

The Effectiveness of Reward System In Pusrawi International College of Medical Sciences (PICOMS) Malaysia

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Abstract- PICOMS has been implementing some intrinsic and extrinsic reward systems. This paper focuses on investigating the effectiveness of this reward system. A questionnaire survey has been carried out within the institution among 180 employees and students. Further, this paper will evaluate the worthiness of implementing such reward system, and also suggesting possible improvements to further enhance the effectiveness of its reward system.

Index Terms- Reward management system, PICOMS, Reward system effectiveness on educational institution, Reward recruitment, Motivation, Performance.

I. INTRODUCTION

For many years, PICOMS has been adopting a reward system to reward its staffs and employees whenever they are able to recruit and get in students into the institution. This comes in the form of monetary compensation after the students have officially joined the institution and named the staff or employee as his or her referral. Additionally, PICOMS has also been holding a number of lucky draw sessions during its monthly assembly sessions, as another mean to attract and encourage its students to join its assembly. During those assemblies, the top 3 employees with the highest recruitments will be announced and recognised.

The purpose of this paper is therefore to gather and analyse feedback from PICOMS' students and staffs to understand the effectiveness of its current reward systems, whether such systems are meeting the objectives that they are supposed to fulfill to make it worthwhile to continue implementing such systems.

II. RESEARCH ELABORATIONS

There are essentially two types of reward systems, which are the intrinsic rewards where non-monetary means were involved after accomplishing something and this is where the incumbents are rewarded through the increasing feel of self-accomplishment and self-esteem (Honig-Haftel & Martin, 1993). The management of PICOMS do believe in intrinsic rewards by announcing the top 3 employees who managed to recruit the most students for a specific month during its monthly assemblies. Through this, PICOMS are providing recognitions to its

employees to form a sense of self-accomplishment and to encourage the other employees to do better too. Additionally, the management is implementing extrinsic reward systems too where monetary incentives (Honig-Haftel & Martin, 1993) are given for successful student recruitments. Through both intrinsic and extrinsic reward systems, the management aims at placing PICOMS as a high performing organisation, as supported by Armstrong, Brown and Reilly (2009).

There have been numerous studies that connect reward with performance. Most of the studies, such as the ones done by Hansen (1997) and Stajkovic & Luthans (2001) showed that whenever reward systems are in place, performance tends to increase. Brown and Reilly (2009) have supported this statement by providing real life examples of famous organisations such as Standard Chartered Bank, Tesco, as well as McDonalds which managed to prove this theory to be right. Kituyi, Musau and Thinguri (2014) have decided to zoom into the effectiveness of reward systems in the area of educational institution and have concluded on positive effects too.

The management of PICOMS therefore believes in the principle that individuals will perform better when they are properly rewarded, both intrinsically and extrinsically. By putting a "carrot on a stick" as a type of performance-driven reward (Brown & Reilly, 2009), the management aims at encouraging its staffs to bring in more students as it believes such a method will yield better results as compared to other advertising efforts. This is because when a student gets recruited in by an employee, the student will be able to understand more on the benefits and reasons to join PICOMS compared to other educational institutions, since the employee will convince the student with facts and figures. Unlike other methods of advertising such as social media, television and radio; potential students may not be able to understand PICOMS as much as being convinced through word of mouth.

Therefore, the management of PICOMS strongly believes in the effectiveness and efficiency of its current reward systems.

The effectiveness of reward systems can be measured through a number of measures. Brown & Reilly (2009) have suggested measures such as the satisfaction of employees and customers, the turnover rates of employees, customer satisfaction, the profitability of organisations, the rate of vacancies available as well as the period taken for those vacancies to be filled. This study therefore focused on some of

the measures mentioned to gauge the effectiveness of its reward systems.

III. METHODOLOGY

The researcher has applied the quantitative methodology where questionnaires were designed and distributed to staffs and students of PICOMS. The questionnaire is appended as Appendix 1. The respondents shall choose one selection for each effectiveness criteria in the form of Likert Scale, ranging from strongly agreeing, merely agreeing, being neutral, merely disagreeing and strongly disagreeing.

The forms were physically handed out to the respondents and then collected back to be keyed into Microsoft Excel. A total of 200 respondents were randomly selected to fill up the forms. Out of that number, a total of 180 respondents have responded, therefore giving a response rate of 90%. These responses will be processed and analysed using Microsoft Excel.

IV. RESULTS AND DISCUSSIONS

The chart of the results is depicted in Appendix 2. Appendix 3 shows the results in number of respondents. Appendix 4 shows the results as percentages. The results and discussions below will mainly be based on the results as percentages.

