AND DISCUSSIONS

interpretation. The summary and interpretation of major findings are presented in this section according to objectives of the study.

Table 1.1 Respondents Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	15	60.0	60.0	60.0
	Female	10	40.0	40.0	100.0
	Total	25	100.0	100.0	

Table 1.2 Respondent Qualification

Frequency	Percent	Valid Percent	Cumulative Percent
14	56.0	56.0	56.0
5	20.0	20.0	76.0

4	16.0	16.0	92.0
2	8.0	8.0	100.0
25	100.0	100.0	

Table 1.3. Respondents Period of Service

Percent	Valid Percent	Cumulative Percent
12.0	12.0	12.0
12.0	12.0	24.0
24.0	24.0	48.0
40.0	40.0	88.0
12.0	12.0	100.0
100.0	100.0	

Table 1.4 Respondents response on types of Compensation and Rewards at MHCN

Frequency	Percent	Valid Percent	Cumulative Percent
5	20.0	20.0	20.0
1	4.0	4.0	24.0
19	76.0	76.0	100.0
25	100.0	100.0	

Source (Field data, 2023)

Table 1.5. Respondent response on timing of compensation

Percent	Valid Percent	Cumulative Percent
24.0	24.0	24.0
76.0	76.0	100.0
100.0	100.0	

Source (field data,2023)

The results also revealed that at Malawi Housing Corporation North, both financial and non-financial Compensation Systems are provide to employees and they are in all forms such as (allowances, gratuities, praise and recognition).

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MAJOR FINDINGS

Findings obtained from respondents' response, has shown that competitive Compensation and Reward Systems towards employees address their needs for status, security and their survival and give best to influence positive Organisational Performance and Productivity (Barrett, 2006). Therefore, at Malawi Housing Corporation North there is Compensation and Reward Systems in exist but not fully positively impact Organizational Performance and Productivity as it lacks ability to attract and motivate employees.

The findings revealed that Compensation and Reward Systems plays great role in stimulating employees to work hard and link Organisational Performance and Productivity. At Malawi Housing Corporation North Compensation and Reward Systems are effective to provide a good balance between employees and top management to bring required positive Organization Performance and Productivity,

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The present Compensation and Reward Systems at MHC N, needs to be restructured to provide balance between employer and employees including new generation and economic environment to increase OrganisatioPerformance and Productivity.

CONCLUSION

Compensation and Reward Systems are provided to employees with the sole purpose of creating a peaceful relationship between the employer and employees to achieve the goals of the organization and increase organizational Performance and Productivity. From the study findings the following conclusions are drawn:

financial and non-financial Compensation and Reward Systems provided at MHC N, affects organizational performance and Productivity as employees are not satisfied with the system and this decrease Organisational Performance and Productivity

The Compensation and Reward Systems at MHC N, are not timely given to employees this demotivate employees and reduce working morale which negatively affect Organizational Performance and Productivity.

The Compensation and Reward Systems at MHC N need to be restructured accordingly to much the current standards of living.

In brief the study has demonstrated that financial and non-financial Compensation and Reward Systems are offered. Compensation and Reward Systems are not timely given to employees, Compensation and Reward Systems offered are not enough to motivate and satisfy the employees and the Compensation and Reward Systems needs to be restructure in line with current generation and current economic environment to motivate employees at MHC N, and improve Organisational Performance and Productivity.

SUGGESTIONS AND RECOMMENDATIONS

The study revealed that financial and non-financial Compensation and Reward Systems does not motivate employees to work hard and increase Organisational Performance and Productivity. Therefore, MHC N, should modify Compensation and Reward Systems to motivate employees and increase Organisational Performance and Performance.

The study revealed that at MHC N, Compensation and Reward Systems are not given in time and the employees are not satisfied with how Compensation and Rewards Systems are offered which led to low motivation of employees. Therefore, Compensation and Reward Systems methods available at MHCN should be improved and given in time in accordance with prevailing changing environment to motivate employees and increase Organisational Performance and Productivity.

The study also revealed that there was a need to restructure Compensation and Reward Systems at Malawi Housing Corporation North. Therefore, Compensation and Reward Systems should be restructured in line with current generation/modern working conditions in order to boost employee's morale and enhance Organisational Performance and Productivity.

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