

The impact of applying the Reward System for Organization Performance in Industrial Palestinian Corporations Listed on the Palestine Stock Exchange (PSE)

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Abstract

This paper come to show: The impact of applying the Reward System for Organization Performance in Industrial Palestinian Corporations Listed on the Palestine Stock Exchange (PSE).This paper selected the 13 industrial companies listed on the Palestine Stock Exchange because of their importance in the structure of the Palestinian economy. This paper come to show: The impact of applying the Reward System for Organization Performance in Industrial Palestinian Corporations Listed on the Palestine Stock Exchange (PSE).

Keywords: Palestine Stock Exchange [PSE], Reward System, Organization Performance.

Introduction

There are many levels of performance in organizations. The performance is at the level of the organization as a whole, or at the level of an administrative department, or at the level of individuals working in the organization. Studies indicate that the most internal and external factors that affect the performance of employees are technical factors, which consider technological progress from the most important and most influential. Al-Ghamdi,(2021).

The money is not always the best reward that motivate employee for better performance but intrinsic rewards. Intrinsic rewards involve praise effort, skill and good work done, recognition of skills and practicing autonomy etc. All these are non-financial but rewards which motivate employee for better performance. (Rathnasekara, 2021;Al-Masoudi, 2021).

Background of the study

The existence of a gap related to the process of application and measurement between the planned strategies and applied in reality. The process of overcoming this gap needs to use tools that help translate the strategy into action plans and measure performance axes at the enterprise level. Therefore, there is a need to bridge this gap through a new method of measuring the performance of institutions to face contemporary challenges and required transformations in the work environment from technological developments and financial pressures and to formulate and achieve appropriate goals through the optimal use of available resources. (Karar , Obaid, & M, 2019).

Performance appraisal in Palestine is one of the functions of personnel and human resources management, and it is one of the important processes practiced by the Human Resources Department in many companies and organizations. It can be said that the performance appraisal process is the backbone of management. Officials, especially decision maker's .Qwaider, (2019).

The human element is one of the most important elements that organizations rely on in implementing their activities and programs and achieving their goals, and the organization's management is still looking at how to make this human element provide the best of its money for the benefit of the organization, leading to the achievement of the organization's goals towards growth and development, increasing productivity and achieving profits (Netoush, 2020; Al-Jabari, 2021).

The importance of this study increases in Palestine because the focus is on the performance of industrial companies, which are one of the most important sectors in the Palestinian economy, The importance of this study is to bridge the literary gap, and to explore the proposed variables that determine the performance of employees in the industrial companies listed on the Palestine Stock Exchange.

Literatures Review

Performance

The performance was defined with the development of business and economic units and because of the major changes in the factors affecting it, which led to a change and development in the concept, methods and indicators of performance evaluation (Saudi, 2018).

Performance measurement is a method of evaluating progress towards achieving pre-determined goals and objectives, as it contains data on the efficiency with which resources are converted into goods and services, where the quality of those goods and services is related to the quality of their delivery to customers and their satisfaction. The comparison of program activity results for the intended purpose. The effectiveness of the company's operations in terms of its ability to expand in the future (Chaib & Sheikh Elias, 2021; Gekong, 2005).

In 2010 the study of (Ward Hussein Falah, 2010) Show that Organization Performance is a comprehensive activity that reflects the ability of the organization to exploit its potential according to certain criteria and standards, which set by the organization according to long-term goals for the purpose of survival, growth and adaptation. Haidar,(2014) This study indicated the organization's ability and willingness to reach the results that it has already determined, which is the indicator that measures the success of the organization in achieving its goals of survival and growth, where diversity and difference in the intellectual and philosophical framework of the concept of organization performance focus on determining measurement indicators.

Performance and Reward system

Reward system constitutes a major role in providing an appropriate work environment. This role is achieved in various institutions by motivating individuals to

provide their services and to ensure their Reward System and commitment towards achieving the objectives of the institution. On the other hand, ignoring the existence of a legal and effective reward system that guarantees the rights and privileges of workers and exposes institutions to many risks that negatively effect on the field of functional and behavioral performance (Chaib & Sheikh Elias, 2021).

The concept of Reward system

Hawass, (2009) Show the reward system is defined as: the set of factors that stimulate the kinetic forces in a person and that affect his behavior. Whiteley, (2009) See there are who defined it as follows: It is an inner feeling in the individual that is born with the desire to take a specific activity or behavior aimed at achieving certain goals. For example the prophet Muhammad, may God's prayers and peace be upon him, was the greatest who directed his companions and motivates them to work efficiently. Thus, we find the prophet Muhammad, laid the foundations fourteen centuries before we wrote about them.

