

# Influence of Salary, Promotion, and Recognition toward Work Motivation among Government Trade Agency Employees

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## Abstract

Reward and work motivation are very important for an organization, as this can be used to direct the staffs towards achieving the goals of the organization. Moreover, rewarding and motivating efficient employees will boost the employee's productivity. This situation has no exception to a trade agency that has an objective to promote an ethical domestic trade while protecting the interests of the consumers. Moreover, its responsibilities include monitoring domestic trade, advocating and protecting consumers' rights, protection of intellectual properties as well as registration and governance of businesses. In exercising the responsibilities, the trade agency makes and reviews related laws and policies, monitors the prices of essential items and carries out enforcement activities to maintain a healthy domestic trade environment. Furthermore, the trade agency is also responsible for coordinating the policies, licensing, regulations, and activities related to the safety of petroleum, petrochemical and gas industry. The purpose of this research is to investigate the reward, namely salary, promotion, and recognition toward work motivation factors among employees in the trade agency situated in the southern state. Self-Administered questionnaires were used to collect information from the respondents in understanding their reward on salary, promotion, and recognition; and relating them to their work motivation. The result concludes that there is a positive and significant relationship between rewards and motivation. In a nutshell, it can be concluded that as the reward increase, the motivation of employees will also be increased.

**Keywords:** reward, salary, promotion, recognition, work motivation, public organizations

## 1. Introduction

In this modern era, every organization, especially in the public sector has to face various challenges and constraints in carrying out their daily task. They need an efficient and motivated task force to overcome obstacles and achieve excellence. Therefore, organizations need to improve the employee's motivation by identifying attractive and satisfying rewards which will boost employees to deliver excellent work performance.

Human resource is the most important asset for an organization. In this modern era of globalization, to nurture an efficient workforce and to sustain it is the most challenging task of an organization. Motivation is the main factor to maintain employees in any organization. Motivated employees empower and strengthen an organization, allowing all the work processes to run smoothly and enable the organization to meet its goals within the targeted period of time. The rewards system is a crucial tool that can be used to improve employee motivation. In other words, rewarding employees can build up their loyalty to the organization and motivate them to improve their work performance.

Motivation and reward are very important for an organization, as this can be used to direct the staffs towards achieving the goals of the organization. In an organization, there will be employees working at different levels. Rewarding and motivating efficient employees will boost their productivity. This will indirectly contribute to providing the highest quality services to customers through an organization. In addition, motivation and rewards can also enable employees to accept any change or development in the organization. Markova and Ford (2011) stated that the success of companies is very much dependent on the willingness of employees to use their creativity, abilities, and know-how in favor of the company. Thus, it is an organization's responsibility to encourage and nourish this positivity in the employee by implementing an effective reward system. He also mentions rewards will create the value of knowledge and importance to employees. Employees will spend a lot of time looking for work-worthy rewards to improve work performance.

Highly motivated employees are more productive, more efficient and willing to work towards the achievement of organizational goals than those with a low level of motivation. Motivating employees and rewarding employees is one of the most important aspects and challenging activities of an organization. The critical challenges faced by organizations in the era of globalization are to ensure employees are constantly motivated and perform their duties responsibly and committed. Update, the performance of public servants is still at a low-level despite all the initiatives and transformation program organized by the government. Therefore, identifying the ways to improve this situation is very important.

From an employee's perspective at the trade agency, they feel unsatisfied with the reward policy due to the promotion according to seniority. Thus, it has caused a declination in work motivation in the organization. Promotion based on seniority impedes motivation because employees only need to meet the minimum job requirement and carry on with their duty until they reach a certain year of the requirement to be promoted. They have no urge for self-improvement. On the other hand, this scenario also demotivates the hardworking employee as they see the relative slackers get promoted based on seniority. Lately, the employee in The trade agency complaints on their missed promotion, although they are outstanding in carrying out their duties. When the government increases the retirement age to 60 years, issues related to promotion opportunities for government servant arise. Long-serving public servants don't have the opportunity to be promoted to higher positions as they have to wait for long years to attain the seniority level for promotion. This situation will affect the motivation and performance among public servants and may also cause them to feel "demoralized" if there is no chance for promotion.

