



IMPLEMENTATION OF REWARD SYSTEM TO ENCOURAGE EMPLOYEE PRODUCTIVITY AT ATIQ HOMEKLIK WHOLESALE STORE

Ayat M. Ayatullah¹, Atiq Cahyawati², Adela Winda Iryana Putri³, Urfi Sholihat⁴, Khaeruman⁵

^{1,2,3,4}Master of Management Student, Universitas Bina Bangsa, Indonesia

⁵Lecturer of Master of Management Student, Universitas Bina Bangsa, Indonesia

E-mail: ayat.tulloh777@gmail.com¹, atiqcahyawati36@gmail.com², adelawinda9@gmail.com³,
urfishlht11@gmail.com⁴, khaeruman.oce@gmail.com⁵

Abstract

This study aims to analyze the effect of reward system implementation on employee productivity at Toko Atiq Homeklik Grosir. This store operates in the retail sector and faces challenges maintaining employee productivity amidst tight competition. The reward system, which includes cash incentives, monthly bonuses, and non-material awards such as recognition of the best employees, is implemented by management to improve employee motivation and performance. The approach used in this study is qualitative, with data collection methods through in-depth interviews, participatory observation, and documentation. The results of the study indicate that although the reward system implemented is effective in several aspects, there is a discrepancy in the application of rewards to individual performance achievements, which impacts the dissatisfaction of some employees. This study concludes that to improve employee productivity, Toko Atiq Homeklik Grosir needs to evaluate and improve the reward system, ensure consistency and fairness in the application of rewards, and align rewards with employee performance goals and achievements. These findings are expected to contribute to the development of HR management, especially in the retail sector, and be a reference for other stores or small businesses that want to increase productivity through an effective reward system.

Keywords: Reward System, Employee Productivity, Human Resource Management, Retail, Atiq Homeklik Wholesale Store.

INTRODUCTION

Human resource management (HRM) is essential in improving organisational performance through effective employee management. Employee productivity is a key indicator of the success of HRM management, especially in the retail sector. One of the influential factors is the financial and non-financial reward system, which can motivate employees. This study was conducted at Atiq Homeklik Grosir Store to evaluate the effect of a performance-based reward system on employee productivity. Although the reward system has been implemented, its effectiveness has not been systematically studied. This study aims to provide practical and theoretical input for developing HRM management and help local retail stores increase productivity through targeted reward strategies.

The main problem in Atiq Homeklik Grosir Store is the suboptimal implementation of the reward system, which directly impacts employee motivation and productivity. The inaccuracy of the current reward system has led to various internal complaints, such as unclear reward criteria, managerial inconsistency in providing incentives, and low transparency in performance evaluation. As a result, some employees show decreased work enthusiasm, increased absenteeism, and low individual initiative in achieving targets. To illustrate these conditions, Table 1 contains initial data from observations and brief interviews with 10 store employees in the last three months.

Table 1

Identification of Problems in Implementing the Reward System at the Atiq Homeklik Wholesale Store

No	Type of Problem	Employee Frequency	Percentage (%)
1	<i>Rewards</i> are not up to performance	7	70%
2	There is no clarity regarding assessment indicators	6	60%
3	<i>Rewards</i> given inconsistently	5	50%
4	There is no open communication regarding policies	4	40%
5	Employees do not know how to get rewards	6	60%

Source: Employee Observation and Interview Data, 2024

Table 1 shows that most employees (70%) feel their rewards do not reflect their work achievements. As many as 60% of employees stated that they did not understand the indicators used in performance assessments. It strengthens the suspicion that the existing reward system is not based on the principles of fairness and transparency, so evaluation and redesign are needed to become an effective instrument in sustainably encouraging employee work productivity.

