

The Impact of Reward and Recognition Systems on Employee Motivation: A Systematic Literature Review

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ABSTRACT

The provision of remuneration (compensation or payment) to employees is very important in increasing employee motivation. This study aims to analyze the impact of recognition and reward systems on employee motivation. The research method used is a systematic literature review (SLR), which involves a systematic review of various articles related to the research variables. The databases used are Google Scholar, Science Direct, Scopus, and Semantic Scholar. The results of the study indicate that rewards and recognition play a strategic role in increasing work motivation, both from a financial and non-financial perspective. Financial rewards, such as salaries, bonuses, and incentives, contribute to extrinsic motivation. Meanwhile, recognition, appreciation, and opportunities for self-development strengthen employees' intrinsic motivation. Remuneration not only plays a role in motivating employees but also increases job satisfaction, which contributes to better employee performance.

Keywords: Reward, recognition, motivation, employee motivation.

1. INTRODUCTION

Research on the impact of recognition and appreciation systems on employee motivation has emerged as a critical area of investigation due to its significant influence on organizational performance and employee well-being (Cahyono & Esthi, 2025; Imran et al., 2024; Kornelius et al., 2022). Over the past few years, research on this topic has evolved from focusing solely on financial incentives to include non-financial rewards such as recognition and appreciation, reflecting a broader understanding of motivational drivers (Adhyaksa et al., 2024; K.C., 2025). This shift is in line with theoretical advances that emphasize psychological needs and intrinsic motivation, highlighting the practical importance of reward systems in driving engagement, productivity, and retention (Hadjo et al., 2024; Westover, 2025). Empirical data show that organizations that implement structured recognition programs report higher employee satisfaction and lower turnover rates (W. R., 2024; Sharma et al., 2024).

Despite extensive research, specific issues remain regarding the nuanced effects of public recognition and appreciation on diverse employee populations and organizational contexts (Ehms, 2025). The existing literature reveals a knowledge gap in understanding how various forms of peer-based, leadership-based, or public recognition uniquely influence motivation and performance (Arthur, 2023; Casas-Arce et al., 2023; Chowdhury et al., 2021). In addition, controversy has arisen regarding potential negative consequences, such as unfair competition or differential impacts on high versus low performance (Aeni & Triwardhani, 2025; Chowdhury et al., 2021). While some studies emphasize the positive motivational results of reward systems, others warn about undesirable effects such as jealousy or reduced collaboration (Kui et al., 2022; Ehms, 2025). The lack of consensus limits the development of universally effective recognition strategies, potentially undermining organizational goals (T. S. M., 2023).

The conceptual framework for this review integrates key constructs of employee recognition, appreciation, and motivation, based on Herzberg's Two-Factor Theory and Self-Determination Theory (Cahyono & Esthi, 2025; Hadjo et al., 2024b; Imran et al., 2024). Recognition is defined as formal acknowledgment of employee achievements, while appreciation includes validation of emotional and psychological contributions (Imran et al., 2024; Westover, 2025). This construct interacts to enhance intrinsic and extrinsic motivation, thereby improving performance and engagement (Gimagan & Gutierrez, 2025; Westover,

2025). This framework guides a systematic examination of how reward systems influence motivation processes in organizational settings.

The purpose of this systematic review is to synthesize current empirical evidence on the impact of public recognition and appreciation reward systems on employee motivation, addressing identified gaps related to contextual variability and potential adverse effects (Imran et al., 2024). By consolidating various findings, this review aims to provide actionable insights for designing balanced and effective recognition programs that optimize employee motivation and organizational results (Affainie & Qutieshat, 2024; Sharma et al., 2024).

This review uses a comprehensive literature synthesis methodology, including qualitative and quantitative studies published between 2021 and 2025 (Cahyono & Esthi, 2025; K.C., 2025). Inclusion criteria focused on studies examining public recognition, appreciation, and reward systems across various industries and cultural contexts (Westover, 2025). Analytical frameworks such as thematic analysis and meta-synthesis were applied to organize findings into coherent themes (Hadjo et al., 2024; Imran et al., 2024).