Employees also feel other rewards such as salary and recognition are also important in order to increase the employee's motivation and satisfaction. The reward is a catalyst for encouraging individuals to work harder and better. Therefore, the organization must create an effective and flexible rewards system to motivate workers. Employees at the trade agency assume that if they are not satisfied with the rewards given, then this will cause problems such as truancy, high labor turnaround, a decrease in productivity, and inefficiency work. Nevertheless, there are also workers who expressed disappointment with the issue of recognition. That is, the organization does not look seriously and give importance, as much as salary and promotion. Therefore, the organization should create an effective and flexible rewards system to motivate workers.

Although such a study has been carried out primarily in the West, rewards and work motivation among Western workers may be different from Eastern countries such as Malaysia. This is because there are differences in management patterns, organizational culture, technology development, economic status, and extensive political patterns as well as social and religious factors. This study is to identify the relationship between rewards and employee motivation which can be used to improve on existing reward schemes. Improving reward schemes will help to enhance motivation among employee in the trade agency. This will also improve their performance and enable organizations to excel and provide the best quality of service. This study is beneficial, particularly to managers to find out the importance of rewards to work motivation as it can be used to boost employee's performance.

Moreover, this study is also important in achieving the mission of becoming a developed nation based on Vision 2020. Public servant plays an important role in achieving this mission and it is important to build up a workforce of knowledgeable, skillful, and motivated workers. This study is desirable and needs to be carried out. Lastly, the researcher can gain more knowledge about the composition of the rewards system within an organization and its impact on employee motivation.

This study is about a reward, namely salary, promotion, and recognition; and its impact on employees' work motivation among employees in the trade agency in the southern state of Malaysia. The objectives of the study are to identify the relationship between rewards and motivation among employee in the trade agency and to understand the impact of rewards on the motivation among employee in the trade agency.

## **2. Literature Review**

### *2.1 Trade Agency Background*

The trade agency was established in the late 1990s. The trade agency's goal of setting up is to promote the development of viable, competitive, competitive and sustainable domestic trade, particularly in the distribution trade sector. At the same time, the trade agency is also committed to protecting the interests and the rights of consumers. This includes developing a complementary and self-regulated ecosystem of consumers and traders, in tandem with the aspirations of the developed world community. It is expected to produce mature and ethical consumers and traders in business, and the results are economically and socially balanced. The roles and functions of the trade agency have been expanded in 2009 to include franchise and cooperative sectors.

The trade agency formulates policies, strategies and reviews matters pertaining to the development of the domestic trade, i.e. distributive trade and consumerism sectors. The functions of the trade agency are divided into three. Firstly, Domestic Trade: From the aspect of domestic trade, the trade agency functions as an agent in developing the business opportunities and socioeconomic position of the people through wholesale and retail profiles, cooperatives, franchises, direct sales, hawkers and small traders and downstream petroleum, monitoring the prices of essential goods, regulating sales and distribution of necessary goods, petroleum and petrochemical goods, and direct selling transactions. In addition, the trade agency is also responsible for implementing the rules and regulations, coordinating matters about corporations, companies, and businesses in accordance with relevant acts and promoting good corporate governance practices and administering and developing the Intellectual Property Protection System. Secondly, Cooperatives: The trade agency also plays an important role in cooperatives, which works in the formulation of co-operative sector policies, regulating the cooperative sector (Cooperative Act 1993), implementing development projects and programs and cooperative sector coaching. Finally, Consumerism: In addition, the consumerism aspect is also a key thrust in the trade agency. The trade agency is responsible for implementing consumer education programs, strengthening consumer awareness programs and consumer protection and also promoting and assisting consumer movements.

## 2.2 Reward

The reward can be defined as an external agent administered when a desired act or task is performed, that has controlling and informational properties. All organizations have goals and visions. In order to reach that, they have to get their employees to work towards the same goals and visions. A reward is a form of benefit that arises when an employee performs duties and performs responsibilities. The rewards also play a role as the center of employment relationships within the organization.

Wilson (2010) defined rewards as external influences that are managed when a job or task has information and control so that the task is successfully implemented. He claims that the rewards whether the rewards can affect the work performance in which to increase or decrease and it depends on how the information and methods deal with the rewards information. Jaini (2013) mentioned almost all types of employees, whether private, public, small and large organizations are affected by the rewards.