Around 83% of the respondents strongly perceived that the current reward systems implemented in PICOMS are actually effective and meeting its objectives. This stands as a majority win compared to only a mere 12% of respondents being merely agreeing, followed by a dropping 3% being neutral, 2% disagreeing and 1% strongly disagreeing. This shows that the initiatives that the management of PICOMS has been implementing in its rewards management system is working, and being effective in doing what they are supposed to do.

Seventy three percent of the respondents believed that the number of students within PICOMS is increasing every semester. This is also a majority win against 18% others being merely agreeing, 5% neutral, 3% disagreeing and 1% strongly disagreeing. The respondents have managed to see the results from the reward management strategies that the management is implementing, and therefore opined that such systems are indeed effective.

When it comes to the recruited students are more effective and efficient, also a majority 84% strongly agreed to this statement, as compared to 10% being merely agreeing, 3% neutral and another 3% being disagreeing to this statement. The respondents have seen this initiative being able to produce quality students, and that the recruited students do not join the institution just for the purpose of joining. They are not the kind of "rubbish" students, and in fact are serious about excelling in their courses and getting top notch results. This will therefore improve the overall results of the institution, along with increasing the students' employability after they have graduated.

Eighty three percent of the respondents opined this initiative as being effective at improving the relationships between the staffs and the students. This is followed by a series of dropping percentages in those respondents being agreeing at

12%, neutral at 3%, disagreeing at 2% and strongly disagreeing at 1%. The respondents have seen improvements in the ties between the staffs of PICOMS with the students after the reward systems were implemented years ago. They therefore believe that in the absence of these systems, these relationships may not be as close as compared to present conditions. In this sense, the reward systems are effective in forming close rapport among everyone within the institution.

Also, a majority of 88% perceived that the motivation among the staffs were in fact increased from the implementation of these reward systems. This is followed by 7% being merely agreeing, 3% neutral, and 2% disagreeing. The respondents believed that these systems have managed to result in the staffs being more motivated with their work, having higher morale and better productivity in producing more results in their work. This may not be limited to only new student recruitment, but also to the core and non-core aspects of the employees' responsibilities.

When it comes to the aspect of improving the skills and abilities of staffs, only 55% strongly agreed to this statement, compared to 37% agreeing, 6% neutral, 2% disagreeing majority of agrees on this statement. This may be due to some respondents may not be too believing in the sense this initiative as being able to improve the skills and abilities of staffs.

Only 31% of the respondents strongly agreed to the statement that the reward systems are reducing staff turnover. This is followed by an increasing 36% being agreeing, 18% being neutral, 6% disagreeing and 11% strongly disagreeing. The respondents may be of the opinion that the reward systems are not the sole determination of staff turnover, and that some other factors may be in play too. They believed that, even with a perfect reward management system but with loopholes present in other aspects such as leadership of the management, the nature of jobs, other monetary and non-monetary means may not necessarily mean low staff turnovers.

The same situation also applies in the aspect of improving morale among the staffs. Around 43% strongly agreed to this statement, followed by 36% agreeing, 12% being neutral, 6% disagreeing and 3% strongly disagreeing. The respondents may believe that, the reward systems are not the sole determining factor that influences the morale improvement of the staffs. There may too be other factors that are influencing the morale of staffs.

A whopping 94% of the respondents strongly agreed that, the overall costs in student recruitments have been reduced through these reward initiatives. Only a mere 4% agreed to this statement, and a 1% neutral and disagreeing to this statement. This showed that this reward system has been proven to be able to reduce student recruitment costs as compared to other methods such as paid and 1% strongly disagreeing. However, there are still a advertising. The respondents believed that word of mouth advertising, done in this sense, is the cheapest and more effective than other types of advertising methods. They opined that other more expensive methods such as social media, newspaper, magazines, radio and televisions may be more expensive but yet not able to produce the kind of results that word of mouth advertising can produce.

Sixty-three percentage of the respondents strongly agreed to the statement that, such reward systems are mutually beneficial to both the staffs and students of PICOMS. This is

followed by 25% being merely agreeing, 8% being neutral, and another two percentage being disagreeing and strongly disagreeing respectively. The respondents find these initiatives as being able to produce win-win situations for both the staffs and students. For the staffs, they get rewarded both financially and non-financially. As for the students, they will get more personalised services from the employees and are able to make better decisions on their courses and their future careers.

When it comes to reducing absenteeism among the staffs, only 31% strongly agreed to this statement, followed by 36% agreeing, 18% neutral, 6% disagreeing and 11% strongly disagreeing. They may not believe the reward systems being the sole contributor in reducing the staffs' absenteeism. Other factors may be influencing the same.

Sixty-eight percentage of the respondents strongly agreed that the reward systems implemented will be able to improve the staffs' loyalty towards the institution. This is followed by 29% agreeing, 2% neutral, and 1% disagreeing. It seemed that the implemented systems have been proven to be able to keep the employees of PICOMS to stay longer with the organisation. The systems are able to retain them longer in addition to encourage the employees to give their very best to the organisation. This will consequently result in improved productivity, performance and ultimately increased profitability for the institution.

