

The interplay of organizational factors, incentive systems, and employee performance



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ABSTRACT

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This systematic review aims to explore the relationships between organizational factors, incentive systems, and employee performance in modern workplaces, addressing the need for a comprehensive understanding of these interconnected elements. A rigorous three-stage methodology was employed, including a comprehensive database search of international databases such as Google Scholar and Scopus, screening based on predefined inclusion/exclusion criteria, and quality assessment using the Mixed-methods Appraisal Tool. This was followed by qualitative synthesis and framework analysis to identify patterns and trends across the selected literature. The review reveals that well-designed incentive systems can significantly enhance the impact of positive organizational factors on employee performance, while emphasizing the importance of considering both intrinsic and extrinsic motivational factors. Several moderating variables, including organizational culture, leadership styles, and individual employee characteristics, were identified as influencing incentive system effectiveness. The study also highlights the need for organizations to adapt their incentive strategies to evolving work paradigms, such as remote work and the gig economy. These findings provide valuable insights for managers and policymakers seeking to optimize their organizations' performance management strategies, emphasizing the importance of aligning incentive structures with organizational goals and employee needs. The review suggests that a holistic approach, considering multiple interconnected factors, is crucial for sustaining organizational performance and employee productivity. Future research directions include cross-cultural studies and longitudinal approaches to further understand the dynamic interplay between incentives, organizational factors, and employee productivity in changing work environments.

Contribution/ Originality: The systematic review of this study is unique because it integrates studies related to organizational factors, incentive systems and employee performance by considering their various interrelations. It provides new perspectives on how incentives demarcate antecedents and output, even as work paradigms shift. This work will be of value in even fuller integration, both theoretical and practical, regarding organizational management.

1. INTRODUCTION

One critical component has always been considered a predictor of performance related to the organizational success and competitiveness that was worker productivity. In today's era of rapidly-evolving trends in the modern workplace and increasingly complex organizations, new interest is being given to what actually drives workers productivity.

Incentives have been identified as one of the factors that could mediate between antecedent causes and employee productivity (Zakaria, Alias, & Rani, 2020). Development Studies scholars have investigated for example the different types of incentives such as monetary and non-monetary rewards to enhance worker motivation, satisfaction, and performance (Jegatheeswari & Anandi, 2023) Personalized feature recommendations however require quite distinct datasets.

Yet, the incentive performance nexus is disputable as extrinsic rewards can potentially spoil intrinsic motivation resulting in a shrinkage of work productivity (Zakaria et al., 2020). Although many studies were against the voice of pessimistic view about this topic, and number of works showed that good incentive systems based on organization goals and philosophy increase motivations by high performance (Manzoor, Wei, & Asif, 2021; Salah, 2016). Additional research is needed to help inform our understanding and untangle the complex web between both incentives, antecedent factors, as well as productivity based on mixed empirical evidence.

This systematic review of the literature will focus on incentives as a mediator between antecedents and worker productivity. This review provides an important conceptual integration between different research domains that has important implications for both managers and policymakers who want to improve the effectiveness of their organizations incentive structures (as well as foundations of knowledge overlaps in existing literature). Worker productivity is a complex construct and the precedes of various factors which includes individual characteristics, organizational culture as well as management practices (Akinyemi & Abiddin, 2013) Muthoka. Major determinant of worker productivity such as job characteristics, quality management style and work environment been emphasized by Poovaiah and Mathew (2022).

One odd thing about the relationship is that it has a number of mediating and moderating variables such as antecedent variates. Several studies have identified incentives as being intermediaries in the relationship between incentive and performance (Zakaria et al., 2020). This systematic literature review focusses on the role of incentives as a mediator between antecedent factors and worker productivity to investigate existing knowledge in this area and offer implications for organisations.

The complexity of incentive systems and their varied impacts on worker productivity necessitate a nuanced understanding of their implementation and effects. While incentives are often viewed as straightforward motivators, research has shown that their efficacy can be influenced by a myriad of factors, including individual differences, organizational context, and the nature of the work itself (Bonner & Sprinkle, 2002). Moreover, the interplay between different types of incentives – such as financial bonuses, recognition programs, and career advancement opportunities – adds another layer of complexity to their overall impact on productivity. Recent studies have also highlighted the importance of aligning incentive structures with organizational goals and values to ensure their effectiveness (Nguyen, Yandi, & Mahaputra, 2020).