There are two types of rewards that are extrinsic and intrinsic. Extrinsic rewards are financial or tangible rewards and these rewards are external to the job or task performed by the employee. Extrinsic rewards can be in terms of salary or pay, promotions, etc. For example, if an organization wishes that employees have higher attendance levels, they may introduce a cash reward for the employee with the highest attendance throughout the year. Generally, these rewards give motivation and inspiration to employees because monetary rewards or equivalent are important for most people. On the other hand, intrinsic rewards are subtler and less physical and it can also motivate people to perform their work.

Hafiza, Shah, and Jamsheed (2011) explain that intrinsic rewards are related to psychological rewards such as appreciation, opportunities to overcome new challenges, positive attitudes and attention to complete their work or achieve their goals. Intrinsic rewards are ones that come from within the employee. An employee who is motivated intrinsically is working for own satisfaction and may value challenging work and perceives it to be meaningful to the company. The manager can learn about the employee's motivations and might learn creative ways to reward the employee by having regular communication with an employee.

Trevor (2008) stated that reward is an overview of organizational values to employees where it is a method to align the organization's strategic goals. Markova and Ford (2011) suggest organizations should incorporate non-monetary rewards in the rewards system to maintain their job interests and to improve the cooperation among employee. In addition, an effective reward system can increase employee motivation for the job or work done will encourage them and it will foster a positive attitude. Reward management is important and needs to be well planned. This is because employers need to exactly know what the workers expect from them in return for their contribution. An organization also needs to be aware of what they expect from their employees in return for their pay and at the same time providing employees with the opportunity to work and develop their skills. Kshirsagar and Waghale (2014) acknowledge nowadays, the labor market becomes more difficult and challenging for organizations to recruit and identify the best-qualified people. Hence, this situation makes it difficult for employers to develop an appropriate reward system as per their needs and satisfaction.

This study defines rewards as a form of stimulant to carry out behavior or action. When a person is satisfied with the rewards received after a job is executed properly and perfectly, it will motivate him to do so again to get the reward, namely salary, promotion, and recognition.

### 2.2.1 Salary

A salary is a form of payment from an employer to an employee, whether specified in the contract of employment or not. Salaries are defined as remuneration paid to employees who work on a monthly or annual basis. Generally, managing rewards is an expectation that is expected by their employers. The expectation is in return for the contribution of the employee, in which the employer expects of their employees. The reply is paid in the form of salaries for workers' contributions to work and to develop their skills. The rewards are not only dependent on salary, but also various other rewards that can increase motivation and responsibility in carrying out the work.

In accordance with Maslow's hierarchy of needs, safety requirements are a requirement to protect against environmental hazard threats. This requirement needs to be met to have a career that is guaranteed, treated fairly and gets a reasonable salary. which impacts motivation can be satisfied. Salary is one of the extrinsic rewards. Bullock, Stritch, and Rainey (2015) research shows, in the private and public sectors, salaries play an important role in ensuring employees are motivated, thorough, loyal and sincere to their work.

Salaries and payments are an important aspect of employees. Employees will be satisfied and motivated if they are paid or an increment in salary given. This means an increase in the amount of current salary will lead to an increase in work performance as well. Salary is a benchmark often used by employees as a means of their contribution to the organization they are working for and they regard it as their value to the particular organization. Wasiu and Adebajo (2014) state that when employers pay low salaries and payment methods are not fixed, it will affect the performance of employees. Employees' performance will decline because employees will not be satisfied. These problems can be identified through poor performance and less committed employees in their work.

Rehman and Ali (2013) comment that extrinsic rewards such as salaries will increase work motivation for demotivated workers and give employees the pleasure to come to work every day. Rafiq, Javed, Khan, and Ahmed (2012) affirm that salary is a form of response that shows the importance of employees against the organization. Prasetya and Kato (2011) warn that salaries are the most important aspects of the organization. This is because it can affect the relationship between an employee and an employer if are inequitable, not proportionate and not related to performance. Kaur (2013) states that security requirements that include safety and protection from deficiencies, physical and emotional hazards are very important. The importance of security can also be translated into security concerns with payroll guarantees paid by employers to employees. Werner, Shuler, and Jackson (2012) warn that the failure of employers to meet the physiological and security needs can lead to opportunities to develop physical and psychological disruption of workers. This is because living needs are the strongest motivators for workers. Shafiq and Naseem (2011), conducted a study in the banking sector of Pakistan with a sample size of 167 consisted of male and female employees of 19 different banks. The results show 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. In this study, salaries refer to the money or payments received by employees every month after performing their duties or work.