2. LITERATURE REVIEW

The reward and recognition system in an organization is a method that aims to appreciate employee contributions, reinforce positive behavior, and increase both intrinsic and extrinsic motivation. Rewards are generally classified into financial rewards, such as salaries, bonuses, and incentives (Anistuti & Sopiah, 2022; Buyekwa et al., 2024), as well as non-financial rewards, such as public recognition, appreciation from leadership, work flexibility, and career development opportunities (Ercegović, 2025; Imran et al., 2024; Westover, 2025). Financial rewards have been shown to increase short-term motivation by fulfilling material needs, while non-financial rewards have a long-term impact because they fulfil psychological needs such as competence, appreciation, and belonging (Cahyono & Esthi, 2025; Imran et al., 2024; Manzoor et al., 2021). However, some literature warns that inappropriate, unfair, or non-transparent reward systems can trigger dissatisfaction, conflict, and a decline in intrinsic motivation (Chrissy et al., 2022; M Ehms, 2025; Sylqa & Neziraj, 2022). Conversely, rewards that are consistent, relevant, and aligned with the organizational culture have been shown to increase employee loyalty, productivity, and retention significantly (Noorazem et al., 2021; Sharma et al., 2024a; Shayrine & Venugopal, 2023).

Employee motivation is one of the fundamental factors that determine an organization's performance, productivity, and sustainability, which in literature is categorized into intrinsic and extrinsic motivation. Intrinsic motivation relates to internal drives such as job meaning, responsibility, personal pride, and the need for competence, autonomy, and affiliation (Manzoor et al., 2021; Pandya, 2024; Rachmawati et al., 2024), whereas extrinsic motivation includes external rewards such as salary, bonuses, promotions, and other incentives (Buyekwa et al., 2024; Puspitasari, 2024). This study shows that motivation has a significant positive relationship with employee performance in various organizational contexts (Fahriana & Sopiah, 2022; Mohammed, 2024; Nor et al., 2023), where motivated individuals tend to demonstrate higher productivity, better work discipline, and greater commitment to organizational goals (Mohammed, 2024; Satibi & Asmara, 2023).

3. RESEARCH METHOD

This study was conducted using the Systematic Literature Review (SLR) method to analyze the impact of reward and recognition systems on employee motivation. The Systematic Literature Review (SLR) method was used because it allows for the examination and combination of the latest research from various sources relevant to the topic being studied. The references used in this study include articles and research reports published from 2021 to 2025. This study also uses 36 articles related to the themes of reward, recognition, and employee motivation. The Systematic Literature Review method was used to identify trends, challenges, and their application in reward systems in various organizations. The research process began with a search for references using academic databases such as Google Scholar, Scopus, Semantic Scholar, and ScienceDirect. The articles selected had criteria relevant to the topic of discussion in this study, as well as significant contributions to the development of theory and practice related to reward and recognition systems. The references collected were then systematically reviewed to find similarities and differences in the implementation of reward systems in various types of organizations. In addition, the articles were also reviewed to identify factors that influence the effectiveness of reward systems and how they contribute to increasing employee motivation in the community environment.

4. RESULTS AND DISCUSSION

Based on comprehensive analysis and findings from the research conducted, it has been determined that the theme of employee motivation, reward, and recognition systems has been examined in diverse organizational environments, covering the public and private sectors, as well as various industrial domains. Overall, the research findings summarized in the following table show a significant and affirmative correlation between reward and recognition systems and increased employee motivation and performance.

This investigation explains that financial incentives, including salaries, bonuses, and other forms of remuneration, can directly strengthen extrinsic motivation, while non-financial incentives, such as recognition, career advancement, and opportunities for personal development, are essential in fostering more enduring intrinsic motivation. Furthermore, several studies confirm that integrating both types of rewards creates a harmonious balance between job satisfaction and organizational commitment. In addition, expressions of appreciation from leaders and coworkers have been shown to improve employees' perceptions of competence and emotional affiliation with the organization, thereby positively influencing productivity and loyalty.

The conclusions drawn from previous studies, as summarized in the following table, provide a strong empirical basis that underscores the assertion that reward and recognition systems serve as strategic instruments for improving employee motivation and performance across various cultural contexts and organizational classifications.

Table 1. Article distribution.

