

A Study of Strategic Reward System of Employees with reference to IT Sector

Submitted in partial fulfillment of the requirements for the award of

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by

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**DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF MANAGEMENT STUDIES**

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

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BONAFIDE CERTIFICATE

This is to certify that this Professional Training is the bonafide work of **S.Sai Priyanka - 42410047** who carried out the project entitled “**A Study of Strategic Reward System of Employees with reference to IT Sector**” under my supervision from September 2023 to December 2023.

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ABSTRACT

Companies must grow to be more strategic if they are to carry on and do well in the current business situation. Functional and unit strategies must be aligned with overall company strategy to enhance organizational effectiveness. In this respect, strategic reward systems are vital to ensuring desired employee behaviors and enhanced company performance. This project reviews strategic reward systems and examines rewards. It outlines the employee's strategic compensation and recognition programs and discusses implications for management.

Companies for reaching higher goals and development use motivation. Motivation is a complex phenomenon which is influenced by individual, cultural, ethnic and historical factors. Some methods are suggested to increase employee performance. Rewards and incentives are probably among the most popular ones. So organizations use reward systems and strategies to motivate their employees and to increase their performance. The aim of this study is to investigate how reward systems and organizational incentives influence employees.

Another goal of this study is to research the relationship between the effective reward management system applications and employee performance of the employees. The project also analyze about new perspective about the conditions under which rewards are an effective incentive design. Our conclusions is that motivating, recognizing and rewarding is a severely complicated issue, but of great importance. Furthermore, quality of relationship with managers and executives is a reward that improves the commitment to the organization. The results of their study bring out a positive relationship between the perceived features of the strategic reward system and extrinsic motivation

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Contemporary organisations face various challenges to remain competitive in the operating industries and gain sustainable competitive advantage. Nowadays, most companies manage employees of different nationalities, cultures and social backgrounds which make the phenomenon of employee retention even more challenging.

In the globalised world of developed technology and internet, consumers have become educated about the products, services, business practices and personal rights as never before, hence, requiring more skilful and efficiently trained workforce from companies (Torrington et al. 2009).

Retaining a talented and high-quality employee has been considered as one of the long term sustainable competitive advantages but in the modern business environment, it has become a challenge for companies (Armstrong, 2013).

According to Armstrong (2013), a reward system is regarded as a program developed to provide appreciation for high performers and provide incentives for low performers to increase their productivity. Moreover, reward systems have been identified as one of the most effective factors to maximise employee job satisfaction and industriousness.

From the managers' point of view, a reward system is aimed to shape the behaviours of employees towards their jobs and a company in general (Griffin & Moorhead, 2013). Rewards are given to those employees who meet or more often exceed expectations of the management, thus, being a tool of motivation, attraction and retention of qualified workforce.

STRATEGIC REWARD SYSTEM

Organizations must become more strategic if they are to survive and succeed in the current business environment. Functional and unit strategies must be aligned with overall firm strategy to enhance organizational effectiveness. As human resources (HR) take its seat at the table and affects strategic direction, organizations are beginning to recognize that human capital can be utilized as a competitive advantage. HR guru Dr. John Sullivan continually attributes an organization's success to the productivity of its employees, therefore defining the ultimate goal of human resource management (HRM) as maximizing workforce productivity. In this respect, strategic compensation systems are vital to ensuring desired employee behaviours and enhanced firm performance.

Employees should be compensated and rewarded for the time and effort they put into work. Strategic reward management involves the formulation and implementation of an equitable reward system that is congruent with the organization's strategic objectives. A strategic reward system is a type of human resource management tool that is used to reward hardworking employees in an organisation. It operates on two main principles; the best fit perspective and the best practice advocates claim. The objectives of a strategic reward system are; attract and retain employees, motivate performance, promote skill development, encourage corporate culture and determine pay costs. Rewards can be either intrinsic or extrinsic. However, it is important when designing, implementing and using a reward strategy, that it meets both individual and organizational needs.

HR professionals are more aware than ever that aligning all aspects of both the organization and HRM are necessary to maximize the achievement of organizational goals. Total rewards – including compensation; benefits; work-life balance; performance and recognition; and development and career opportunities are one crucial aspect of attracting, retaining, satisfying, and getting the most out of employees. To be effective, a total rewards

package must tie together the organizational strategy, workforce strategy, and HR strategy. Total rewards should align each employee with the organizational objectives.