### 2.2.2 Promotion

Promotion can be referred to as a progress of an employee's rank or position in a hierarchical structure. Which means an increase of employee in a field to a better job, compared with previously. In a promotion, the responsibility is greater; achievement, facilities, status, demand proficiency is higher; and the addition of wages or salaries as well as other allowances. Promotion means to assign more responsibility and authority to employees. In simple words, promotion is to transfer an employee to a higher position. Job promotion has several indicators, namely loyalty, qualification, and achievement. Promotion is the most common form of internal mobility of personnel in an organization.

According to Gupta (2011) promotion refers to a higher post carrying greater responsibilities, higher status, and better salary. It is the upward movement of an employee in the organization's hierarchy. Promotions are used to reward employees that perform better and to motivate them to greater effort. Promotion is one of the extrinsic rewards. The promotion is also an important factor in an employee's life and career, which can affect their motivation. The promotion will boost employees to perform a job more efficiently and effectively in order to improve their talent. The promotion will give long-term satisfaction to employees. This can be done only by elevating the employee to a higher position and offering a title with the increased accountability and responsibility due to the employee's efforts, behavior and period of service in the organization. The employee is motivated by this type of reward to contribute all his efforts in order to gain management's trust and acquire their

delegation and responsibility.

According to Rahman and Hoque (2014), there are five job dimensions that are very important for an employee in order to feel motivated. It consists of the work itself, pays, promotion opportunities, supervision, and co-employees. Macey, Schneider, Barbera, and Young (2009) stated when an organization gives frequent promotions and appraisal system in their workplace, it can be motivated the employees. Generally, employees think promotion opportunities are an important aspect of their career and their lives. Promotion can have a significant impact on other job characteristics such as responsibilities, etc.

Based on research conducted by Khan, Farooq, and Khan (2010) in Kohat, Pakistan to analyze the role of reward in motivating employees of commercial banks. The study aimed to identify the impact of payment, promotion, benefits, and recognition of employee motivation. The sample of study consist of 67 male and female employees of the commercial banks of Kohat, Pakistan. The research finding showed that promotion among most the important variables has the greatest effect on employee work motivation. Wan, Sulaiman, and Omar (2012) 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.

In this research, promotion defined as an opportunity given to an employee on the progress shown by the worker to his work. Directly, the promotion will increase the position of workers in the organization hierarchy and greater responsibility. Promotion is seen as an important factor in influencing motivation and work performance. This is because it can increase or develop an employee's skill and knowledge.

### 2.2.3 Recognition

Recognition is a continuation of the efforts and dedication of workers in the workplace. Intrinsic rewards such as appreciation and recognition are important and have their own functions in stimulating employee attitudes and improving their performance. Employees assume that recognition is a valuable value in a career. This boost up their morale and they are more motivated to increase their productivity in the organization. Recognition is an important aspect that needs to be in the organization to increase motivation and is also a catalyst for success in the workforce's performance. When this need is satisfied, it works as an excellent motivator.

Grawitch (2010) states that recognition is not solely for the achievement of a person's performance, it is more focused on employee contributions and efforts. Bosco (2014) mentions that recognition is the most effective non-monetary intrinsic reward awarded by the organization to appreciate the involvement of employees in the organization and it can improve the performance of employees. A study carried out by Danish and Usman (2010) on private sector employees in Pakistan, finding of the study found that rewards and recognition have a positive impact on employee's work motivation. Similarly, research conducted by Manzoor (2012) concludes that recognition has a significant impact on employee motivation. For an example, an employee is entitled to a pension when he/she reaches a certain age and has at least one year of service with the organization. This is a form of recognition to employees for staying with the organization until retirement.

Most of the managers prefer to order their employees rather than give them recognition and support. This will make the employees feel frustrated and demotivated. The employees will feel that their effort is hardly appreciated. When the spirit is low, almost every aspect of the employee's contribution shows a negative impact. High spirits tend to inspire productivity, creativity, and overall satisfaction. Thus, recognition is a valuable response to the contribution of the worker and a good way to boost the spirit. In the public sector, there are several forms of recognition created such as Federal and State Medals, Excellent Service Medal, Excellent Service Award, Public Servants Staff Bonus, Long Service Award and so on. This is to enhance the competence of the performance, productivity, and innovation of public servants who need to be supported by a good recognition system so that the achievement of high-performance work culture among public servants can be achieved. Hence, this recognition is expected to increase motivation among public servants and to improve the quality of productivity of the Malaysian public service.