Journal	Number of Article	Journal	Number of Article
Jurnal Internasional Bisnis, Hukum, dan Pendidikan (IJBLE)	1	Frontiers in Psychology	1
International Journal of Education and Social Science Research	1	International Journal of Innovative Science and Research Technology (IJISRT)	1
Jurnal Pamator : Jurnal Ilmiah Universitas Trunojoyo	1	International Journal For Multidisciplinary Research	1

PsiKostudia : Jurnal Psikologi	1	Riwayat: Educational Journal of History and Humanities	1
Global International Journal of Innovative Research	1	International Journal of Professional Business Review	1
International Journal of Business and Management Future	1	International Journal of Education and Social Science Research	1
Global Journal of Management and Business Research	1	Jurnal Medika Nusantara	1
International Journal for Multidisciplinary Research (IJFMR)	1	e-JKPP	1
INTERANTIONAL JOURNAL OF SCIENTIFIC RESEARCH IN ENGINEERING AND MANAGEMENT	1	Jurnal Manajemen dan Bisnis (JOMB)	1
Journal of Education Culture and Society	1	Jurnal Intelek	1
ETNIK: Jurnal Ekonomi dan Teknik	1	Economics and Digital Business Review	1
Eduvest - Journal Of Universal Studies	1	Journal of Law and Sustainable Development	1
Journal of Management Research and Analysis	1	Community Development Journal : Jurnal Pengabdian Masyarakat	1
Innovation Business Management and Accounting Journal	1	International Journal of Academic Research in	1

		Business and Social Sciences	
Feedforward: Journal of Human Resource	1	The Journal of Central Department of Management Far Western University	1
JEMSI: Jurnal Ekonomi Manajemen Sistem Informasi	1	Journal of Mandalika Literature	1
Economics and Digital Business Review	1	Jurnal Kewirausahaan dan Multi Talenta	1
Malaysian Journal of Social Sciences and Humanities (MJSSH)	1	Strategic Journal of Business & Change Management	1

Table 2. Research results.

No	Author and Years	Method	Research Result	Implikasi
1.	Puspitasari (2024)	Quantitative Methods	Financial incentives, performance evaluations, and recognition have been shown to increase the motivation of startup employees, with financial factors being the most powerful influence in driving	These findings suggest that startups can improve their organizational performance by strategically focusing on these key motivational factors, thereby creating a supportive and engaging work environment that promotes employee satisfaction and productivity..

			overall morale and productivity.	
2.	(Fahriana & Sopiah, 2022)	Qualitative Method	<p>Work motivation has a significant impact on a person's performance, with both intrinsic and extrinsic motivation having an effect. Increased motivation can improve performance productivity.</p>	<p>This study shows that intrinsic incentives, especially responsibility, recognition, and learning opportunities have a greater impact on employee motivation than extrinsic incentives. These results also highlight areas that need to be addressed.</p> <p>improved, such as re-evaluating the implementation of benefits and career development programs so that</p> <p>more aligned with employee expectations and organizational goals.</p>
3.	Nor et al. (2023)	Qualitative Method	<p>This study confirms that organizational strategies need to consider these multidimensional factors because each contributes to variations in employee motivation and work performance in different contexts.</p>	<p>This study highlights strategies that can be implemented by organizations, such as implementing systems, technology-based recognition, providing training for managers, and designing programs</p> <p>flexible rewards tailored to specific industry contexts</p>

4.	(Mohammed, 2024)	Qualitative Method	Motivation and job satisfaction show a strong positive correlation with performance, where motivated and satisfied employees tend to demonstrate increased productivity and work engagement.	Organizations should increase their focus on motivation and job satisfaction by improving reward systems, providing opportunities for self-development, and creating a supportive work environment so that employees feel valued and motivated to perform better.
5.	(Rachmawati et al., 2024)	Qualitative Method	Intrinsic and extrinsic motivation improves performance when work and personal life are balanced and job satisfaction is high, making it a key factor in maintaining long-term productivity.	Future research should focus on developing more nuanced models that capture the complexity of these relationships and provide practical guidance for organizations seeking to optimize their human resource strategies in an effort to increase productivity.
6.	Noor et al. (2020)	Mixed Method	Employee motivation is greatly influenced by the quality of rewards and recognition, with most respondents citing poor reward systems as the main cause of low	From the data collected through the questionnaire, it appears that most employees feel that low motivation in the workplace is caused by a poor reward system. It is recommended that The organization is considering developing a reward system and recognizes the importance of appreciating hard work.