According to Boukrash, (2012) The reward system is equal to the strength of the desire to work multiplied by the extent of the expectation that the work will be successful, Reward system has also been defined as an administrative practice of influencing employees by moving motives, desires and needs for the purpose of satisfying them and making them more willing to give their best in order to achieve high levels of performance and achievement in the organization. Physically and psychologically, in order to translate this readiness into achievements for the organization.

Bouziane, (2019) was define the reward system as the set of factors that motivate the individual to choose the appropriate behavior or behavior that reaches the goal. Youssef, (2022) it was also known that it is a kind of internal forces that provoke, organize and perpetuate all the activities that they carry out. But we infer it and note it through the change in behavior, Reward system is a behavioral and leadership skill that the supervisor must possess to exercise the function of guidance, control and follow-up and activate the formation mechanisms by adopting objective measures to practice the evaluation process.

Fundamentals of granting Reward system

In order for the Reward system to be effective, a set of foundations must be provided on which the administration relies on granting them. These foundations can be presented as follows as Jawadi, (2006):

1. Performance: Discrimination in performance is one of the most important foundations for granting Reward system, and it may be the only one in some institutions.
2. Effort: It is sometimes difficult to measure the output of work, because it is not tangible and clear, as in the performance of service and government functions.
3. Seniority and it means the length of time that the individual spent at work, and it refers to some extent to loyalty and belonging to the institution, so there must be a reward and this reward appears in the form of a financial bonus mostly

4. In most cases, we find some institutions compensate and reward the individual for what he obtains of higher degrees, licenses or training courses. The share of this criterion is very limited and contributes only a small amount to the calculation of employee Reward system.

Rewards Ratings

The study of (Shaniq, 2008; Youssef, 2022) show the organizations' success, progress and creativity are linked to the Reward system they provide to employees who are entitled to those Reward system without exception. Therefore, the administration interested in achieving its goals finds it always seeking to understand the needs of its employees and study the most important Reward system that strengthen their desire to work. Reward system are divided into two parts, and they are material and moral Reward system.

1. **Material Rewards:** They are the Reward system that are paid to employees in cash or in kind in return for their efforts in achieving the goals of the organization and in order to increase their production rates so that bonuses, participation in profits, and job and social insurance are among the material Reward system that the organization hopes to reward its employees with. The wage is the most important material reward and at the fore the needs that the worker should fulfill.
 - ❖ **Wage Reward:** wages are the most important Reward system to work in different societies.
 - ❖ **Rewards:** These are the rewards that some employees receive for the extraordinary work they perform
 - ❖ **Overtime rewards:** These are rewards for some jobs in which employees must work more than the usual hours, which calls for giving a material reward in exchange for overtime work.
 - ❖ **Promotion:** Promotion is one of the most important things that have a major role in motivating employees and pushing them to give and strive
 - ❖ **Health insurance:** It is considered one of the Reward system that some institutions offer to their employees and their families, and it is considered as a relief for the financial burdens on employees
 - ❖ **Social security:** It is the guarantee of the future after retirement age or health conditions that may stop the employee from working and thus provides a decent life in both cases.
2. **Moral Rewards :** These are those reward system that satisfy the human's social and subjective needs that are related to the psychological and behavioral needs of individuals with the aim of raising their morale and improving the atmosphere surrounding work, including as that shown on Shaniq, (2008):
 - **Security and stability at work:** The most important thing that individuals want in their professional lives is a sense of security and stability at work, as they need to feel that they are insured from risks in the field of work.

- **Opportunities for promotion and advancement:** There are many reasons that lead to the vacancy of some work centers in the organization from certain high-level administrative positions, due to the resignation of those who occupied these positions or the end of their practical service. These act as a reward to work and help increase its productivity and efficiency.
- **Recognizing the importance of the factor:** The importance of this reward is reflected in the fact that it indicates the organization's recognition of the importance of its employees.
- **Participation in decision-making:** Participation in decision-making is one of the most important moral Reward system in motivating employees and increasing their productivity and loyalty to the organization
- **Competition:** What is meant by competition is to put individuals to challenge in order to achieve and achieve collective goals.
- **Meet social needs:** Employees increase giving by motivating them in aspects of their personal lives and working to meet social needs such as providing recreational or sports activities for employees.
- **Enriching the work:** The increase in work works on the challenge and competition among employees, whereby the individual is given freedom in a group of works within the framework of his specialization.