### 2.3 Motivation

In this era of globalization and competitiveness, it is important for organizations to have highly motivated workers. This is because the success of an organization can only be achieved with the contribution of the employees. The word motivation comes from the Latin word *movere* which means to move. Motivation is a place of accumulation of various processes that will influence and direct the behavior of employees to achieve certain goals. Motivation is a key factor in the worker psychology process that affects the purpose and direction of behavior. Motivation will create an important role in the workforce - the sincerity, direction, and timing of individuals achieve their goals. Furthermore, motivation will also be an individual determination to do the job

well or not.

Hellriegel and Slocum (2011) emphasize that motivation is a factor or internal and external forces that affect an individual to act specifically. Professor James Perry of Indiana University, USA is a scholar involved in research on motivation in the civil service. His findings summarize two important elements of motivation in the civil service to individuals and organizations. Firstly, when someone has high motivation in the civil service, he is said to be more likely and interested in being able to work within the organization. Secondly, individuals with high levels of public service motivation will also provide the best services to public organizations. Jaini (2013) emphasized that when employees are not motivated or less motivated it will have a major impact on the organization, which will interfere with the administration of an organization. At the same time, it will cause the worker to lack work, commitment to the organization to carry out the assigned tasks.

Motivation is the process by which a person's efforts are energized, directed, and supported to achieve the goal. This definition has main three key elements: energy, direction, and persistence. The energy element in the concept of motivation refers to the intensity, drive, and spirit. A motivated person will try to advance and work harder. Therefore, the quality of the effort should be considered first in assessing employee motivation. When the level of effort is at its highest level, it does not mean that it will lead to satisfactory performance. It depends on how it works in a direction that benefits the organization. The effort that's directed toward the goals of the organization is the best effort to have every employee in the organization. The last aspect of motivation is the dimension of persistence. Which, employees have to work continuously to achieve targeted goals.

Serena, Muhammad, and Emran (2012) state that skilled workers may be limited if they are not motivated to do so. One of the ways organizations can use to enhance employee motivation and performance is to reward them with their performance. Torrington, Hall, Taylor, and Atkinson (2009) say that motivation is one's desire to achieve exceeded expectations and is driven by internal factors rather than external and is a continuous effort to improve.

Among the ways managers can increase motivation to employees is through methods such as salary, promotion, praise and so on. At the same time, employees can also motivate themselves by getting the desired job, so individual goals, needs, and desires will be achieved. Motivation consists of two types, namely intrinsic motivation and extrinsic motivation. Intrinsic motivation refers to the motivation that comes from inside of an individual. Intrinsic motivation is a motive that works without the need for external stimuli because in every individual there is a desire to do something. The motivation is generated through satisfaction or pleasure that one gets into working or completing a task. The factors that influence the intrinsic motivation includes responsibility; freedom to act; availability of scopes which can be used to develop personal skills and abilities, interesting work, and opportunities for advancement in a career. Extrinsic motivation is an external stimulus, an activity that is learned and applied, based on needs and is not related to self-study activities. It arises from factors outside an individual, such as money, rewards, pays increase, promotion and etc. According to Laakso (2012), intrinsic motivation is influential for the long term and has a deeper meaning. This is because it is integrated into the individual and is not controlled by external factors. Extrinsic motivation has a strong, real and fast effect, but this does not last long as the stimulus comes from outside the individual.

Motivation is a good tactic for the organization to achieve goals and objectives. Motivated workers will produce quality work and strive toward the achievement of organizational goals. The less motivated worker will only complete their job but without the quality. So motivation is an important factor for financial and non-financial rewards.

#### *2.4 Relationship between Reward and Motivation*

The rewards are essential to the organization as incentives and motivators to realize the organizational achievement. Additionally, today it has been adopted by all public and private organizations. There are many studies that have been carried out, which examine the relationship and rewards of rewards with employee motivation. Organizations must enhance their efforts in maximizing employee performance. Where organizations need to make systematic policies and procedures and impact the workers. In terms of the reward system, it is necessary to give effect to increase employee satisfaction and motivation.

According to Hafiza et al. (2011), there was a positive relationship between extrinsic rewards and employee motivation. The views of Tippet and Kluvers (2009) are, on the contrary, stating that there is no significant relationship between the employee motivational extrinsic reward. Another study performed by Shafiq and Naseem (2011), he has studied the impact of motivation on factors such as salary, promotion, occupational safety, working conditions, rewards, and other benefits. The findings show that salary is the most important factor for employee motivation compared to other factors.

