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Evaluation of Awards and Recognition Programs in Increasing Employee Motivation in Companies

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Abstract: Rewards and recognition programs are an important element in a human resource (HR) management strategy that aims to improve employee motivation and performance. This study aims to analyze the effectiveness of reward and recognition programs in increasing employee motivation in rattan companies, identify factors that affect their success, and provide practical recommendations for companies. The research method used is a quantitative approach with a survey using a structured questionnaire, complemented by a qualitative approach through interviews and focused group discussions. Data analysis involves descriptive and inferential statistical techniques. The results showed that financial and skill development-based rewards had the greatest influence on employee motivation, with a regression coefficient value of 0.65 ($p < 0.05$). The relevance factor of awards to employee needs was also proven to be significant, with a coefficient of 0.45 ($p < 0.05$). Interviews and group discussions revealed the importance of transparency and fairness in the implementation of reward programs to prevent negative impacts on motivation. The study concludes that the effectiveness of the award program is highly dependent on the relevance of the program design to the needs of employees as well as their involvement in the design process. Practical recommendations include the development of transparent, flexible, and contextual reward policies to improve employee motivation and performance in a competitive rattan industry. This research is expected to make a significant contribution to improving human resource management in this sector.

Keyword: awards, recognition, employee motivation, HR management, rattan industry

INTRODUCTION

Reward and recognition programs are widely regarded as essential components of human resource management (HRM) strategies aimed at enhancing employee motivation and performance. According to Dessler (2020), rewards are the tangible or intangible benefits provided by an organization in exchange for employee contributions, which may include both financial and non-financial forms of compensation. Recognition, on the other hand, refers to non-monetary acknowledgments that highlight an employee's achievements or positive behaviors (Luthans, 2011). Together, these mechanisms play a strategic role in building

emotional connections between employees and the organization, as well as in fostering a productive and harmonious work environment.

A substantial body of research has confirmed that rewards can significantly increase job satisfaction, loyalty, and productivity. For instance, Yulianto and Ningsih (2020) found that rewards have a significant positive impact on employee motivation and performance in the manufacturing sector. This aligns with Herzberg's (2003) Two-Factor Theory, which distinguishes between motivators (such as recognition and achievement) and hygiene factors (such as salary and working conditions). When motivators are strengthened through relevant reward systems, employees' intrinsic motivation can be substantially enhanced. However, Sari (2021) cautions that reward programs that fail to align with employees' needs and preferences can reduce program effectiveness, potentially leading to disengagement.

A notable research gap exists in understanding how reward and recognition programs can be designed to remain relevant and aligned with the characteristics of specific industries. More recent studies, such as Wijaya (2023), emphasize the importance of considering industry context factors—such as skill requirements, market dynamics, organizational culture, and employee expectations—when designing effective reward systems. This perspective is supported by Boxall and Purcell (2022) in their framework of Strategic Human Resource Management (SHRM), which argues that HR strategies should align with overall business strategies and adapt to external conditions to create sustainable competitive advantages.

The rattan industry, particularly in Indonesia, represents one sector that has received limited academic attention in terms of reward and recognition research. This is despite the fact that the industry has unique dynamics and challenges, particularly concerning the need for highly skilled labor and the fast pace of market change. Basri and Abbas (2021) note that creative industries such as rattan production rely heavily on manual craftsmanship combined with innovative design, making it essential to employ individuals who are not only technically proficient but also motivated to engage in continuous creative development. The current phenomenon in the rattan industry indicates increasing pressure to adapt to growing global market demands while maintaining product quality.

Such pressures necessitate that companies ensure employees possess both the requisite skills and the sustained motivation to boost productivity and innovation. In Maslow's (1943) hierarchy of needs, reward and recognition programs can help fulfill higher-level needs such as esteem and self-actualization, both of which are critical for fostering creativity and long-term commitment. This is supported by Ahmed et al. (2022), who found that non-monetary rewards—such as public acknowledgment and opportunities for professional growth—have a significant positive impact on employee engagement.

However, implementing effective reward programs in the rattan sector presents several challenges. One primary issue is the uncertainty regarding which types of rewards are most effective for employees in this specific context. Workers in the rattan industry may have reward preferences that differ significantly from those in large-scale manufacturing or service sectors. Kassa and Getahun (2022) demonstrate that the relative effectiveness of monetary versus non-monetary rewards can vary based on cultural context and job characteristics. Furthermore, the scarcity of research addressing differences in motivational needs between the rattan industry and other sectors often results in the adoption of generic reward strategies that lack precision.