In addition to satisfying employees, strategic total rewards create cost efficiencies for the organization. The term total rewards does not necessarily refer to more rewards. It refers to wholly understanding the needs of the organization and its employees, then targeting and allocating rewards accordingly. The use of strategic rewards should offer more value for the given cost of a reward by effectively driving performance linked to organizational objectives.

A total reward management process consists of four building blocks: base pay, performance pay, employee benefits and non-financial rewards. With enormous change in the labour markets and employment contracts, reward systems today have also evolved. Contemporary reward strategies include employability pay, person-based pay, market-determined pay and team-based rewards.

Reward management is a vital part of the total SHRM process as it supports the achievement of strategic objectives through the communication of desired behaviours to employees. It also elicits a clear link between individual performance and organizational performance and thereby acts as a catalyst for positive organizational cultural change.

Thomas B. Wilson says Innovative Reward Systems for the Changing Workplace explains the compensation and reward strategies successful companies use to focus, encourage, and achieve high performance.

As per Robert L. Heneman, it is very important to remember that the management of reward systems takes place in a larger context that must be accommodated when designing, implementing, and evaluating strategic reward systems. This larger context includes the business environment, business strategy, and compensation strategy. Elements of the environment include the internal environment (organizational structure, business processes, HR systems) and external environment (laws and regulations, labor markets, and unions).

According to John Wiley & Sons, Ltd, Pay systems are linked with divisional strategic orientation, but in a different form than prior studies. Additionally, we identify hierarchical position as an important variable in the tailoring of reward systems. Hierarchy has a significant main effect on pay plan design, and an interactive effect with strategic orientation.

Thorpe and Homan, argue that previous developments in the design of pay systems did not directly relate to the real priorities and problems faced by organisations. Thus, the need to devise paysystems linked to business strategy arose.

According to Conway, research examining ‘high commitment management’ in HRM has its roots in both the configurational and the universal theoretical frameworks. Marchington and Wilkinson, claim that “most of the interest over the last decade or so has been in models of ‘high commitment’ or ‘best practice HRM, stimulated initially by the work of a number of US academics, but developed more recently by people in Britain as well.” While, for the most pa

This is a generalist HR debate, writers such as Pfeffer and Huselid applied best practice principles to the field of reward. In doing this they build on the work of Herzberg and Kohn. Wood acknowledges the difficulty caused by incorporating performance related pay as part of the high commitment model (HCM) because it can undermine feelings of competence and selfdetermination. There is also a considerable amount of empirical evidence that cast doubt on its ability to contribute to organisational performance. According to Wood, “There remains, none the less, in a great deal of literature on HCM (and HRM) a reluctance to discard PRP, despite doubts about it...”

1. The individual and the rewards:

Different people value things differently. Enlightened managers realize that all people do not attach the same value to monetary rewards, bonuses, prizes or trips. Employees’ view these

things differently be of age, marital status economical need and future objectives however even though employees' reaction to rewards varies greatly, rewards must have some redeeming merits. For e.g. there might be a no of monetary and non monetary rewards to motivate employees.

The work situation:

This is made up of four important elements,

- 1) Technology: Machine or work system, if speed of equipment operation can be varied, it can establish range of the rewards.
- 2) Satisfying Job Assignment: A worker's job may important a number of activities that he finds satisfying. Rewards may take the form of earned time off, greater flexibility in hour worked, extended vacation time and other privileges than individual values.
- 3) Feedback:- A worker needs to be able to see connection between works and rewards. These responses provide important reinforcement.
- 4) Equity:- Worker considers fairness or reasonableness as part of the exchange for his work. Rewards in general are important motivator. Their effectiveness depends upon 3 factors.
 - Drives
 - Preference value and
 - Satisfying value of the goal objects.

Types of Rewards:

There are a number of ways to classify rewards. We have selected three of the more typical dichotomies: intrinsic versus extrinsic rewards, financial versus non-financial rewards, and performance-based rewards. These categories are far from being mutually exclusive.

Intrinsic versus Extrinsic Rewards

Intrinsic rewards are the satisfactions one gets from the job itself. These satisfactions are self-initiated rewards, such as having pride in one's work, having a feeling of accomplishment, or being part of team. These techniques of job enrichment, shorter work-weeks, flex-time and job rotation can offer intrinsic rewards by providing interesting and challenging jobs and allowing employee greater freedom.

