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A Comparative Study on the Effectiveness of Reward System between Government and Private Higher Education Institutions

Devendra Singh
Research Scholar
IPS Academy, Institute of Business Management & Research, Indore, M.P.

Anita Ahuja
Associate Professor
IPS Academy, Institute of Business Management & Research, Indore, M.P.

ABSTRACT

Reward systems motivates individuals and create system of knowledge sharing through collaboration within organizations which includes the higher education institutions. This study examines and compares the effectiveness of reward systems in government and private higher education institutions. It explores how various types of rewards impact the motivation and performance of faculty, researchers, and students in these two distinct institutional settings. This research highlights differences in reward strategies, implementation practices, and their outcomes. The study also identifies challenges unique to each setting. By providing insights into the comparative effectiveness of reward systems, this study aims to guide policymakers and administrators in designing tailored reward strategies that enhance productivity, knowledge sharing, and overall institutional performance in both government and private higher education contexts.

Keywords: Reward systems, higher education institutions, government institutions, private institutions, knowledge sharing, monetary incentives, non-monetary recognition.

INTRODUCTION

Reward systems, important organizational strategy helps to recognize individual contributions. In context of higher education, these reward systems help to motivate faculty, researchers, and students to improve their respective roles. Beyond improving individual performance, reward systems encourage the sharing of knowledge, ideas, and expertise—an essential factor for driving institutional growth and maintaining a competitive edge in a knowledge-based economy. The importance of well-designed reward systems is particularly

evident in academic environments where intellectual contributions significantly impact institutional success.

While the concept of reward systems is widely acknowledged, their design, implementation, and outcomes can vary considerably between government and private higher education institutions. Government institutions often operate within structured frameworks, prioritizing equity, fairness, and recognition-based rewards. Conversely, private institutions tend to adopt more flexible and performance-oriented approaches, often tied to measurable outcomes. These differences stem from varying organizational cultures, governance structures, and resource allocations, which influence how reward systems are perceived and their effectiveness in motivating individuals.

This study will examine and compare the effectiveness of reward systems in government and private higher education institutions. By exploring how different types of rewards i.e. monetary incentives, non-monetary recognition and psychological rewards impact motivation and performance; this research identifies key differences and challenges unique to each institutional setting. The finding of this study will enhance insights for policymakers and administrators seeking to design tailored reward systems that enhance knowledge sharing, collaboration, and overall institutional performance, ensuring that both government and private institutions can achieve their strategic objectives in an increasingly competitive academic landscape.

LITERATURE REVIEW

The reviewed literature (as per the reference list attached), recent research highlights that private higher education institutions (HEIs) more actively deploy performance-based reward systems, such as merit pay, publication bonuses, and teaching/innovation awards, as instruments to incentivize faculty. For instance, as per one study; the implementation of tenure-track and performance schemes revealed deep-rooted tensions between traditional bureaucratic pay scales and results-driven models in public universities. A study in Shenzhen, China indicates private schools' merit pay plans align more closely with individual output, though it was cautioned that poorly designed schemes may fail. In Nigeria, evidence suggests that salary increases and promotions significantly enhance organizational performance in public universities—but only when part of comprehensive recognition strategies. Meanwhile, in Czech Republic and Slovakia, state performance-funding models drive publication rates but have been criticized for prioritizing volume over accountability. Studies also demonstrates

that targeted reward systems provide better results, pointing to the effectiveness of lower-value, broadly distributed rewards.

Additionally, a cross-continental lens reveals that public HEIs, while offering job security and structured pay, often underperform in adaptability and intrinsic motivation, particularly due to rigid funding frameworks rooted in New Public Management (e.g., Australia) that stress cost control over pedagogical innovation. European private universities, driven by competitive revenue models and tuition autonomy, can reinvest more flexibly in teaching and research incentives. MDPI's Croatian study underlines that students perceive stronger links between rewards and quality in private HEIs, though public HEIs still command respect for curriculum depth. Finally, research on intrinsic motivation emphasizes that holistic reward strategies—blending financial, recognition, and career development—yield better long-term commitment than pure extrinsic compensation.

This body of literature underscores the need for a comprehensive approach to reward system design. Effective systems must integrate monetary, non-monetary, and intrinsic rewards to address diverse motivational factors and align them with the organization's strategic goals. Such integrated approaches are particularly critical in higher education institutions, where it is essential that knowledge sharing to be made important part of their working culture for achieving long-term organizational success.

STUDY OBJECTIVE

1. Study and compare the effectiveness of "Reward Systems between Government and Private Higher Education Institute of Indore."
2. Study the impact of "Reward Systems on Knowledge Sharing in Government Higher Education Institute of Indore."
3. Study the impact of "Reward Systems on Knowledge Sharing in Private Higher Education Institute of Indore."

HYPOTHESES OF THE STUDY

H_{01}: There is no significant difference in the effectiveness of reward system between Government and Private Higher education institutes.