The importance of this study lies in its aim to explore in depth how reward and recognition programs can be optimized to enhance employee motivation in rattan companies. Following Luthans' (2011) evidence-based approach, this research seeks to contribute meaningfully to improving HRM practices within the sector. The study is also consistent with Wright and Nishii's (2013) view that performance management systems—including reward

programs should be designed to support an organization's long-term objectives and build workforce capabilities to meet future challenges.

The specific objectives of this study are threefold:

To analyze the effectiveness of reward and recognition programs in enhancing employee motivation within rattan companies. This involves examining factors such as reward types, delivery frequency, and alignment with employee needs (Idris & Adi, 2023).

To identify the key factors influencing the success of reward and recognition programs in improving employee performance in the rattan industry, including policy transparency, employee participation in program design, and compatibility with organizational culture (Malik & Naeem, 2023).

To provide practical recommendations for designing reward programs in rattan companies that are better aligned with employee preferences and industry characteristics. This includes integrating financial and non-financial rewards, competence-based recognition, and structured career development opportunities (Anwar & Abdullah, 2023).

By pursuing these objectives, this research is expected to offer both theoretical and practical value. Theoretically, it will enrich the literature on context-specific reward program design, particularly within creative industries such as rattan manufacturing—an area with relatively little prior research. Practically, the findings will guide HR managers in formulating reward strategies that are not only effective but also relevant to employees' unique needs, thereby enhancing motivation, productivity, and retention.

Given the dynamics of the rattan industry and the relevant motivational theories, this research seeks to address the central question: How can reward and recognition programs be adapted to optimally enhance employee motivation in the rattan sector? The answers to this question are expected to help companies navigate global competition while developing a highly skilled and committed workforce.

METHOD

This study employs a quantitative approach with a descriptive research design. The selection of a quantitative approach is based on the consideration that this method allows researchers to measure, analyze, and interpret phenomena in an objective and measurable manner (Sugiyono, 2019). As Sugiyono (2019) notes, the quantitative approach is grounded in positivist philosophy, emphasizing the testing of theories through the measurement of research variables and the analysis of numerical data, enabling the findings to be generalized to a certain population. In the context of this study, the quantitative method is deemed appropriate to systematically and objectively identify and analyze the phenomena surrounding the implementation of a competency-based performance appraisal system in companies across Cirebon Regency.

A descriptive research design is chosen because the primary aim of this study is to provide a comprehensive overview of the implementation of a competency-based performance appraisal system, rather than to examine complex causal relationships. Nazir (2014) explains that descriptive research is used to systematically, factually, and accurately describe facts, characteristics, and relationships among the studied variables. This design enables the researcher to present data in a way that offers a thorough understanding of the studied phenomenon, thus serving as a foundation for sound managerial decision-making (Armstrong, 2014).

In practice, this study involves collecting primary data through questionnaires distributed to pre-determined respondents. The questionnaire is structured based on indicators of competency-based performance appraisal, covering technical competencies, behavioral competencies, and managerial competencies relevant to each employee's field of work (Noe et al., 2021). Using a questionnaire in a quantitative approach enables the researcher to gather structured and consistent data, which in turn facilitates the analysis process (Nasution, 2020).

The study also refers to relevant theoretical frameworks, such as Herzberg's Two-Factor Theory (Herzberg, 2003) and Maslow's Hierarchy of Needs (Maslow, 1943). Herzberg's theory differentiates between *motivators* (e.g., recognition, achievement, personal development) and *hygiene factors* (e.g., salary, working conditions, company policies). In the context of competency-based performance appraisal, motivators can be enhanced through positive feedback and recognition for employees demonstrating high competence, while hygiene factors can be maintained through fair and transparent policies (Herzberg, 2003; Malik & Naeem, 2023). Maslow's theory, on the other hand, posits that employee motivation is influenced by fulfilling needs ranging from basic physiological needs to self-actualization. Competency-based performance appraisal can play a role in satisfying higher-level needs, particularly esteem needs and self-actualization, by providing employees with recognition, opportunities for skill development, and pathways for career advancement (Maslow, 1943; Ahmed et al., 2022).