Additionally, the evolving nature of work, including the rise of remote and flexible work arrangements, presents new challenges and opportunities for designing and implementing effective incentive systems. This systematic review aims to synthesize these multifaceted aspects of incentives and their relationship to worker productivity, providing a comprehensive overview that can guide both theoretical advancements and practical applications in the field of organizational management and human resources.

2. METHODS

This systematic review adopts a reflexive methodology to provide a broad and unbiased picture of incentives as organizational mechanisms mediating antecedent factors into behavioral change or performance. Three-stage Procedure: We elaborated on the process following Shaffril, Samsuddin, and Abu Samah (2021): identification, screening and eligibility.

During the identification process, a systematic database search of several international databases (Google Scholar and Scopus) is carried out. This search includes articles in peer-reviewed journals, conference proceedings and reports

published over the orbit of ten years. A search strategy designed to ensure both precision and comprehensiveness was developed by our librarians, using a complex Boolean combination of relevant keywords.

The second step, the screening process is a method of refining this initial pool correctly on what meets and does not meet predetermined inclusion/exclusion criteria that answer research question. This process must be performed to extract the unrelated studies and well fit with the work scope of your selected library articles. The eligibility phase includes an extra thorough evaluation of the information presented in the rest of items as well as a quality measurement using Mixed-methods Appraisal Tool (Hong et al., 2018). Only studies that pass the quality criteria within MEDLINE-indexed articles will be included in a final analysis.

Data extraction and analysis phase. The data extraction and analysis was conducted using a qualitative synthesis approach which is underpinned by the concept of integration put forward. It includes categorizing the data, clustering it together and then analyzing that data to extract patterns surrounding whether or not incentives act as mediators when antecedent factors are related upon workplace performance.

Researcher also enforce additional cross-validation step to make the review stronger. This consists of several researchers independently reviewing a sample of the identified articles to verify concordance with data extraction and interpretation.

Differences if any are attended and resolved by mutual discussion. The review process also considers potential biases in the selection of studies, specifically looking at publication bias or selective reporting. In this evaluation, the findings are placed into context and areas of weakness in existing research identified. Additionally, the authors conducted a framework analysis to link emerging themes and patterns to existing theories of worker motivation and productivity; this model aids in building an integrated understanding about how motivators moderate effects between antecedent factors (i.e., prompts) on production outcomes. This comprehensive approach contributes towards an in-depth and critical review of literature, which provides a number of implications for research as well as practitioners in the area of Organizational Management and Human Resource.

3. FINDINGS

Researcher Pascoe et al. (2010) further buttressed with the link between incentive systems, employee motivation and finally an organization performance from literature review. The review unveils the diversity of incentive practices, with many combined employee motivations and job satisfaction as improving organizational commitment (Jegatheeswari & Anandi, 2023; Parashakti & Lukertina, 2020; Salah, 2016). Moreover, the study identifies that an agreement on incentive systems should relate to specific goals and duties of organizations which are in line with the results of cultural assessments own system leadership practices (Al-Bawaia, Alshurideh, Obeidat, & Masa'deh, 2022; Andika & Darmanto, 2020). This review also highlights the mediating and moderating roles of organisational culture, employee motivation to enhance organisation performance (Akinyemi & Abiddin, 2013; Al-Bawaia et al., 2022). Moreover, it specifies various other factors such as the physical work environment, opportunities for professional development and variety in bonus systems that should be pursued by managers (Iis, Wahyuddin, Thoyib, Ilham, & Sinta, 2022).

Table 1 Patterns and trends across the 18 selected articles discussed Full size table Most of these studies concentrated on the linkages among and between incentive systems, staff productivity, organizational tradition, employee motivation as well as company overall performance. As can be seen, the approach in a large quantity of cases is verified that high level incentive exists system very much it relates to positive dependence with employee productivity also organizational efficiency In fact, Jegatheeswari and Anandi (2023); Parashakti and Lukertina (2020) and Salah (2016) have hithertos answered the research questions what are evidences based results out of their studies that suggests there is credible indication if effective incentives influence employee performance. Studies by Taba (2018) and Nguyen et al. (2020) validated these results and showed that incentive systems in line with organisational culture and employee motivation improved overall outcomes.