			motivation and increased absenteeism.	
7.	(Ercegović, 2025)	Qualitative Method	Financial incentives are effective for boosting short-term motivation, while non-financial rewards have a more lasting impact on productivity and employee engagement in the modern workplace.	The study also highlights that the ever-changing work environment has altered the balance between financial and non-financial incentives. Remote work, flexible schedules, and job security are becoming increasingly important motivators, reflecting the need for organizations to adapt their reward systems to the evolving needs of employees.
8.	(W. R. - & -, 2024)	Quantitative Methods	Salary, recognition, and organizational climate significantly influence the performance of academic and administrative staff, indicating that social environmental factors play an important role in improving performance.	the performance of academic and administrative staff is significantly and positively related to salary and organizational climate variables in the form of recognition.
9.	(Saisudha, 2025)	Metode Kualitatif	The combination of incentives, recognition, and	The results of this study highlight the importance of financial incentives, performance appraisal

			<p>motivation can increase employee engagement and performance, with recognition contributing to long-term job satisfaction and commitment.</p>	<p>systems, and employee recognition in increasing work motivation among startup employees. Regression analysis shows that each of these factors has a significant and positive impact on employee motivation, with financial incentives having the strongest effect.</p>
10.	(Sylqa & Neziraj, 2022)	Quantitative Methods	<p>The results of this study indicate that management in the private and public sectors does not implement a reward system based on employee needs.</p>	<p>The author of this article recommends that public and private sector organizations be encouraged to pay more attention to employee motivation, including other aspects of payment policy.</p>
11.	(Anistuti & Sopiah, 2022)	Mixed Research	<p>Incentives have been proven to increase motivation and productivity, but perceptions of fairness and transparency in rewards are important factors that influence how employees evaluate an organization's reward system.</p>	<p>Employees are very sensitive to reward systems. Their performance results and ultimately the performance of the organization where they work are directly influenced by reward systems. Perceptions of reward management are also important.</p>
12.	(Andriani, 2022)	Qualitative Method	<p>The results of the study show that</p>	<p>The implication of this study is that organizations should implement a</p>

			<p>incentives are a key component of reward systems that increase employee motivation, which in turn improves performance, productivity, job satisfaction, loyalty, discipline, and overall well-being.</p>	<p>reward system that includes incentives to increase employee motivation, job satisfaction, productivity, loyalty, and overall performance, as well as align employee efforts with organizational goals.</p>
13.	(Pandya, 2024)	Mixed Research	<p>Intrinsic and extrinsic motivation both improve performance, but over-reliance on external rewards can potentially weaken creativity and individual commitment to long-term work goals.</p>	<p>Motivation varies from person to person, so not all motivational tools will have a positive effect on every individual.</p>
14.	(Sharma et al., 2024)	Mixed Method	<p>Organizations that implement effective motivation strategies experience increased performance, commitment, and reduced turnover,</p>	<p>suggests that investing in motivational programs such as incentives, recognition, and career development is not merely an expense, but a strategic investment that can yield significant returns in terms of employee productivity and loyalty.</p>

			underscoring the importance of investing in incentives, recognition, and professional development.	
15.	(Christie, Ong, et al., 2022)	Quantitative Methods	Rewards and punishments increase motivation and performance, with preventive punishments considered more effective than repressive ones. Meanwhile, intrinsic and extrinsic rewards remain important drivers of positive work behavior.	The suggestions provided for further research are as follows: 1) Using other additional variables that can influence motivation and performance. 2) Conduct research using more specific respondent characteristics. 3) Take a broader sample of respondents to improve the accuracy rate.
16.	(Cahyono & Esthi, 2025)	Quantitative Methods	Appreciation from leaders has a significant impact on motivation and productivity, because direct appreciation can increase work enthusiasm, quality of results, and	This study highlights that recognition from leaders also has a meaningful and constructive impact on employee performance. Employees who receive recognition of their contributions shows an increase in productivity and quality their work, and overall discipline in fulfilling their responsibilities.