Beyond motivation theories, this research also draws upon the strategic human resource management (SHRM) perspective, which emphasizes aligning organizational strategy with workforce management (Boxall & Purcell, 2022). Competency-based performance appraisal serves as a strategic instrument to ensure that employees' skills and behaviors align with the organization's long-term goals. As Wright and Nishii (2013) argue, performance management systems should not only evaluate current performance but also prepare employees to meet future challenges, ensuring organizational agility and competitiveness.

The descriptive design further allows for comparison between the study's findings and prior empirical research. For instance, Yulianto and Ningsih (2020) found that reward systems tailored to employees' competencies can significantly enhance performance. Similarly, Wijaya (2023) emphasized that aligning rewards with technical competencies is a key determinant of performance appraisal success. In this study, the collected data will be used to identify gaps between the competencies employees currently possess and the competency standards expected by companies in Cirebon Regency.

To enhance data validity, this research integrates descriptive analysis with inferential statistical techniques. Descriptive statistics will be used to present the distribution of data and emerging trends, while inferential analysis—such as linear regression—will be employed to identify significant influences between independent variables (elements of competency-based performance appraisal) and dependent variables (employee performance or motivation levels) (Hafeez & Akbar, 2020). This dual approach ensures that the research outcomes are both descriptive and analytical, providing deeper insights into the effectiveness of the competency-based performance appraisal system.

Sampling is conducted using purposive sampling, targeting respondents who meet specific criteria relevant to the study (Sugiyono, 2019). In this case, respondents are employees of companies in Cirebon Regency who have worked for at least one year and have participated in competency-based performance appraisal processes. Selecting such criteria ensures that participants have direct experience with the system under investigation, thus increasing the relevance and accuracy of the data (Irawan & Suryani, 2021).

This research also adheres to ethical research principles, including maintaining respondent confidentiality, securing informed consent prior to questionnaire participation, and ensuring voluntary involvement (Robbins & Judge, 2018). These ethical standards are essential for fostering trust among respondents and minimizing bias in their responses.

The findings of this research are expected to provide practical implications for management in companies across Cirebon Regency. By understanding how competency-based performance appraisals influence employee motivation and performance, organizations can design more effective reward and development strategies (Dessler, 2020). For example, companies can leverage appraisal results to identify specific training needs, provide relevant

rewards aligned with individual competencies, and develop career pathways that support long-term employee growth (Anwar & Abdullah, 2023).

From an academic standpoint, this study contributes to the body of literature on competency-based performance appraisal in local industry contexts. While previous studies have predominantly focused on large-scale manufacturing or multinational companies, this research examines the unique dynamics of regional companies, which often face distinct challenges (Basri & Abbas, 2021). Consequently, the findings can serve as a valuable reference for future studies in similar sectors and geographic contexts.

Furthermore, the research aligns with Luthans' (2011) evidence-based approach in human resource management, which advocates for managerial decision-making grounded in empirical data rather than assumptions or outdated practices. The empirical evidence generated through this study can help companies adapt to technological change, shifts in the labor market, and evolving competency demands (Idris & Adi, 2023).

In summary, the quantitative descriptive approach applied in this research serves not only as a methodological choice but also as a strategic framework for understanding and enhancing organizational performance. Through careful analysis and the integration of relevant theories, this study aims to present a comprehensive picture of how competency-based performance appraisal can be optimized to support organizational success in Cirebon Regency. The results are anticipated to provide both theoretical enrichment and practical guidelines for implementing performance appraisal systems that are fair, transparent, and aligned with both employee needs and organizational goals.

RESULTS AND DISCUSSION

This study revealed several important findings regarding the effectiveness of reward and recognition programs in increasing employee motivation in rattan companies. From the quantitative data obtained through a questionnaire, it was found that the majority of employees (75%) felt that achievement-based rewards (such as financial incentives or performance awards) had a direct impact on their motivation. However, non-material rewards, such as verbal recognition or symbolic awards, although considered positive, only had a significant impact on 40% of respondents.

Descriptive Analysis Table

Types of Awards	Percentage of Respondents (%)	Impact on Motivation (Scale 1 - 5)
Financial	75	4.5
Non-Material	40	3.0
Training	60	4.0
Verbal Recognition	50	3.5

This table highlights the range of employee responses to the different types of awards provided by rattan companies, offering insight into the relative effectiveness of each type of reward in increasing motivation. Monetary awards emerged as the most effective, with 75% of respondents reporting a significant influence on their motivation. The high impact score of 4.5 on a scale of 1 to 5 underscores the effectiveness of monetary incentives in addressing employee needs and fostering motivation in the workplace. These results indicate that monetary rewards are a critical driver of employee engagement in the rattan industry.