Only 33% respondents strongly agreed to the statement that, teamwork among the staffs will be improved. This is followed by a higher 38% being agreeing to this statement, then a 2% and 1% being neutral and disagreeing respectively. This shows that, the initiatives implemented will be able to improve and foster better employees' teamwork, but there may be other determining factors that are influencing this as well. Even with a perfect reward management system, but less than perfect systems elsewhere, teamwork may not be able to be fully optimised.

Forty six percentage of the respondents strongly agreed to the statement that, such reward systems actually encourages the employees to think out of the box towards becoming more creative and innovative in solving problems. This is followed by 33% in merely agreeing, 7% being neutral, 8% disagreeing and 6% strongly disagreeing. The majority agreed that these initiatives do in fact encourages the staffs to continuously think of better ways to recruit new students, which is a good way of improving their overall productivity.

When it comes to being able to recruit and retain quality top students which in turn improve the performance of PICOMS, 46% strongly agreed to this statement, followed by disagreeing and strongly disagreeing respectively. This shows that the initiatives implemented are able to truly produce high quality students, as the recruited students would be serious about their studies and future careers as an overall. And when the produced graduates are getting better in their quality and employability as a whole, this will improve the performance of PICOMS as a quality educational service provider in Malaysia.

Last but not least, only a mere 4% of the respondents believed the current reward system is good enough. This is followed by 7% agreeing, 14% being neutral, 56% disagreeing and 18% strongly disagreeing. This showed that the respondents believed that more reward systems can be implemented in addition to the current ones. They opined that, the present systems can be further improved and enhanced in various ways; and if these can be sustained, will be able to leverage and amplify the effectiveness of the systems.

V. CONCLUSIONS

The findings of this paper are consistent with the researches done by other authors as mentioned above.

As a whole, the reward systems being implemented by the management of PICOMS are seen to be effective enough to achieve what the systems are meant to be achieving. However, there can be more rooms for improvements in adopting more types of reward systems, should the management aim to better leverage the effectiveness of the reward systems.

For future studies, the researcher recommends in introducing specific new initiatives in the 35% agreeing, 12% neutral, 6% and 5%

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- [6] Stajkovic, A. D., and Luthans, F. (2001). Differential effects of incentive motivators on work performance. *Academy of Management Journal*, 4(3), pp. 580-590. reward systems that PICOMS can implement in order to further enhance its effectiveness and efficiencies.

AUTHORS

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Appendix 1 – Survey form used

Survey Title: _____

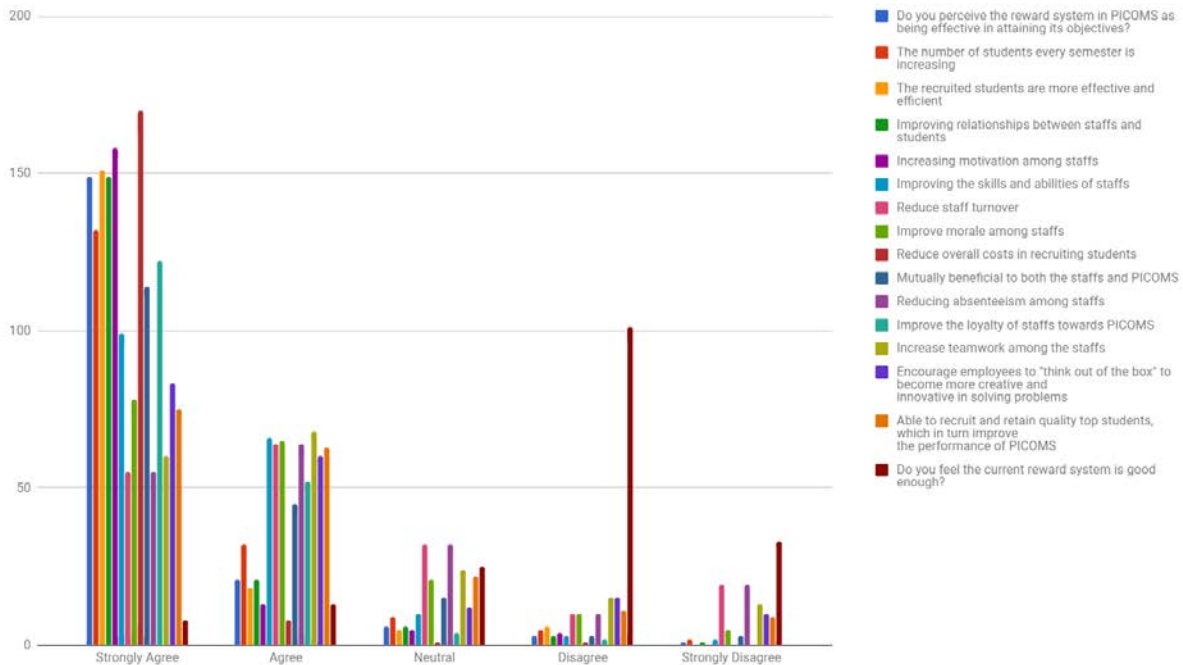
The Effectiveness Of Reward System In Pusrawi International College of Medical Sciences (PICOMS) Malaysia