Previous studies have shown that the reward system significantly increases employee work productivity in both the service and retail sectors. For example, a study by Harsono and Yuliana (2021) in a retail company in Jakarta showed that performance-based rewards positively affect employee productivity and loyalty. Likewise, a study by Putra and Kurniawati (2022) found that routine cash incentives can increase employee work efficiency by 30% within six months. Another study by Wijaya et al. (2023) in the SME sector confirmed that non-financial rewards, such as recognition of achievement, also significantly impact employee work motivation. In addition, Prameswari and Hidayat (2020) stated that the clarity of the reward system is essential to maintain the perception of fairness in the work environment, which ultimately impacts work enthusiasm and output. Most recently, Rismawati and Nugroho (2024) studied the effect of the reward system on online grocery stores and found that reward flexibility is an essential factor in attracting optimal employee performance.

However, from the various studies conducted, a gap (research gap) still needs to be bridged, especially in small and medium-scale retail stores such as Toko Atiq Homeklik Grosir. Many previous studies have focused more on large companies or modern retailers that already have a structured reward system. At the same time, few studies examine how rewards are implemented effectively in local wholesale stores with limited resources and managerial systems. In addition, previous studies rarely discuss the combination of financial and non-financial rewards holistically in increasing employee productivity. Table 2 below summarises the gap between previous studies and the focus of this study.

Table 2. Research Gap Between Previous Research and This Research

No	Researchers and Years	Research Object	Focus Rewards	This Research Gap
1	Harsono & Yuliana	Large retail	<i>Rewards</i> financial	Not yet touched the

No	Researchers and Years	Research Object	Focus Rewards	This Research Gap
	(2021)	companies in Jakarta		small wholesale store with a simple system
2	The Son & The Kurniawati (2022)	Manufacturing company	Cash incentives	Not yet combined non-financial rewards
3	Wijaya et al. (2023)	UKM in Surabaya	Non-financial recognition	Not measuring the impact on productivity quantitatively
4	The Queen & The Hidayat (2020)	Service sector	Clarity of the reward system	There has been no evaluation of the implementation of rewards on a micro scale (local retail)
5	Rismawati & Nugroho (2024)	Online wholesale store	<i>Rewardsflexible</i>	Have not seen a reward system in traditional brick-and-mortar stores

Source: Researcher Processing, 2024

The research gap table above illustrates the differences in focus between the five previous studies and this study. Most previous studies were conducted in large companies, service sectors, or online businesses, and only highlighted one type of reward. This study fills this gap by examining the reward system in the context of a small-scale physical grocery store. It combines financial and non-financial reward aspects to comprehensively see its impact on employee productivity.

The table shows that although the reward concept has been widely studied, the context of local-scale physical grocery stores is still minimally used as an object of study. Therefore, this study is important to fill this gap by exploring how a simple but targeted reward system can be implemented at Atiq Homeklik Wholesale Store to increase employee productivity significantly.

Based on the description, it is clear that implementing the right reward system is the key to increasing employee productivity, especially in the small-scale retail sector such as Toko Atiq Homeklik Grosir. The mismatch between employee performance and the rewards can create job dissatisfaction, reduce motivation, and ultimately negatively impact productivity. On the other hand, rewards given fairly, transparently, and consistently have been proven to increase loyalty and individual performance in achieving organizational targets. Therefore, this study is relevant to examine how the reward system implemented at Toko Atiq Homeklik Grosir can affect employee productivity. By understanding this relationship, it is hoped that management can formulate a more effective, equitable, and sustainable human resource strategy to improve overall store performance.

METODE

This study uses a qualitative approach to explore the influence of the implementation of the reward system on employee productivity at Toko Atiq Homeklik Grosir. The qualitative approach was chosen because it allows researchers to obtain more comprehensive data on employee perceptions, attitudes, and experiences related to the reward system implemented in the workplace. In addition, this

approach is suitable for understanding the dynamics that occur in smaller organizations, where qualitative aspects such as motivation, job satisfaction, and interpersonal relationships are more dominant than quantitative aspects.