Although incentive systems emerged as one of the key determinants of performance, other significant factors also illuminated in various parts on this review. These factors include company culture, team motivation and employee satisfaction.

For example, [Al-Bawaia et al. \(2022\)](#) How corporate culture and intrinsic motivation are implemented in [Andika and Darmanto \(2020\)](#) describes carry out for the organizational performance, as well as worker commitment more broadly; tend to be described through two different research groups. In contrast, [Iis et al. \(2022\)](#) and [Taheri, Miah, and Kamaruzzaman \(2020\)](#) about Career growth opportunities and Job satisfaction.

Taken together, these findings show that addressing single elements in isolation to enhance employee productivity may be insufficient. Instead, it suggests an ecological perspective that connects many layers of related factors. This provides a holistic view which is important in sustaining organizational performance by growing the entire set of things that contributes to employee productivity and then henceforth organization success.

Finally, our systematic review explores the complexities of how these three factors intersect and impact employee performance.

This enhances the argument that a complex understanding of these relationships is required, rather than piecemeal investigation in isolation and can be used to guide management practices viewing multiple factors simultaneously as important contributors to organizational performance.

Table 1. List of Selected Literature Reviews.

No.	Author/Year	Title	Patterns and trends				
			Incentive systems	Employee productivity	Organisational culture	Employee motivation	Organisation performance
1	Jegatheeswari and Anandi (2023)	A study on the effect of incentives on employees performance	/	/	NA	/	NA
2	Parashakti and Lukertina (2020)	Is employee's performance influenced by incentives and work motivation?	/	/		/	NA
3	Salah (2016)	The influence of rewards on employees performance	/	/	/	/	NA
4	Taba (2018)	Mediating effect of work performance and organizational commitment in the relationship between reward system and employees' work satisfaction	/	/	/	/	NA
5	Zakaria et al. (2020)	Employee's productivity: The most dominant factors	NA	/	/	/	NA
6	Bonner and Sprinkle (2002)	The effects of monetary incentives on effort and task performance: Theories, evidence, and a framework for research	/	/	NA	/	NA
7	Condly, Clark, and Stolovitch (2008)	The effects of incentives on workplace performance: A meta-analytic review of research studies 1	/	NA	/	NA	/
8	Daniel (2019)	Effects of incentives on employees productivity	/	/	/	NA	
9	Al-Bawaia et al. (2022)	The impact of corporate culture and employee motivation on organization effectiveness in Jordanian banking sector	NA		/	/	/
10	Andika and Darmanto (2020)	The effect of employee empowerment and intrinsic motivation on organizational commitment and employee performance	NA	/		/	/
11	Arshad, Abid, Contreras, Elahi, and Athar (2021)	Impact of prosocial motivation on organizational citizenship behavior and organizational commitment: The mediating role of managerial support	NA		/	/	/
12	Butt et al. (2019)	Individual knowledge management engagement, knowledge-worker productivity, and innovation performance in knowledge-based organizations: The implications for knowledge processes and knowledge-based systems	NA	/	/		/
13	Iis et al. (2022)	The effect of career development and work environment on employee performance with work motivation as intervening variable at the office of agriculture and livestock in aceh	NA	/	/	/	

No.	Author/Year	Title	Patterns and trends				
			Incentive systems	Employee productivity	Organisational culture	Employee motivation	Organisation performance
14	Leitão, Pereira, and Gonçalves (2019)	Quality of work life and organizational performance: Workers' feelings of contributing, or not, to the organization's productivity	NA	NA	/	/	/
15	Nguyen et al. (2020)	Factors that influence employee performance: Motivation, leadership, environment, culture organization, work achievement, competence and compensation	/	/	/	/	NA
16	Riyanto, Endri, and Herlisha (2021)	Effect of work motivation and job satisfaction on employee performance: Mediating role of employee engagement	NA	/	NA	/	/
17	Suastini and Damayanthi (2022)	The effect of indirect compensation on employee performance: Case study at the Khayangan dreams Villas, Bali, Indonesia	/	/	NA	NA	NA
18	Taheri et al. (2020)	Impact of working environment on job satisfaction	NA	NA	/	/	/