Extrinsic rewards include money, promotions and fringe benefits. Their common thread is that they are external to the job and come from an outside source, mainly management. Thus, if an employee experiences feelings of achievement or personal growth from a job, we would label such rewards as intrinsic. If the employee receives a salary increase or write-up in the company magazine, we would label those rewards as extrinsic.

Motivational researchers had generally assumed that intrinsic and extrinsic rewards were independent; that is, the stimulation of one would not affect the other. However, research conducted in the late 1960s and early 1970s suggested that this assumption might be in error. Early experiments designed to test the independence assumption tended to support the proposition that when extrinsic rewards like money, promotions or fringe benefits were used as payoffs for superior performances, the internal rewards, which are derived from the individual doing what he or she likes, were reduced. The explanation for these occurrences went something like this. For money or other extrinsic rewards to be used as effective motivators, they should be made contingent on the employee's performance. But when this is done it decreases the internal satisfaction the employee gets from doing the job. What has happened is that an external stimulus has been substituted for an internal one.

Financial versus Non financial Rewards

Rewards may or may not enhance the employee's financial well-being. If they do, they can do this directly- through wages, bonuses, profit sharing and the like; or indirectly- through supportive benefits such as pension plans, paid vacations, paid sick leaves and purchase discounts.

Nonfinancial rewards cover a smorgasbord of desirable “things” that are potentially at the disposal of the organization. Their common link is that they do not increase the employee’s financial position. Instead of making the employee’s life better off the job, non financial rewards emphasize making life on the job more attractive. The non financial rewards that we will identify represent a few of the more obvious; however, the creation of these rewards is limited only by managers’ ingenuity and ability to assess “payoffs” within their jurisdiction that individuals within the organization find desirable.

The old saying “one man’s food is another man’s poison” applies to entire subject of rewards, but especially to the area of non financial rewards. What one employee views as “something I have always wanted,” another finds superfluous. Therefore care must be taken in providing the “right” non financial reward for each person; yet where selection has been done assiduously, the benefits to the organization should be impressive.

Some workers are very status conscious. A paneled office, a carpeted floor, a large walnut desk or a private bathroom may be just office furnishing that stimulates an employee toward top performance. Similarly status oriented employees may value an impressive job title, their own business cards, their own secretary or a well- located parking space with their name clearly painted underneath the “Reserved” sign.

Some employees value having their lunch between one and two o’clock in the afternoon. If lunch is normally from eleven in the morning until noon, the benefit of being able to take their lunch at another, more preferred, time can be viewed as a reward. Having a chance to work with congenial colleagues and achieving a desired work assignment or an assignment where the worker can operate without close supervision are all non financial rewards that are within the discretion of management and, when carefully used, can provide stimulus for improved performance.

Performance-Based versus Membership-Based Rewards

The rewards that the organization allocates can be said to be based on either performance criteria or membership criteria. While the managers in the most organizations will vigorously argue that their reward system pays off for performance. Few organizations actually reward employees based on performance.

Performance-based rewards are exemplified by the use of commissions , piecework pay plans, incentive systems, group bonuses or other forms of merit plan. On the other hand, membership-based rewards include cost-of-living increases, profit sharing, benefits and salary increases attributable to labour market conditions, seniority or time in rank, credentials (such as collage degree or a graduate diploma), or future potential (the recent M.B.A out of a prestigious university).

The demarcation between the two is not always obvious. For instance, company paid membership in a country club or use of company-owned automobiles and aircraft by executive may be given for membership or performance. If they are available to, all middle and upper level executives, then they are membership based. However, if they are made available selectively to certain managers based on their performance rather than their “entitlement,” which of course implies they can also be taken away, we should treat them as performance-based rewards for those who might deem them attractive.

Advantages of the Performance Related pay (PRP) scheme

- Incentives are linked to meeting targets or objectives, as well as to the quality of performance as perceived by superiors. Linking pay to performance that lends itself to measurement is considered fairer then awarding across-the-board cost of living increases, which do not discriminate between high and low performers.
- Where employees' performance can be measured and the amount of money available to reward performance is sufficient to module effort, it saves money if the organization targets rewards on those who performs.