Rahim and Daud (2012) have conducted a study to identify the relationship between reward and employee motivation. In this study, 133 questionnaires have been used for respondents consisting of permanent and contract workers. The results show that the reward system is an important aspect of motivating employees to encourage employees to achieve their goals. As such, the organization must make attractive and effective reward policies and procedures to provide employee satisfaction and motivation.

Sometimes employers are more focus on extrinsic rewards, but intrinsic rewards are also important to motivate employees. This is because intrinsic rewards or intangible rewards such as appreciation and recognition play an important role in fostering employee motivation and improving their performance. From the study by Badrinarayan and Tilekar (2011), their findings show that aspects such as career opportunities and career advancement opportunities have a very positive impact on motivation.

### 2.5 Research Framework & Hypotheses

Figure 1 depicts the research framework of this study. The independent variable is the reward and comprised of salary, promotion, and recognition. Meanwhile, motivation is the dependent variable.

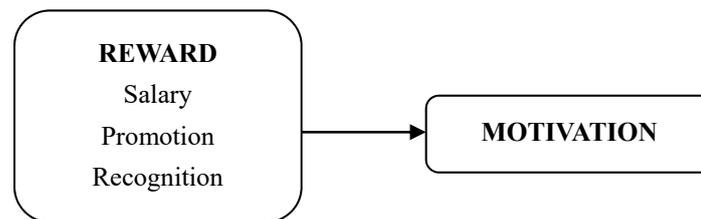


Figure 1: Research Framework

Based on the above framework, there are one main hypothesis and three sub-hypotheses of this study. The hypotheses are listed below:

H<sub>1</sub>: There is a positive relationship between rewards and motivation among employees of the trade agency.

H<sub>1a</sub>: There is a positive relationship between salary and motivation among employees of the trade agency.

H<sub>1b</sub>: There is a positive relationship between promotion and motivation among employees of the trade agency.

H<sub>1c</sub>: There is a positive relationship between recognition and motivation among employees of the trade agency.

## 3. Methodology

### 3.1 Population and Respondents

In this study, the population is all employees in the trade agency. Moreover, the respondent consists of individual employees in the trade agency from various grades and positions. The number of employees of this trade agency is 50 people. Thus, all of them will be the respondents of this study.

### 3.2 Research Tools

For the purpose of this study, questionnaires will be used as the measuring instrument. The subjects based on the questionnaire were divided into three sections. Firstly, Section A – Respondent Demographics: This section contains questions that inquire respondents' demographic data, namely gender, ethnicity, marital status, age, working experience, and service group. Secondly, Section B – Rewards: This section contains questions that measure rewards as independent variables. The reward is comprised of three dimensions which are salary, promotion, and recognition (De Beer, 1987; Roberts, 2005). Finally, Section C – Motivation: This section contains questions that measure motivation as the dependent variable (Salanova & Kirmanen, 2010).

## 4. Results

This section will be on the analysis of the data, namely demographic, correlation, and simple and multiple regression. Based on the number of questionnaires collected, the response rate of this study is 88%.

### 4.1 Demographic Analysis

Self-administered questionnaires were distributed to respondents during their working normal hour. Moreover,

Table 1 depicts the demographic analysis. Demographically, female (n=27, 61.4%) respondents dominated males (n=17, 38.6%) in the study. Ethnicity, Malay respondents consisted of 43 employees (97.7%) and Chinese were one person (2.3%). Majority of the respondents were married (n=38, 86.4%) as compared to single respondents (n=6, 13.6%).

Age wise, the majority of the respondents were between 23 to 26 years old (n=29, 65.9%). This is followed by respondents with the age of 37 to 52 years old (n=13, 29.5%), below 23 years-old was one person (2.3%), and above 52 years-old was also one person (2.3%).

Respondents indicated their work experience between 5 to 10 years (n=19, 43.2%) as the majority. These were followed by experience between 11 to 15 years were 14 employees (31.8%), less than 5 years were 7 employees (15.9%), between 16 to 20 years were 3 employees (6.8), and more than 20 years was one person (2.3%). Finally, in the service group, the majority of the respondents were in the Grade 1 to 28 (n=29, 65.9%). Respondents in the Grade 41 to 54 were 9 employees (20.5%) and Grade 29 to 40 were 6 employees (13.6%).