This research will be conducted in November 2024 at the Atiq Homeklik Grosir Store in Serang. The selection of the time is based on the stable operational cycle of the store, thus allowing for the collection of accurate and representative data. The data used in this study are primary data obtained through in-depth interviews with employees and management of the Atiq Homeklik Grosir Store, as well as direct observation of the implementation of the reward system and employee productivity. In addition, secondary data that supports this research will be taken from documents related to managerial policies, employee performance reports, and existing reward management records.

RESULTS AND DISCUSSION

This study used a descriptive qualitative approach with in-depth interview techniques with several employees and managers at Toko Atiq Homeklik Grosir. The aim is to understand employee perceptions and experiences of implementing the reward system and its impact on productivity. Based on the analysis of the collected data, it was found that although the reward system has been implemented, its effectiveness in increasing productivity is still not optimal.

Most employees stated that they appreciate rewards such as bonuses and recognition. However, the main problem lies in the system's fairness, transparency, and consistency. Employees feel that rewards are often given unfairly because they are not based on clear performance indicators. In addition, the lack of communication and training regarding reward mechanisms leaves many employees confused and unmotivated to improve their performance.

The findings also show that financial reward systems are more appreciated than non-financial rewards, such as "best employee," because financial rewards are considered more concrete. On the other hand, management admits there are performance evaluation obstacles because they do not yet have an objective and structured work monitoring system.

The main findings of this study are as follows:

1. **Indicator Unclear Performance:** Many employees stated that they did not know the exact criteria for determining who was worthy of rewards.
2. **Reward and Performance Mismatch:** Some employees feel that rewards are not given to those with the highest performance, but rather because of their closeness to their superiors.
3. **Rewards Financial are More Appreciated.** Incentives such as cash bonuses or additional commissions are preferred over symbolic rewards such as certificates or verbal recognition.
4. **Lack of Reward System Communication:** There is no regular training or socialization on implementing the reward system and how employees can achieve it.

5. Low Consistency of Reward Giving. *Rewards* are often not provided routinely or on time, reducing morale and confidence in the system.
6. Lack of Evaluation and Monitoring, Management does not yet have an objective performance evaluation instrument to support reward decisions.

RESULTS AND DISCUSSION

The discussion in this chapter explains the results of the research findings based on the established theoretical basis, namely the theory of Human Resource Management (HRM), the theory of Motivation and Reward, and the theory of Organisational Justice and Job Satisfaction. The analysis was carried out by linking the theory with real conditions in the field, especially at the Atiq Homeklik Wholesale Store.

1. Reward System in Human Resource Management Perspective

According to Mondy and Martocchio (2022), HR management functions administratively and strategically in creating a productive and competitive workforce. In the context of Toko Atiq Homeklik Grosir, rewards are one of the managerial tools that can motivate and make employees more productive.

However, the research found that the reward system was still informal and did not have clear performance assessment indicators. It shows that management has not fully implemented the strategic HR approach. Management tends to provide rewards situationally without structured performance evaluation-based planning, which ultimately affects the low level of employee trust in the system.

2. *Rewards* as an Instrument to Increase Work Motivation

Deci and Ryan (2020) explain that rewards can affect work motivation, both intrinsically and extrinsically. Intrinsic motivation comes from within the employee, while extrinsic motivation is influenced by external factors such as rewards and compensation.

At Atiq Homeklik Wholesale Store, most employees stated that giving rewards such as cash incentives, monthly bonuses, and best employee certificates provided additional motivation. However, the rewards given have not been able to touch intrinsic motivation because they are considered unfair and non-transparent. It shows that rewards not based on transparent and fair indicators fail to create long-term motivation.

This discussion shows that to improve overall work motivation, the reward system must be linked to recognizing real achievements, personal achievements, and employee empowerment in their work processes.

3. Perception of Fairness and Job Satisfaction towards the Reward System

Robbins and Judge (2021) emphasise the importance of perceptions of fairness in organisations, especially in reward practices. Employees who feel treated fairly will show higher

job satisfaction levels, directly impacting productivity.