- High performers are attached to PRP culture in the knowledge that pay is linked productive effort and that poor achievement is discouraged.
- Employees receive useful feedback on their performance.
- There is an emphasis on a result oriented culture, with the accent on effort directed at activities that the organization values.

Disadvantages of the PRP scheme

- Behavior is rewarded, which one would expect to occur any way in accordance with the employment contract. Here good performance is expected and provision is made for it and where there is a poor performance it is job of the management to sort it out.
- Open communication between managers and subordinates could be discouraged, because subordinates are less likely to divulge information on personal short comings just in case such disclosures act to their disadvantage.
- The rewarding of self-centered individualism can undermine the co-operation and team work, which are necessary for coping with today's climate.

Importance

Never assume a particular reward is universally important to all employees. Money, for example, can have a very different meaning to different people. It may represent basic security and love, power, a measure of one's achievements or merely means to a comfortable life style. To some employees 1000/- Rs –a-month raise would be very important. Other employees, in the same job and at the same salary level might far prefer an extra week of vacation. This different among employees was substantiated in a study undertaken at a public utility.

One hundred and fifty employees were asked to rank their performance for rewards. It was found that the employees in general, rated extra vacation as most preferred, followed by pay, a pension increase, paid family insurance, early retirement and work schedule rearrangements, in decreasing order. But this ranking varied among different employee groups. For instance, the preference for insurance plan decreased with age, while desire for more pension benefits increases. Married employees also valued insurance plan more than single employees, and this preference increased with number of dependents.

Research indicates that the preference for rewards will be significantly affected by age, marital status and number of children the employee has. Young unmarried person desire more time off the job and young married men rated more vacation lower than family health coverage, or that older employees seek increased retirement benefits while younger workers opt for more cash. In expectancy theory terms, motivation is optimized when employees see rewards satisfying their individual needs. Therefore a good reward system should be designed to offer heterogeneous rewards to a heterogeneous labour force. Employees should be rewarded with what they individually consider important.

One effort to broaden the idea of individualizing rewards has been labeled 'cafeteria compensation'. In contrast to the traditional manner in which fringe benefits are allocated- all employees get the same package which best satisfies his or her current needs. Specifically where cafeteria-type flexible compensation exists, employees are told what their total compensation is, and they can choose a mix salary, life insurance, deferred compensation and other benefits suit their particular needs.

The advantages of flexible compensation go beyond merely allowing employees to customize their own compensation package. This method involves little in additional direct costs, it makes clear to employees how much the organization is actually spending to compensate them and it ensure that the money will be spent only on the rewards the employees want. On the negative side, there is the tendency for employees to think in short-range rather than long-range terms.

Most organizations that have instituted a cafeteria plan actually provides all employees with minimum insurance and pension benefits and let each employees select additional rewards to suit his or her own needs.

Equitable Distribution

Employees desire rewards that are distributed in what seems to be an equitable manner. This means fairness among the organization's employee and fairness relative to what people get for doing a similar job in another organization. Equity theory has been proposed to explain what happens when individuals perceive an imbalance between what they put into job and what they get out of it relative to others' give-and-get ratio. It is no secret that employees make comparisons between themselves and their peers.

Employees perceive what they get from a job situation in relation to what they must put into. They also compare their input-outcome ratio with the input-outcome ratio of their peers. If a person's ratio and that of others are perceived to be equal, a state of equity is said to exist. If they are unequal, in-equality exists. That is, the individual views herself or himself as under rewarded or over rewarded. Equity theory argues that when an inequality is seen as aversive, the individual will attempt to correct it.

Evidence indicates that the referent chosen by the employee is an important variable in equity theory. The three referent categories have been classified as "other", "system" and "self". The "other" category includes other individuals with similar jobs in the same organization, as well as friends, neighbors or professional associates. Based on information that employees receive through word of mouth or through newspapers and magazines on such issues as executive salaries or recent union contract, employees can compare their pay relatively to that of others.

The "system" category considers oranzizational pay policies and procedures and administration of this system. It considers organization wide, implied and explicit, pay

policies. Organization precedents in terms of allocation of pay would be a major determinant in the category.

The “self” category refers to input-outcome ratios unique to the individual that differ from the individual’s current input-outcome ratio. This category is influenced by such criteria as past jobs or commitments that must be met in terms of family role. The choice of particular set of referents is related to the information available about referents as well as their perceived relevance. Based on equity theory, employees may choose one or more five alternatives.