H_{02}: There is no significant impact of reward system on Knowledge Sharing in Government Higher education institutes.

H_{03}: There is no significant impact of reward system on Knowledge Sharing in Private Higher Education institutes.

RESEARCH METHODOLOGY

Research is a descriptive research type with the research area is Indore City. The questionnaires were distributed to the Faculty of Management and Commerce (population group) in the Higher Education Institute Indore. This study has used convenience sampling with sample size comprised of 150 Faculty members each from selected Government and Private Educational Institute.

Primary data is used for this study, collected through self-designed questionnaire; made after reviewing the previous literature and works. Various journals, articles, books and internet were reviewed for information and collection of secondary. The required data were accordingly analysed and required inferences/interpretations have been made.

Tools for data analysis: Correlation and Regression methods

RESULTS & FINDINGS

H_{01}: There is no significant difference in the effectiveness of reward system between Government and Private Higher education institutes.

Table 1: t-test on effectiveness of reward system

Factor	Group	N	Mean	t-value	p-value
Effectiveness	Government Institutions	150	3.8067	2.857	0.005
	Private Institutions	150	3.4933		

Table-1 above table displays the mean score for effectiveness of reward system between Government and Private Higher education institutes. The mean score is higher (3.806) of Government Institutes compared to the Private Institutes that have the mean score (3.493). The value of t-test in the table is 2.857 which is significant at .005<0.05 so the null hypothesis 'There is no significant difference in the effectiveness of reward system between Government and Private Higher education institutes' is not accepted **so therefore, concluded that for the effectiveness of reward system, "there is a difference between Government and Private Higher education institutes".**

H_{02}: There is no significant impact of reward system on Knowledge Sharing in Government Higher education institutes.

Table 2: Model Summary[b] on Knowledge Sharing in Government Higher education institutes

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.367[a]	.135	.129	.90165	.135	23.094	1	148	.000

a. Predictors: (Constant), Effectiveness of Reward System

b. Dependent Variable: KS

The above table shows moderate correlation (R) and moderate coefficient of determination (R^2) between reward system and Knowledge Sharing in Government Higher education institutes (R= 0.367, R^2= 0.135, 13.5% of the variation in Knowledge Sharing). Significant 'F' value is 23.094 which approves the significant impact of reward system on Knowledge Sharing in Government Higher Education Institutes. Therefore, the null hypothesis H_{02} is not accepted whereas, the alternate hypothesis H_{a2} is accepted. **Hence, it can be concluded that "Effectiveness of Reward System produced significant impact on Knowledge Sharing in Government Higher education institutes".**

Table 3: Coefficients[a] on Knowledge Sharing in Government Higher education institutes

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.172	.311		6.974	.000	1.557	2.788
	Effectiveness of Reward System	.397	.083	.367	4.806	.000	.234	.560

a. Dependent Variable: KS

To determine the relation between Effectiveness of Reward System and the Knowledge Sharing in Government Higher education institutes, the study formulates the following equation:

$$Y = \alpha + \beta X + \mu \ldots (1)$$

The results after applying regression analysis show that the scale of Effectiveness of Reward System with influence on Knowledge Sharing is 2.172. **This equation depicts that if Effectiveness of Reward System is raised by one unit it will simultaneously affect Knowledge Sharing escalation by 36.7% or 3.67 unit to Reward System.**

$$Y(KS)= 2.172+.397\ (RS) + \mu \ldots \text{Result (1)}$$

The scale of Effectiveness of Reward System with influence on Knowledge Sharing is 2.172. **This equation depicts that if Effectiveness of Reward System is raised by one unit it will simultaneously affect Knowledge Sharing escalation by 36.7% or 3.67 unit to Reward System.**

H_{03}: There is no significant impact of reward system on Knowledge Sharing in Private Higher education institutes.

Table 4: Model Summary[b] on Knowledge Sharing in Private Higher education institutes

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.488[a]	.239	.233	.80354	.239	46.369	1	148	.000

a. Predictors: (Constant), Effectiveness of Reward System

b. Dependent Variable: KS

The above table shows moderate correlation (R) and moderate coefficient of determination (R^2) between reward system and Knowledge Sharing in Private Higher education institutes (R= 0.488, R^2= 0.239, 23.9% of the variation in Knowledge Sharing). Significant 'F' value is 46.369 which approves the significant impact of reward system on Knowledge Sharing in Private Higher education institutes. Therefore, the null hypothesis H_{03} is not accepted whereas, the alternate hypothesis H_{a3} is accepted. **Hence, it can be concluded that "Effectiveness of Reward System produced significant impact on Knowledge Sharing in Private Higher education institutes".**

Table 5: Coefficients[a] on Knowledge Sharing in Private Higher education institutes