Table 1. Demographic analysis

Item	n	%
Gender		
- Male	17	38.6
- Female	27	61.4
Ethnicity		
- Malay	43	97.7
- Chinese	1	2.3
Marital Status		
- Single	6	13.6
- Married	38	86.4
Age (years-old)		
- Below 23	1	2.3
- 23-36	29	65.9
- 37-52	13	29.5
- Above 52	1	2.3
Work Experience (years)		
- Less than 5	7	15.9
- 5-10	19	43.2
- 11-15	14	31.8
- 16-20	3	6.8
- More than 20	1	2.3
Service Group		
- Grade 41-54	9	20.5
- Grade 29-40	6	13.6
- Grade 1-28	29	65.9

4.2 Correlation Analysis

Table 2 depicts the correlation analysis. The relationship between reward and motivation were analyzed on the trade agency employees. This result shows that there is a strong relationship between the reward and motivation (r=0.69). Meanwhile, individual components of reward were examined on their relationship toward motivation. Recognition (r=0.71) and promotion (r=0.52) indicated a strong relationship toward motivation. On the other hand, salary (r=0.48) indicated a moderate relationship toward motivation. As a result of the Pearson Correlation being positive, it is concluded that as the reward increase, the motivation of employees will also be increased.

Table 2. Correlation analysis

	1	2	3	4	5
1. Salary	1	0.51**	0.38*	0.80**	0.48**
2. Promotion		1	0.62**	0.87**	0.52**
3. Recognition			1	0.79**	0.71**
4. Reward				1	0.69**
5. Motivation					1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

### 4.3 Regression Analysis

Simple and multiple regression analyses were conducted in analyzing the impact of rewards on motivation, and components of reward, namely salary, promotion, and recognition toward motivation. In Table 3, the simple regression analysis was conducted on reward toward motivation. The trade agency employees had the adjusted  $R^2$  value showed 46% for the dependent variable of motivation, which was explained by the reward. This means that 54% of the variance for motivation was explained by other unknown additional variables that have not been explored. The simple regression model ( $F=37.36$ ,  $p<0.00$ ) was proven to be a significant model due to the  $F$  ratio being significant in predicting motivation. Reward ( $\beta=0.69$ ,  $p<0.00$ ) was a significant predictor of motivation for the trade agency employees. Moreover, this explained that the reward was positively related to motivation among the trade agency employees. Therefore, hypothesis  $H_1$  is accepted in explaining the trade agency employees on their reward and motivation.

Table 3. Simple regression analysis

	Motivation	
	$\beta$	Sig.
Reward	0.69	0.00
$R^2$	0.47	
Adjusted $R^2$	0.46	
$F$ -Change	37.36	
Sig.	0.00	

In Table 4, the multiple regression analysis was conducted on the components of reward, namely salary, promotion, and recognition toward motivation. The trade agency employees had the adjusted  $R^2$  value showed 53% for the dependent variable of motivation, which was explained by the reward. This means that 47% of the variance for motivation was explained by other unknown additional variables that have not been explored. The simple regression model ( $F=17.02$ ,  $p<0.00$ ) was proven to be a significant model due to the  $F$  ratio being significant in predicting motivation.

Firstly, the salary of reward ( $\beta=0.24$ ,  $p<0.05$ ) was a significant predictor of motivation for the trade agency employees. Moreover, this explained that the salary was positively related to motivation among the trade agency employees. Therefore, hypothesis  $H_{1a}$  is accepted in explaining the trade agency employees on the impact of salary on motivation. Secondly, the promotion of reward ( $\beta=0.01$ ,  $p<0.94$ ) was an insignificant predictor of motivation for the trade agency employees. Moreover, this explained that the promotion was not related to motivation among the trade agency employees. Therefore, hypothesis  $H_{1b}$  is rejected in explaining the trade agency employees on the impact of promotion toward motivation. Finally, recognition of reward ( $\beta=0.61$ ,  $p<0.00$ ) was a significant predictor of motivation for the trade agency employees. Moreover, this explained that the recognition was positively related to motivation among the trade agency employees. Therefore, hypothesis  $H_{1c}$  is accepted in explaining the trade agency employees on the impact of recognition toward motivation.