- 1) Distort either their own or others’ input or outcomes
- 2) Behave in some way so as to induce others to change their inputs or outcomes
- 3) Behave in some way as to change their own inputs or outcomes
- 4) Choose a different comparison referent
- 5) Leave the organization
- 6) Visibility

A reward that is not visible to the employee may fail to get the desired motivating effect from employee. On the other hand, a truly visible reward gets the attention not only of employees but also their peers. This latter qualify means visible rewards can contribute to satisfying an employee’s esteem and recognition needs. In what ways can managers increase the visibility of rewards? Possibilities include well-publicized bonuses, allocating annual salary increases in a lump sum rather than spreading them out over the entire year, and eliminating the secrecy surrounding pay by openly communicating everyone’s compensation.

Some organizations have successfully maximized the value of rewards by making them both impressive in size and highly visible. Probably the most widely discussed and controversial approach to increasing the visibility of rewards is to eliminate the traditional secrecy surrounding pay. The proponents of openness argue that pay secrecy actually demotivates employees. Secrecy may tend to work to the disadvantage of using money to

motivate managers because even most carefully derived pay schedule and differentials may be seen as potentially less rewarding as they actually are. The misperception of pay contributes to dissatisfaction with pay, and secrecy regarding pay contributes to this misperception.

Complete openness about pay policies is indeed rare in organizations. If such information were common knowledge, employees would undertake to compare their salaries with those of everyone else and the inevitability of human error would reveal any inequalities in pay system. There would be misunderstandings, petty complaints, increased dissatisfaction and perceived if not real inequalities. Whether it is true or not, almost everyone thinks him or her worth more than the next person. On the other hand, an open pay system demonstrates confidence by management in the structure of compensation and hence it should increase the trust individuals have in the organization.

Flexibility

An effective reward is one that has the flexibility to vary with changes in performance. If an employee's job performance declines in 1987, the rewards he received in 1986 should ideally have downside adjustment capability. An effective reward would be flexible in terms of the amount given to everyone in the organization. The annual performance bonus, for instant, offers high flexibility. It can be adjusted upward or downward or eliminated, each year depending on some measure of performance.

Additionally, it can be given selectively to those employees who have done a superior job. Another attribute of flexible reward is that it be given frequently without losing importance. Giving rewards frequently is often helpful for sustaining extrinsic motivation, yet some rewards diminish in importance when used over time. As a case in point, praise is a flexible reward in that its amount can be varied in allocation to and among individuals. However, it suffers from diminishing returns. Continued use of praise results in the reward losing its importance.

Low Cost

The final quality of an effective reward is low cost. Rewards are not free goods, and the organization must consider the costs along with the benefits from any rewards. A high-cost reward simply cannot be given out as often, and when it is, it reduces organizational effectiveness as a result of its cost. All other factors equal, the lowest-cost reward should be preferable to management.

Summary

A careful review of the above criteria which identified for effective rewards brings one to the conclusion that no organizational reward is ideal on all dimensions. Because no reward is perfect, managers must carefully assess what they expect from their reward system and structure it so it provides the maximum in motivation potential. Each organization is unique, so the rewards that work in one firm may be ineffective in another. Similarly jobs within each organization differ, and the rewards made available to incumbents of each job should reflect this fact.

Designing a Reward Program

The keys to developing a reward program are as follows:

- Identification of company or group goals that the reward program will support
- Identification of the desired employee performance or behaviors that will reinforce the company's goals
- Determination of key measurements of the performance or behavior, based on the individual or group's previous achievements
- Determination of appropriate rewards
- Communication of program to employees

In order to reap benefits such as increased productivity, the entrepreneur designing a reward program must identify company or group goals to be reached and the behaviors or performance that will contribute to this. While this may seem obvious, companies frequently make the mistake of rewarding behaviors or achievements that either fails to further business goals or actually sabotage them. If teamwork is a business goal, a bonus system rewarding individuals who improve their productivity by themselves or at the expense of another does not make sense.

Likewise, if quality is an important issue for an entrepreneur, the reward system that he or she designs should not emphasize rewarding the quantity of work accomplished by a business unit.