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.792	.288		6.228	.000	1.223	2.361
	Effectiveness of Reward System	.508	.075	.488	6.810	.000	.361	.656

a. Dependent Variable: KS

To determine the relation between Effectiveness of Reward System and the Knowledge Sharing in Private Higher education institutes, the study formulates the following equation:

$$Y = \alpha_1 + \beta_1 X + \mu_1 \ldots (2)$$

The scale of Effectiveness of Reward System with influence on Knowledge Sharing is 1.792. **This equation depicts that if Effectiveness of Reward System is raised by one unit it will simultaneously affect Knowledge Sharing escalation by 48.8% or 4.88 unit to Reward System**.

$$Y(KS)= 1.792+.508\ (RS) + \mu_{1\ \ldots}\ \text{Result (2)}$$

The scale of Effectiveness of Reward System with influence on Knowledge Sharing is 1.792. **This equation depicts that if Effectiveness of Reward System is raised by one unit it will simultaneously affect Knowledge Sharing escalation by 48.8% or 4.88 unit to Reward System**.

CONCLUSIONS

a. This study assessed the effectiveness of reward systems being used by public (government) and private higher education institutes in Indore. The mean score of the effectiveness of reward system in government institutes is found higher in comparison of private institutes. It concludes that for the effectiveness of reward system, there is a difference between Government and Private Higher education institutes. ***[Table 1: t-test on effectiveness of reward system].***

b. In the study to assess the impact of reward system on knowledge sharing in Government Higher Education Institute of Indore; it is found that effectiveness of reward system produced significant impact on knowledge sharing in Government Higher Education Institutes. ***[Table 2: Model***

Summary[b] on Knowledge Sharing in Government Higher education institutes].

c. In the same study, it is also determined through the formulated equation *[i.e. Y(KS)= 2.172+.397 (RS)]* that if Effectiveness of Reward System is raised by one unit it will simultaneously affect Knowledge Sharing escalation by 36.7% or 3.67 unit to Reward System in the Government Higher Education Institute of Indore. ***[Table 3: Coefficients[a] on Knowledge Sharing in Government Higher education institutes]***

d. In the study to assess the impact of reward system on knowledge sharing in Private Higher Education Institute of Indore; it is found that effectiveness of reward system also produced significant impact on knowledge sharing in Private Higher Education Institutes. ***[Table 4: Model Summary[b] on Knowledge Sharing in Private Higher education institutes].***

e. Similarly, in the same study regarding the Private Higher Education Institute of Indore, it is determined through the formulated equation *[i.e. Y(KS)= 1.792+.508 (RS)]* that if Effectiveness of Reward System is raised by one unit it will simultaneously affect Knowledge Sharing escalation by 48.8% or 4.88 unit to Reward System in the Private Higher Education Institute of Indore. ***[Table 5: Coefficients[a] on Knowledge Sharing in Private Higher education institutes].***

The study which is comparative in nature helps the research through understanding of the various reward systems used in both Government and Private Higher Education Institute of Indore. The study found that there is difference in the effectiveness of reward system in between Government and Private Higher Education Institute of Indore where Government Institute getting the higher mean score. This study also found that Reward Systems have significant impact on Knowledge Sharing in both Government and Private Higher Education Institute of Indore. However, the study shows that the scale of effectiveness and impact is different in both types of Higher Education Institute.

SUGGESTIONS BASED ON RESEARCH FINDINGS

Followings are some suggestions derived from the findings of this study:

1. **Enhance Reward Systems in Private Institutions**

   Since government institutes showed higher effectiveness of reward systems compared to private institutes, private higher education institutions in Indore should evaluate and enhance their reward mechanisms to bridge the gap.

2. **Tailor Rewards for Optimal Knowledge Sharing**

   The study highlights that reward systems significantly impact knowledge sharing. Both government and private institutes should design rewards that directly incentivize knowledge-sharing behaviors among faculty and staff.

3. **Implement Performance Metrics for Reward Effectiveness**

   Develop and regularly review metrics to evaluate the effectiveness of reward systems to help in getting desired results like knowledge sharing. This will help identify gaps and refine strategies over time.

4. **Leverage Higher Impact in Private Institutes**

   As the private institutes demonstrated a higher rate of knowledge sharing (48.8%) per unit increase in reward effectiveness, they should capitalize on this by prioritizing investment in well-structured reward programs to maximize knowledge-sharing outcomes.

5. **Promote Best Practices Between Sectors**

   Organize cross-institutional forums or workshops to allow government and private institutes to share best practices and learn from each other's successful reward strategies.

6. **Focus on Customized Rewards**

   Design institution-specific reward systems tailored to the unique needs and motivations of faculty and staff in government and private institutes, ensuring higher effectiveness and alignment with organizational goals.

7. **Regularly Monitor Reward Impact**

   Conduct periodic assessments of how reward systems influence knowledge sharing in both types of institutions to ensure alignment with objectives and adapt to changing needs.

8. **Incorporate Non-Monetary Rewards**

   Both government and private institutes should explore non-monetary rewards such as recognition, professional development opportunities, or flexible work arrangements to complement monetary rewards and foster knowledge sharing effectively.

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