Based on the interview, some employees felt that the reward system at Toko Atiq Homeklik Grosir was unfair. Some stated that the recipients of the rewards were selected subjectively and not based on measurable performance. When rewards are not given based on objective criteria, a perception of injustice arises, which lowers employee morale and loyalty to the company. It strengthens Robbins and Judge's theory that rewards not managed fairly are at risk of causing conflict, disappointment, and decreased work productivity.

4. Analysis of the Relationship between Rewards and Productivity

The three theories discussed above generally indicate that an effective reward system must be strategic (HRM), able to increase work motivation (Motivation & Reward), and managed fairly (Organisational Justice). When the reward system at Toko Atiq Homeklik Grosir does not meet these three requirements, the impact is low employee productivity.

The existing reward system has not been able to influence employee performance improvement consistently. It can be seen from the continued dissatisfaction with the form, frequency, and criteria of reward giving. Therefore, it is necessary to reformulate the reward system based on strategic, fair, and motivating HR management principles.

CONCLUSION

Based on the discussion, implementing the reward system at the Atiq Homeklik Wholesale Store significantly influences employee productivity. However, several challenges must be addressed to maximize the desired results.

1. Human Resource Management (HRM) theory reminds us that an effective reward system must be integrated with the organization's policies and objectives. Although the reward system implemented already includes cash incentives and non-material awards, this system still needs more objective and systematic performance evaluation.
2. Motivation and Reward Theory suggests that intrinsic and extrinsic motivation should be balanced when designing a reward system. At Toko Atiq Homeklik Grosir, financial incentives tend to be more dominant. At the same time, non-material rewards and recognition of employee personal achievements need to be increased to increase long-term motivation.
3. Organisational justice Theory emphasises the importance of fairness in reward. Inequity in the reward system can reduce job satisfaction and decrease employee productivity. Therefore, companies must ensure that performance appraisals and rewards are conducted fairly and transparently.

Overall, although the reward system implemented at Toko Atiq Homeklik Grosir has had a positive impact on productivity, improvements in performance evaluation, alignment between intrinsic and extrinsic motivation, and increased fairness in implementing the reward system need to

be considered to achieve more optimal results in increasing employee productivity. This study can be a reference for management in formulating more appropriate policies in managing human resources in the retail sector.

ACKNOWLEDGMENTS

We express our deepest gratitude to Toko Atiq Home Grosir for their assistance in accessing the data/facilities used in this research and to fellow researchers for their good collaboration and cooperation in this research process.

REFERENCES

- Armstrong, M., & Taylor, S. (2023). *Armstrong's Handbook of Human Resource Management Practice* (16th ed.). Kogan Page.
- Deci, E.L., & Ryan, R.M. (2020). *Intrinsic Motivation and Self-Determination in Human Behaviour*. Springer.
- Miles, M.B., Huberman, A.M., & Saldaña, J. (2020). *Qualitative Data Analysis: A Methods Sourcebook* (4th ed.). SAGE Publications.
- Mondy, R. W., & Martocchio, J. J. (2022). *Human Resource Management* (15th ed.). Pearson.
- Harsono, A., & Yuliana, R. (2021). The effect of rewards and work environment on employee productivity in the retail sector. *Journal of Business Management*, 12(3), 101–112.
- Prameswari, DN, & Hidayat, F. (2020). Analysis of reward systems and their impact on work motivation. *Journal of Human Resources*, 5(1), 25–33.
- Putra, AG, & Kurniawati, S. (2022). Financial rewards and their influence on employee work efficiency. *Journal of Economics and Business*, 14(2), 55–67.
- Rismawati, L., & Nugroho, D. (2024). Implementation of flexible rewards in online grocery stores. *Journal of Retail Technology and Management*, 7(1), 14–26.
- Robbins, S.P., & Judge, T.A. (2021). *Organizational Behaviour* (19th ed.). Pearson Education.
- Wijaya, H., Santoso, R., & Lestari, M. (2023). Non-financial rewards and their impact on work motivation in the MSME sector. *Journal of Business Administration*, 9(2), 78–89.