Reward system in terms of their effects:

The study of Tawfiq, (2012) discussed the Reward system in terms of their effects as:

- Positive Reward:** The reward system that carry the principle of reward for employees that meet their needs and motives to increase and improve its quality and present constructive suggestions and ideas. It aims to improve performance at work by encouraging behavior that leads to that. It is considered one of the best methods in motivating working individuals in most cases because it creates a healthy environment Appropriate for the surrounding work conditions and the positive Reward system are as follows:
 - Notify the individual of an achievement
 - Thank employees for what they have achieved in their work
 - Providing exceptional promotion opportunities for employees
 - Recognizing the competence of the individual in his work
 - Notifying employees of the importance of their opinions and suggestions
 - Providing the right atmosphere for work, such as good lighting and appropriate treatment
- Negative Rewards:** Tawfiq, (2012) they are the reward system used to prevent negative behavior from occurring or recurring, and to evaluate and reduce it.

Examples of negative behavior are laziness, lack of sense of responsibility and failure to listen to directions and orders. Punishment is used to change the behavior of one of the employees and reach the desired goal. Thus, these Reward system strike a balance in the Reward system process.

Reward system in terms of their extremities:

According to study of Chaib & Sheikh Elias, (2021) which divided the reward system in terms of their extremities into two parts: individual reward system and group Reward system:

1- **Individual Rewards:** It is what the individual obtains alone as a result of a specific work. Examples of these are promotions and reward bonuses, as they are defined as Rewards that focus on creating the spirit of individual competition, which is granted to a specific individual to double performance or as a reward for his outstanding performance. The most appropriate reward systems that are offered to employees are:

A- Time of Rewards: These Rewards are based on paying the worker a reward or a certain percentage in addition to his normal wage, and this is if his production exceeds the normal production, that is, if he produces the prescribed limit of units in less than the time specified for their production

B- Piece-by-piece Rewards: This method means that the reward that the worker obtains is determined by calculating the quantity of production or pieces produced so that he is rewarded for the excess of this quantity, and the reward that the worker obtains through the piece-based reward method is as follows:

- ✓ **Wage of one piece:** In this system, a unified wage is paid to the individual for each piece produced by the worker in advance, and this is after the worker's production is counted, at the end of the day, week or month.
- ✓ **Variable wage:** This depends on setting two prices for the produced piece by giving a specific price for the produced unit, which is paid to the worker if he reaches a standard production specified by the administration.

2- **Group Rewards:** Shaniq, (2008) they are the rewards that are provided to workers as a group and not to the individual as an independent being, which aims to stimulate and encourage teamwork and work within a team, as well as increase productivity and raise the level of efficiency for workers.

Methodology

Location of the Study

The study will talk about the possibility of applying the reward system in its four axis to assess the organization performance of industrial companies listed in the Palestine Stock Exchange (intermediary variable) because of its importance in enhancing the economic situation in Palestine, as it is one of the most important

Palestinian companies that contribute In supporting the Palestinian economy, as the study covered the year 2022.

Study Population

This paper chose industrial corporations listed on the Palestinian Security Exchange (PSE), it characterized by transparency and work within the laws, regulations and modern systems that provide the foundations of protection and commercial insurance. There are 13 industrial corporations out of 48 corporations listed on the Palestinian exchange, they are large, distinct and have an effective role to improve the economic situation in Palestine. The paper random sample of 183 employees was chosen to fill out the questionnaire

Statistical Analysis Approach

The collected data will analyze by using statistical tests of Liner Regression to determine the relationship between the independent variable (Reward System) and dependent variable (Corporation performances).

Conclusion

This paper lies in the lack of interest of economic units in disclosing performance reports and non-financial information in annual reports, and their reliance mostly on traditional systems, which are based on financial reports only, which do not convey the optimal image of companies to decision makers in companies. This study chose industrial corporations listed on the Palestinian Security Exchange (PSE).

Industrial companies are the beating heart of the economy of any country. No economic system can grow and develop without the presence of industrial companies that promote it with competitive local products, as they are considered the main engine to push the process of economic development, so this study attempts to highlight the role of the reward system in measuring the performance of industrial companies listed on the Palestine Stock Exchange.

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