Properly measuring performance ensures the program pays off in terms of business goals. Since rewards have a real cost in terms of time or money, small business owners need to confirm that performance has actually improved before rewarding it. Once again, the measures need to relate to a small business' goals. As Linda Thornburg noted in HR Magazine, "Performance measures in a rewards program have to be linked to an overall business strategy.... Most reward programs use multiple measures which can include such variables as improved financial performance along with improved customer service, improved customer satisfaction, and reduced defects."

When developing a rewards program, an entrepreneur should consider matching rewards to the end result for the company. Perfect attendance might merit a different reward than saving the company \$10,000 through improved contract negotiation. It is also important to consider rewarding both individual and group accomplishments in order to promote both individual initiative and group cooperation and performance.

Lastly, in order for a rewards program to be successful, the specifics need to be clearly spelled out for every employee. Motivation depends on the individual's ability to understand what is being asked of her. Once this has been done, reinforce the original

communication with regular meetings or memos promoting the program. Keep your communications simple but frequent to ensure staffs are kept abreast of changes to the system.

REWARD VS. RECOGNITION

Although these terms are often used interchangeably, strategic rewards system systems should be considered separately. Employee reward systems refer to programs set up by a company to reward performance and motivate employees on individual and/or group levels. They are normally considered separate from salary but may be monetary in nature or otherwise have a cost to the company. While previously considered the domain of large companies, small businesses have also begun employing them as a tool to lure top employees in a competitive job market as well as to increase employee performance.

As noted, although employee recognition programs are often combined with reward programs they retain a different purpose altogether. Recognition programs are generally not monetary in nature though they may have a cost to the company. Sue Glasscock and Kimberly Gram in *Productivity Today* differentiate the terms by noting that recognition elicits a psychological benefit whereas reward indicates a financial or physical benefit. Although many elements of designing and maintaining strategic rewards system systems are the same, it is useful to keep this difference in mind, especially for small business owners interested in motivating staffs while keeping costs low.

Some Rewards which are used in different organizations

- Best Agent/ consultant /employee / Star performer of the month / quarter.
- 2. Best Management - For heads who right hand for management too in all activities.
- 3. Best Technical Leadership - head of R & D, next level to management who do mostly program & new projects.

- Most Efficient Employee - middle level mgt, who does his work without any expectation from mgt.
- Best Loyalty - Who worked lot for co. benefit & growth as a friend.
- Most Progressive Employee - Newly joined employee
- Best New Comer - Newly joined employee
- Best Employee of the department - best in embedded prg.
- Extra miler of the team/ department - in respective field
- High Value Sales - huge order in single (from one co.)
- Best Contributor for the team / department
- Perfect attendance award- who is not taken leave
- Best Software Support
- Best System Support

You can also give them gifts like T-shirt with company logo Jackets, Mementos, Movie tickets, concert tickets, certificates.

Planning the compensation strategy

Most senior managers wish, at least at times, that they could ignore compensation. No other organizational system is so weighed with values and emotions, so visible to employees or so much the subject of internal dissent. Nearly everyone has opinions—usually strong opinions—about rewards. Any change in compensation usually attracts loud complaints from employees who feel disadvantaged by the change.

The topic of rewards is rife with myths that are widely accepted but contradicted by extensive research. In view of these difficulties, can busy senior managers safely take the easy way out and leave compensation decisions to their compensation specialists? Or should they devote significant personal attention to compensation? Senior managers should be heavily involved in getting the strategic direction for compensation, and there are some fundamental choices senior managers need to make during this process.

Compensation systems demanded less senior management attention only a few years ago. At that time, senior managers generally left the design of employee compensation systems to technical specialists. This was possible partly because professionally managed compensation systems looked very much alike from one company to another.

For most firms, the goal of compensation design was simply to avoid a competitive disadvantage by keeping labour costs in line with those of competitors, and the goal of compensation administration was to keep employee noise down. The picture has changed greatly during the past decade, as companies throughout the economy have begun to rethink their compensation systems in search for competitive advantage.

Base pay, incentives, benefits and pay for corporate performance all have changed dramatically. Studies of Fortune 1000 firms (Lawler, Mohrman and Ledford) show large increases in the percentage of Fortune 1000 using a variety of compensation innovations.