Summary: PICOMS has introduced a reward system whereby staffs or employees are rewarded when they managed to recruit or introduce students to join the institution. This survey is done to investigate the effectiveness of such a reward system.

Please tick one box from 1 to 5 in the tables beside.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	5	4	3	2	1
Do you perceive the reward system in PICOMS as being effective in attaining its objectives					
How effective do you perceive is the reward system from the below table?					
The number of students every semester is increasing					
The recruited students are more effective and efficient					
Improving relationships between staffs and students					
Increasing motivation among staffs					
Improving the skills and abilities of staffs					
Reduce staff turnover					
Improve morale among staffs					
Reduce overall costs in recruiting students					
Mutually beneficial to both the staffs and PICOMS					
Reducing absenteeism among staffs					
Improve the loyalty of staffs towards PICOMS					
Increase teamwork among the staffs					
Encourage employees to "think out of the box" to become more creative and innovative in solving problems					
Able to recruit and retain quality top students, which in turn improve the performance of PICOMS					
Do you feel the current reward system is good enough?					

Appendix 2 – Chart of the responses



Appendix 3 – Results in numbers

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Do you perceive the reward system in PICOMS as being effective in attaining its objectives?	149	21	6	3	1
How effective do you perceive is the reward system from the below table?					
The number of students every semester is increasing	132	32	9	5	2
The recruited students are more effective and efficient	151	18	5	6	0
Improving relationships between staffs and students	149	21	6	3	1
Increasing motivation among staffs	158	13	5	4	0
Improving the skills and abilities of staffs	99	66	10	3	2
Reduce staff turnover	55	64	32	10	19
Improve morale among staffs	78	65	21	10	6
Reduce overall costs in recruiting students	170	8	1	1	0
Mutually beneficial to both the staffs and PICOMS	114	45	15	3	3
Reducing absenteeism among staffs	55	64	32	10	19
Improve the loyalty of staffs towards PICOMS	122	52	4	2	0
Increase teamwork among the staffs	60	68	24	15	13
Encourage employees to "think out of the box" to become more creative and innovative in solving problems	83	60	12	15	10
Able to recruit and retain quality top students, which in turn improve the performance of PICOMS	75	63	22	11	9
Do you feel the current reward system is good enough?	8	13	25	101	33

Appendix 4 – Results in percentages

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Do you perceive the reward system in PICOMS as being effective in attaining its objectives?	82.78%	11.67%	3.33%	1.67%	0.56%
How effective do you perceive is the reward system from the below table?	0.00%	0.00%	0.00%	0.00%	0.00%
The number of students every semester is increasing	73.33%	17.78%	5.00%	2.78%	1.11%
The recruited students are more effective and efficient	83.89%	10.00%	2.78%	3.33%	0.00%
Improving relationships between staffs and students	82.78%	11.67%	3.33%	1.67%	0.56%
Increasing motivation among staffs	87.78%	7.22%	2.78%	2.22%	0.00%
Improving the skills and abilities of staffs	55.00%	36.67%	5.56%	1.67%	1.11%
Reduce staff turnover	30.56%	35.56%	17.78%	5.56%	10.56%
Improve morale among staffs	43.33%	36.11%	11.67%	5.56%	3.33%
Reduce overall costs in recruiting students	94.44%	4.44%	0.56%	0.56%	0.00%
Mutually beneficial to both the staffs and PICOMS	63.33%	25.00%	8.33%	1.67%	1.67%
Reducing absenteeism among staffs	30.56%	35.56%	17.78%	5.56%	10.56%
Improve the loyalty of staffs towards PICOMS	67.78%	28.89%	2.22%	1.11%	0.00%
Increase teamwork among the staffs	33.33%	37.78%	13.33%	8.33%	7.22%
Encourage employees to "think out of the box" to become more creative and innovative in solving problems	46.11%	33.33%	6.67%	8.33%	5.56%
Able to recruit and retain quality top students, which in turn improve the performance of PICOMS	41.67%	35.00%	12.22%	6.11%	5.00%
Do you feel the current reward system is good enough?	4.44%	7.22%	13.89%	56.11%	18.33%