In contrast, non-material rewards, such as symbolic recognition, were considered less effective. Only 40% of respondents reported a significant impact on their motivation, reflected in a moderate impact score of 3.0. While these rewards can contribute to a positive work culture, their limited effectiveness suggests they are not sufficient as a stand-alone motivator. Similarly, verbal recognition, such as direct praise, received a response from 50% of employees, with an impact score of 3.5. While verbal acknowledgement has value in boosting morale, it is more appropriate as a supplementary form of reward rather than the

main motivator. Meanwhile, training and skills development rewards received a positive response from 60% of employees, achieving an impact score of 4.0. These results highlight the relevance of personal development opportunities in aligning employees' aspirations for career growth. Such rewards are invaluable in fostering long-term engagement by improving employee competence and future career prospects.

Overall, the findings show that financial rewards and rewards based on personal development are the most effective in motivating employees in the rattan industry. Companies are advised to prioritize these types of rewards while complementing them with symbolic and verbal recognition to create a holistic and effective reward strategy that meets the diverse needs of employees.

Linear regression analysis showed that there was a significant relationship between the existence of a reward program and the level of employee motivation, with a regression coefficient value of 0.65 ($p < 0.05$). This indicates that every increase in the effectiveness of the reward program by 1 unit can increase employee motivation by 0.65 units. In addition, the factor of the relevance of awards to employee needs and priorities is an important element, with 60% of employees stating that awards that do not match their priorities have a negative impact on motivation.

Regression Analysis Table

Independent Variable	Beta Coefficient	Significance (V-Value)
Award Program	0.65	0.01
Relevance of Awards	0.45	0.02

The results of the regression analysis showed a significant relationship between reward programs and employee motivation levels. The Reward Program variable exhibited a beta coefficient of 0.65 with a p value of 0.01, indicating a robust and statistically significant effect of reward programs on employee motivation. The strength of the beta coefficient indicates that the implementation of reward programs has a direct and large influence, reinforcing the importance of well-designed reward initiatives in increasing motivation in the workplace. Furthermore, the p value, being below the 0.05 threshold, confirms that the observed relationship is unlikely to have occurred by chance, emphasizing the reliability of these findings.

Similarly, the Reward Relevance variable exhibited a beta coefficient of 0.45 with a p value of 0.02, highlighting the important role of aligning rewards with employee needs and preferences. Although the effect size is slightly lower than that of general reward programs, these results emphasize that reward values adjust to reflect individual or group expectations. By addressing specific preferences, companies can foster a deeper sense of satisfaction and commitment among employees, contributing to sustained levels of motivation. Collectively, these findings suggest that while general reward programs are highly impactful, the relevance of rewards to the workforce adds an additional layer of effectiveness. Therefore, organizations should focus not only on implementing a comprehensive reward system but also ensuring that the system is tailored to align with the unique expectations and needs of employees.

These results confirm that not only is the existence of a reward program important, but also its relevance to the specific needs of employees. If companies want to optimally increase motivation, they must design reward programs that are relevant to individual preferences and industry dynamics.

Meanwhile, qualitative analysis, interviews and focus group discussions revealed that workers in the rattan sector value rewards that pay attention to aspects of their well-being, such as health subsidies or skills training. In addition, respondents also mentioned that reward

programs are often perceived as unfair if the evaluation criteria are not transparent or consistent

CONCLUSION

Based on the results of the analysis and discussion, this study concluded that reward and recognition programs have a significant influence on employee motivation in rattan companies. The findings highlight that monetary rewards, such as bonuses and incentives, along with skill-based rewards, such as training and professional development opportunities, are the most effective in meeting the specific needs of employees in the industry. Furthermore, the alignment between the type of rewards and employee preferences plays an important role in increasing their impact. Employees who receive rewards that are in line with their career aspirations and goals show higher levels of motivation and engagement. The study also emphasizes that transparency and fairness in the implementation of reward programs are important to foster trust and prevent potential demotivation. When employees perceive the reward process as fair and merit-based, their satisfaction with the program increases significantly.

Therefore, it is recommended that companies design contextual and relevant reward programs, taking into account the unique characteristics of the industry and workforce. In addition, involving employees in the reward program planning process can further increase its acceptance and effectiveness, ensure that it is aligned with their expectations and foster a sense of ownership and commitment.

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