For example, there has been a 50 percent increase in companies using pay for skills, knowledge and competencies. A 50 percent increase in companies using work group or team incentives; and a 100 percent increase in firms using flexible benefit systems. The strategic demands of new competitive forces, new organizational forms, and increase in knowledge work and recognition of the importance of compensation to organizational effectiveness have largely driven these changes. Top managers can no longer afford to leave compensation solely in the hands of compensation professionals.

There are some basic principles of compensation strategy senior managers need to understand. The alignment of compensation with business needs, the goals of the compensation system, reward system levers and basic choice managers need to make are among these principles. A foundation of knowledge will help senior managers use compensation as an important tool for managing the business.

The idea that money doesn't motivate employees has been around since decades. It received its most famous formulation in the work of Fredrick Herzburg. He claimed that intrinsic sources of motivation rising from the design of work are much more important than the extrinsic sources, such as pay, in determining the level of employee motivation. In Hertzberg's view extrinsic sources are "hygiene" factors that can have a negative effect but not a positive effect on motivation, while intrinsic sources are true motivators. However, while Hertzberg is remembered for his emphasis on the importance of intrinsic motivation, contemporary motivation in scholars almost universally reject his claim that extrinsic rewards do not motivate.

A more recent view is expressed by Alfie Kohn, a polemicist whose highly biased and incomplete review of the reward literature might have remained obscure had it not been excerpted in the Harvard Business Review. Kohn argues that extrinsic rewards cannot work for several reasons. He argues that extrinsic rewards such as pay need not be provided continually to be effective, whereas intrinsic rewards such as work design are available to employees without continuous management action.

However, we are unimpressed with the discovery that you can't pay employee for performance just once—you have to keep paying them. Employees also adopt this myth and use it to turn the tables on management, arguing that any improvement in pay or working conditions will reward management with higher productivity, ultimately making the added rewards "free". This is like asking Santa Claus for presents. Seemingly no one has to pay for them.

Unfortunately, the popular belief that happiness leads to productivity is not supported by the evidence. Literally, hundreds of studies have examined the relationship between employee attitudes such as job satisfaction and productivity. (Of course, satisfaction is not the same thing as happiness, but the two obviously are closely related).

In every decade since the 1950s a major review of this ever-growing literature has reached the same conclusion: that is, the relationship between satisfaction and productivity is detectable, but too small to be of practical significance. Well the relationship exists, it may well be because more productive people tend to be rewarded for their higher performance, and this happiness may be the indirect result rather than the cause of productivity. Making people happier makes them stay in the organization longer—that is, it reduces turnover—but it does not necessarily make them more productive.

1.2 COMPANY PROFILE

In the dynamic and competitive landscape of the Information Technology (IT) sector, organizations continually seek innovative strategies to attract, motivate, and retain top talent. One crucial aspect of talent management is the implementation of effective reward systems. As we celebrate the one-year milestone of our project, "Elevating Excellence: Exploring Reward Systems in IT Sectors," it is essential to delve into the intricate and evolving mechanisms that drive employee engagement and performance within this industry.

The IT sector is renowned for its fast-paced nature, cutting-edge technologies, and the ever-growing demand for skilled professionals. In such an environment, traditional approaches to employee recognition and compensation are often insufficient to meet the diverse needs and expectations of a highly skilled and motivated workforce. This project aims to unravel the intricacies of the reward systems adopted by IT organizations, shedding light on their design, implementation, and impact on employee satisfaction, productivity, and organizational success.

1.3 STATEMENT OF PROBLEM

Several organizations over the years see employee as added cost as well as burden to their operations, hence do not remunerate them fittingly, and where it is more appropriate, the compensation is not commensurate with the efforts and skills that workers put into the organization's activities, instead of paying attention on how employees will be compensated appropriately, some organizations concentrate more on other resource, such as materials, machines and money. The effort is more on how to improve the production process with little or no consideration for human efforts. This had led to the inability of such organizations to attain their set objective; organization success relies heavy on how much attention pay to its employees' reward policies. It is in view of this that the study seeks to know how strategic reward and compensation system in organization affect the performance of employees as well as that of the organization in general.