Table 4. Multiple regression analysis

Reward	Motivation	
	$\beta$	Sig.
Salary	0.24	0.05
Promotion	0.01	0.94
Recognition	0.61	0.00
$R^2$	0.56	
Adjusted $R^2$	0.53	
$F$ -Change	17.02	
Sig.	0.00	

## 5. Discussion

The relationship between reward and motivation are moderate toward high and having a positive relationship. Moreover, the impact of reward and motivation has indicated more on the acceptance (except for promotion and motivation). Overall, it indicated that employee of the trade agency enjoyed the reward system given and the environment of the workplace; and this includes their relationship with employees toward enhancing their

motivation. Indeed, these are the basic needs in any normal working conditions as mentioned in the Maslow's hierarchy of needs. When an individual's basic needs are fulfilled, there is always the tendency for the individual's needs to rise up to another level to achieve their purpose in life and building their career path.

The study presents the importance of reward management on salary, promotion, and recognition in improving the motivation among employees. This is in accord with the works of Hafiza et al. (2011), Shafiq and Naseem (2011), and Khan et al., (2010). Thus, the employees need to offer and improve their reward systems and not restricted only to the salary, promotion, and recognition. There may other elements of reward that may affect the employees' motivation. Moreover, a higher reward leads to a higher motivation among employees. Therefore, good reward programs provided by the organizations would lead to the motivation of the employees in the organization. Reward and incentives could help motivate employees to attain organizations' vision and mission.

Moreover, the study's finding is aligned with the works of Rahim and Daud (2012). They discovered a positive relationship between rewards and motivation among employees of a public university in Terengganu. Thus, the reward systems could motivate employees to give their maximum efforts towards assigned work. Once employers continuously develop such good pay policies and procedures, then this would enable them to attract, motivate, retain, and satisfy their employees. Finally, this study the reward and motivation have a significant relationship among employees who are working in the trade agency.

Based on Kshirsagar and Waghale (2014), employees lacking motivation can present a problem for organizations, and there can be far-reaching impacts when employee performance is down. The ability to cultivate a motivating work environment is essential, and the organization has to develop strategies more focus on how employee satisfaction and performance levels are tied to motivation. Therefore, providing rewards, both tangible and in the form of praise, can make employees happier, directing employees can perform better at work.

This study reveals the self-assessment by employees on their perspective on the reward and motivation. Employees revealed the contributing aspects of rewards and motivations that directly impact their work performance in the organization. At the same time, employees can express their response towards the ongoing reward system implemented by the employer. After answering the questionnaire, the feedback from the employees, information regarding all the contributing factors that improve their motivation can be conveyed and their level of motivation in the organization can be assessed. Moreover, employers can identify the factors or types of rewards that can increase an employee's motivation. The result has shown that a salary is the most important contributing factor to motivation. Employers can use this information to develop a more efficient and rewarding pay system to increase employee motivation, work performance and at the same time achieve the organization goals. The findings from this study can be used as a guide by the human resource division and human resource management in the trade agency to improve the reward program.

Thus, the impact of reward on motivation indicated that reward affects motivation among employee in the trade agency. As the employees are motivated, the vision and mission of the trade agency can be pursued and achieved. Moreover, the reward has fostered cooperation among the employees in the trade agency.

## **6. Conclusion**

This study explores the relationship and the impact of reward on motivation among employees of a trade agency. The employees in the trade agency agree that reward and motivation have a positive and strong relationship in order to achieve organization goal. Moreover, employees are motivated by good and the best reward program consists such as salary, promotion, recognition and etc. Thus, it also satisfies employees in performing their jobs.

The trade agency should develop a good reward system as it can promote employees to do their work effectively and be satisfied with their work. The trade agency should also induce employees to perform well. This can be achieved by providing reward, motivation and other benefits etc. Employees should be trained to adopt new technology and or develop their career. As a result, employees motivation will be at a high level. Moreover, the trade agency must avoid the delays of some employees' promotion despite the fact that they are qualified for promotion. The unnecessary delay in promotion would cause poor motivation among employees.

The top management of the trade agency should increase the financial rewards of employees. Salaries should be increased regularly in accordance with the cost of living to ensure that employees are satisfied. Financial rewards are the most attractive in difficult economic times and they play a significant role in satisfying the physiological and security needs of employees. Increasing financial rewards have the potential to drive positive employee behaviors and can motivate them. It is important to note that a low salary has been found to be one of the major causes of employees not motivated.

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