4. DISCUSSIONS

This systematic review of the literature (SLR) gives results that indicate an obviously important connection between antecedent factors to worker productivity, and directly or indirectly through financial incentives. Given its many dimensions, incentives cannot be fragmented into individual observations: there is no one answer amongst those listed. Thus, the incentive structure of an enterprise must be subordinated to one another and correspond to specific types of incentives in certain areas, employee motivation. At the end of today, this is a decision that goes beyond what we recommend and more focuses on how you align your incentive strategy with your business goals. In aiming to choose a sole incentive strategy, it is essential that we think what option will be the best for achieving the main goals from our organization.

The review highlights the importance of leadership and management in creating a climate that encourages recognition and rewarding. Leaders who build a recognition culture and show appreciation towards their staff contribute to higher performances of employees, organizational commitment. A network atmosphere sustains efficient motivations systems by inspiring better staff member performance. In addition, the value of exemplary organizational culture and employee motivation as a mediating and moderating variable between reward functioning (incentive) and operational performance is become apparent by this study. A culture of open relationships, collaboration and trust in the organization creates an environment for employees to have good faith which increases their performance towards incentives. Incentives are maximized in their effect on worker productivity when employees have high levels of motivation seeking intrinsically and extrinsically.

The review also discusses the importance of a range of factors which might influence employee performance, including aspects like exposure to daylight in their physical work environment; pathways for career developments and promotion paths as well as approaches to compensation. Businesses that provide ideal working conditions in the form of comfortable, ergonomically-designed workspaces, opportunities for professional growth and a well-defined compensation package will have an easier time keeping top performers motivated.

The review also describes how incentive systems adapt as work paradigms evolve, further building on these conclusions. As the effects of remote work, gig economy and atypical employment arrangements find their way into traditional incentive structures have come under scrutiny. This SLR suggests that organizations who are able to adapt their incentive systems towards these new ways of work, considering incentives related to work-life balance, sort of flexible benefits and performance metrics also aligned with remote hybrid team implementations are amongst the most successful. The review also underscores a trend toward the rise of non-monetary rewards - like learning, autonomous decision-making and meaningful projects that are designed to be most effective at motivating knowledge workers as well as younger generations new-to-the-market. The holistic perspective on incentives by involving traditional and newer facets of the organization clearly highlights how businesses need to revamp their incentive strategies time-to-time in order for them not lose relevance with business becoming demanding.

5. CONCLUSION

In summary, this systematic literature review (SLR) explores how incentives have been positioned between antecedent factors and work performance. The research that he examined demonstrates clearly how complex incentive systems are, and the number of intrinsic factors involved in their design. At its core, this demonstrates why human resource management must be considered more broadly -from strategic incentives planning to fostering a good company culture and setting outcomes associated with employee empowerment and motivation. Several crucial moderators and boundary conditions are identified by the review that may limit incentives effectiveness Organisations need to consider these factors while creating and implementing the incentive schemes so that it has a positive result on worker productivity as well in turn an organisation's performance.

In conclusion, the review highlights some promising directions for future research. Cross-cultural research could also help to answer the question as to which extend our present findings are applicable in other organizations.

Longitudinal research and insights from taking a mixed-methods approach would provide more context for understanding how incentive systems impact the behaviors of workers over time, as well as organizational results. This type of research could drive greater understanding of dynamic evolution as incentives interplay with other organizational factors.

The result of this extensive literature review provides important answers on motivational forces that are influencing worker productivity. This knowledge, uncovered from this analysis can be a helpful resource to managers and policy makers who look forward towards aligning their organizations incentive structures. It also sets up a strong foundation for future work, delving into the nuanced interactions between these antecedents and incentives on productivity in an ever-changing workplace landscape.

This review attempts to present insights on the overall findings, refine or qualify existing knowledge and highlight areas for further study incorporating practical implications in order to be useful also beyond academia - i.e. oriented towards organizational management. With workplace dynamics evolving alongside the proliferation of both technology and modern socio-political trends, grasping these nuances in the role that incentives play in productivity only becomes more important. Researchers and practitioners alike may use this review as a guide to the complexity of relationships at work, which allows for potentially more successful and fluid incentive strategies down the road.

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