			discipline in carrying out tasks.	
17.	(Imran et al., 2024)	Qualitative Method	Recognition and appreciation increase motivation, performance, and engagement, and reduce turnover when this strategy is tailored to the needs of the organization and supported by technology that facilitates implementation.	This study recommends the implementation of a flexible, technology-driven recognition and appreciation system that is aligned with the organizational culture for long-term effectiveness. These strategies should be designed to adapt to the evolving needs of employees and the dynamic nature of the workplace.
18.	(Rokeman et al., 2023)	Qualitative Method	Incentives and recognition tailored to individual needs increase teacher job satisfaction, which in turn has a positive impact on dedication, effectiveness, and quality of work.	Organizations should consider a comprehensive approach to employee happiness that includes not only competitive salaries but also other elements that contribute to a happy and satisfying work environment.
19.	(Manzoor et al., 2021)	Quantitative Methods	Intrinsic rewards have a positive effect on motivation and performance, with motivation serving as an	Organizations, including MSMEs in developing countries such as Pakistan, need to establish effective incentive management systems, particularly intrinsic incentives, as these have been

			important mediator that strengthens the relationship between rewards and employee achievement.	proven to increase employee motivation, morale, and performance.
20.	(Buyekwa et al., 2024)	Qualitative Method	Monetary and non-monetary incentives both influence motivation, with promotions and performance-based pay being most effective, while certain benefits actually have a negative impact.	It is recommended that management expand its monetary incentive offerings to include allowances, overtime pay, transportation allowances, accommodation allowances, and scholarships to motivate its employees in accordance with the provisions.
21.	(Mwalukoba & Abayo, 2024)	Quantitative Methods	Recognition is the main motivator, with praise from leaders improving performance. Incentives and rewards, additional allowances, and job quality have a moderate impact. Regression shows a strong correlation between	This finding requires public institutions to not only rely on rules or bureaucratic structures, but also prioritize psychological and social factors that influence work morale.

			recognition and performance.	
22.	(Adhyaksa et al., 2024)		The results show that both reward and recognition systems individually influence employee motivation, and that a combination of the two also has a positive impact on employee motivation.	It is recommended that future research not only focus on PT Bank Pembangunan Daerah Jawa Timur Tbk ("Bank Jatim") but also involve other research subjects. For Bank Jatim, this research can be used as a reference in decision making.
23.	(Shayrine & Venugopal, 2023)	Quantitative Methods	Recognition of talent has been proven to reduce employee turnover and increase employee loyalty. This study emphasizes the need for structured and transparent talent management practices within organizations.	It is recommended to improve talent recognition practices through structured reward systems, transparent performance appraisal mechanisms, and clear career development opportunities, as recognition of talent has been proven to strengthen employee engagement and increase their intention to stay.
24.	(Gimagan & Gutierrez, 2025)	Quantitative Methods	Intrinsic rewards such as responsibility and recognition have a greater impact on	Based on the findings, local governments (LGUs) are encouraged to maintain high motivation indicators, such as responsibility and recognition, by

			motivation than extrinsic rewards, so organizations need to strengthen non-material aspects.	continuing to implement employee recognition initiatives and offering leadership opportunities.
25.	(Rahmadani et al., 2024)	Qualitative Method	Fair and comprehensive remuneration increases the motivation, satisfaction, and performance of health workers, making it an important element in maintaining service effectiveness.	Hospitals and healthcare institutions need to conduct periodic evaluations of their remuneration systems to ensure they remain relevant and adaptive to employee needs.
26.	(Satibi & Asmara, 2023)	Quantitative Methods	The results of the study indicate that high motivation and good work discipline significantly contribute to improving employee performance. Both motivation and work discipline individually have a	Organizations must formulate strategies to improve motivation and work discipline in order to achieve long-term success, as well as provide motivation and implement rules that encourage employees to work with greater enthusiasm.

			positive and significant impact on employee performance.	
27.	(Parastra et al., 2023)	Qualitative Method	Authoritative leadership can increase motivation and performance, even through work motivation mediation, which strengthens the relationship between leaders and employee productivity.	Transformational leadership influences motivation, whereby the better the implementation of transformational leadership in an organization/agency/institution, the higher the motivation of employees. Transformational leadership also influences employee performance.
28.	(Noorazem et al., 2021)	Quantitative Methods	Bonuses, recognition, and health benefits significantly improve performance, while salary has a weaker influence, although it still plays a supporting role.	These findings suggest that start-ups can improve their organizational performance by strategically focusing on these key motivational factors, thereby creating a supportive and engaging work environment that promotes employee satisfaction and productivity.
29.	(Imran et al., 2024)	Qualitative Method	Integrating recognition and appreciation increases motivation, reduces employee turnover,	Organizations can integrate recognition and appreciation into their human resource policies to create an inclusive and supportive work environment. For example, technology-based recognition

			<p>and encourages the creation of an inclusive work environment that supports employee productivity and well-being.</p>	<p>systems can be implemented to provide real-time recognition to employees, improving the accessibility and relevance of rewards.</p>
30.	(Hadi, 2023)	Quantitative Methods	<p>Workload and incentives affect performance and satisfaction, although satisfaction does not always improve performance, indicating the need for more appropriate job evaluations and reward systems.</p>	<p>the importance of comprehensive workload evaluation, adjusting tasks to employee capacity, providing training, the possibility of adding staff, and reviewing the reward system to make it fairer, more transparent, and in line with compensation standards.</p>
31.	(Nawangwulan et al., 2025)	Qualitative Method	<p>Transparent financial and non-financial reward systems increase employee motivation and contribution, especially when aligned with community values.</p>	<p>It is recommended that organizations and communities integrate reward systems that combine financial and non-financial rewards, with greater emphasis on intrinsic rewards that reflect recognition of social contributions and personal achievements.</p>

32.	(Chrissy et al., 2022)	Mixed Method	Incentives and rewards have a significant impact on public employee performance, as employees tend to work harder when they feel valued by the organization.	Public institutions in Rwanda should ensure that they recognize and reward their employees.
33.	(Professor, 2025)	Quantitative Methods	Work flexibility, career development, and promotion improve performance, while recognition does not show a significant effect in the context of the study.	The findings indicate that flexible working arrangements, career development opportunities, and job promotions significantly improve employee performance. However, recognition of employees shows no statistically significant effect on performance outcomes.
34.	(Sambas & Artikel, 2024)	Qualitative Method	A consistent rewards and recognition system increases motivation, satisfaction, and productivity, especially when tailored to individual preferences and organizational goals.	The reward and recognition system must be strategically designed to balance immediate rewards with ongoing recognition practices that support long-term productivity. By addressing short-term performance goals and fostering a reward-centered culture, organizations can achieve sustainable productivity improvements that contribute to organizational success overall.

35.	(Dwiyanti et al., 2023)	Qualitative Method	Rewards and punishments effectively increase work motivation, but research shows that there are many other factors that also influence employee motivation.	The suggestion in this article is that there are still many other factors that influence work motivation besides rewards and punishments in all types and levels of organizations or companies, so further research is needed to determine what factors can influence work motivation besides the variables studied in this article.
36.	(Kalogiannidis, 2021)	Qualitative Method	Key findings include the importance of fair wages and promotions, job satisfaction, and organizational reward systems in improving employee morale and productivity, which in turn improves organizational performance.	Organizations are advised to establish effective motivation strategies in order to maintain competitiveness.

From the findings described in the table, it is evident that most literature reinforces the importance of reward and recognition systems in shaping work motivation. Empirical evidence shows that financial incentives are effective in boosting morale in the short term, particularly through mechanisms such as bonuses, incentives, or fair compensation. Conversely, non-financial rewards, including public recognition, allocation of responsibility, and provision of opportunities for advancement, have a lasting effect by fostering a sense of ownership and pride in one's work.

Several studies (Cahyono & Esthi, 2025; Ercegović, 2025; Imran et al., 2024) highlight that a balanced reward system between financial and non-financial aspects can create more stable and sustainable work motivation. Meanwhile, other studies (Ehms, 2025; Sylqa & Neziraj, 2022) remind us that the implementation of an inappropriate reward system, for example, one that is unfair, non-transparent, or overly competitive, can actually reduce motivation and cause internal conflict.

In particular, a notable aspect of this study's findings is the important role of leadership recognition and appreciation in fostering intrinsic motivation. Sincere expressions of appreciation serve to motivate employees to increase their commitment to the organization, thereby enhancing long-term loyalty. As a result, the effective integration of financial and non-financial rewards, in conjunction with a culture of appreciation within the organization, emerges as a fundamental strategy for fostering sustainable work motivation and improving overall organizational performance.

The findings obtained from this systematic literature review indicate that reward and recognition mechanisms have a substantial effect on increasing employee motivation in diverse organizational environments. Through an examination of 36 scientific articles published between 2021 and 2025, it was determined that financial and non-financial rewards consistently play an important role in fostering employee motivation and loyalty to the organization. Financial incentives, including salaries, bonuses, and performance-related incentives, have been shown to have a direct influence on short-term motivation and productivity enhancement. Conversely, non-financial incentives such as promotions, job flexibility, and opportunities for personal development produce more lasting effects because they foster a sense of belonging and emotional investment in the workplace. Research conducted by Ercegović (2025) and Noor et al. (2020) and Buyekwa et al. (2024) proves that the synergistic application of financial and non-financial rewards produces a stronger motivational effect than the implementation of the two categories separately.

Another notable finding is the important role of recognition and appreciation in shaping employees' intrinsic motivation. Various studies, such as those conducted by (Imran et al. (2024), Cahyono & Esthi (2025), and Westover (2025) shows that recognition from supervisors and the organizational environment can fulfill employees' psychological needs for competence, value, and affiliation with the organization. Public recognition of individual achievements and contributions fosters pride and motivates employees to maintain high performance. Genuine

appreciation from leadership has been shown to increase emotional commitment and create long-term loyalty to the company (Imran et al., 2024). The combination of external recognition and internal appreciation culminates in a harmonious balance between extrinsic and intrinsic motivation, which directly influences performance improvement and a decrease in employee turnover.

Furthermore, various studies show that the synergy between reward and recognition systems creates an effect that strengthens work engagement and overall organizational performance. A study conducted by Adhyaksa et al. (2024) and Sharma et al. (2024) and Anistuti & Sopiah (2022) found that when rewards are given with consideration for fairness, transparency, and individual merit, employees tend to show increased responsibility, productivity, and loyalty. The relationship between rewards, recognition, and performance has been proven to be mutually reinforcing: high motivation leads to better performance, and good performance in turn earns recognition, reinforcing a positive motivational cycle in the workplace.

However, several studies also highlight the challenges and potential negative impacts of implementing inappropriate reward systems. Research by Sylqa & Neziraj (2022) and Ehms (2025) reveals that a reward system that does not match the needs and values of employees can cause dissatisfaction and reduce intrinsic motivation. In addition, overly competitive rewards have the potential to cause unhealthy competition among employees and reduce collaboration. This shows that the effectiveness of a reward system is highly dependent on the alignment between organizational policies, work culture, and employees' perceptions of fairness. Leadership also plays a major role in maintaining this balance. (Cahyono & Esthi, 2025) emphasizes that appreciation from leaders has a direct impact on motivation and productivity, demonstrating the importance of leaders in creating a work environment that supports and values the contributions of each individual.

In general, the findings of this review indicate that reward and recognition systems are important components in strategies aimed at improving employee motivation and performance. Rewards serve to increase extrinsic motivation through the satisfaction of material requirements and recognition of work results, while recognition and rewards strengthen intrinsic motivation by rewarding effort, commitment, and personal values. The integration of these two dimensions fosters a balance between job satisfaction and organizational loyalty, thereby influencing increased productivity and employee retention. As a result, the

establishment of a fair, transparent, and tailored rewards and recognition framework can serve as an effective strategy for fostering sustainable work motivation and enhancing organizational competitiveness.

5. CONCLUSION

This systematic literature review shows that reward and recognition systems play an important role in improving employee motivation and performance, with consistent evidence showing that a mix of financial incentives, including salary, bonuses, and allowances, alongside non-financial incentives, such as recognition, development opportunities, and work flexibility, significantly affects job satisfaction, loyalty, and productivity. Financial rewards are generally known to stimulate extrinsic motivation in the short term, while non-financial rewards tend to foster more enduring intrinsic motivation by addressing employees' psychological needs. The combination of both types of rewards, when administered fairly, transparently, and in alignment with organizational culture, has been shown to increase commitment and improve performance quality. However, it should be noted that certain studies warn that inadequate reward systems can lead to dissatisfaction and hinder collaboration. In short, the literature proves that establishing a comprehensive reward and recognition system is an important strategy for fostering a supportive work environment and enhancing organizational competitiveness.

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