1.4 NEED OF THE STUDY

These components will be designed, developed and maintained on the basis of reward strategies and policies which will be created within the context of the organizations between strategies, culture and environment: they will be expected to fulfill the following broad aims:

1. **Improve Organizational Effectiveness:** Support the attainment of the organization's mission, strategies, and help to achieve sustainable, competitive advantage.
2. **Support and change culture:** Under pin and as necessary help to change the 'organizational culture' as expressed through its values for performance innovation, risks taking, quality, flexibility and team working.
3. **Achieve Integration:** Be an integrated part of the management process of the organization. This involves playing a key role in a mutually reinforcing and coherent range of personal policies and process.
4. **Supportive Managers:** Support individual managers in the achievement of their goals.
5. **Motivate Employees:** Motivate employees to achieve high levels of quality performance.
6. **Compete in the Labor market:** Attract and retain high quality people.

1.5 OBJECTIVE OF THE STUDY

Primary:

- To understand employees' view and perception on their Strategic rewards system

Secondary:

- To study various factors relating to Strategic rewards system in the company
- To know about Criteria and Eligibility for strategic rewards system.
- To study the Impact of Strategic rewards system on behavior of employees.
- To study the Benefits derived by Strategic rewards system.

1.6 SCOPE OF THE STUDY

- In today's business scenario Strategic rewards system is most effective tool of motivating employees. People mostly leave job because of compensation factor.
- To determine the level of motivation within the organization's working group and to learn about individual perceptions of the company's motivational benefits, which include a reward system.
- Employee motivation is boosted significantly by the reward system. When an employee receives sufficient appreciation, it enhances their confidence, which in turn increases their production.
- And, to identify the various new reward techniques employees want the organization to adopt.

1.7 LIMITATION OF THE STUDY

- **Sample size:** the present study is carried out for academic purpose, so sample size is restricted.
- **No generalization:** the study is restricted to an organization under study, so it cannot be generalized for all employees in other organization.
- **Complexity:** Strategic rewards system are complex problem and researcher has attempted to study most appropriate factors but chances cannot be ruled out that some areas may have been untouched or not adequately touched.

CHAPTER 2

REVIEW OF LITERATURE

Organizations in today's environment seek to determine the reasonable balance between employee commitment and performance of the organization. The strategic rewards system programs serve as the most contingent factor in keeping employees' self esteem high and passionate. Oosthuizen stated that it is among the function of managers to motivate the employees successfully and influence their behavior to achieve greater organizational efficiency. La Motta is of the view that performance at job is the result of ability and motivation. Ability formulated through education, equipment, training, experience, ease in task and two types of capacities i.e. mental and physical. The performance evaluation and rewards are the factors that proved to be the bonding agents of the performance evaluation programs. According to Wilson, the process of performance management is one among the key elements of total reward system.

Entwistle is of the view that if an employee performs successfully, it leads to organizational rewards and as a result motivational factor of employees lies in their performance. Majority of the organizations require their employees to work according to the rules and regulations, as well as, job requirements that comply with full standards. The investigations that have been conducted to find the relationship between compensation and individuals were focused to increase the performance of employees. The highly motivated employees serve as the competitive advantage for any company because their performance leads an organization to well accomplishment of its goals.

Among financial, economical and human resources, human resources are more vital that can provide a company competitive edge as compared to others. According to Andrew, commitment of all employees is based on strategic rewards system. Lawler argued that prosperity and survival of the organizations is determined through the human resources how they are treated. Most of organizations have gained the immense progress by fully complying

with their business strategy through a well balanced strategic rewards system programs for employee. Deeprose argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance of organizations. The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation. Managing the performance of employees forms an integral part of any organizational strategy and how they deal with their human capital.

Today where every organization has to meet its obligations; the performance of employees has a very crucial impact on overall organizational achievement. In a demotivated environment, low or courage less employees can not practice their skills, abilities, innovation and full commitment to the extent an organization needs. Freedman is of the view that when effective strategic rewards system are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance. Employees take recognition as their feelings of value and appreciation and as a result it boosts up morale of employee which ultimately increases productivity of organizations. Csikszentmihalyi posits a view that the state of satisfaction and happiness is achieved by the employees only when they maximally put their abilities in performing the activities and functions at work.

In this way motivated employees are retained with the organizations thus reducing extra costs of hiring. Flynn argued that strategic rewards system programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee's job satisfaction. Where job satisfaction, as defined by Lock is a pleasurable positive emotional state as a result of work appraisal from one's job experiences.

The rewards include the financial rewards, pay and benefits, promotions and incentives that satisfy employees to some extent but for committed employees, recognition must be given to keep them motivated, appreciated and committed. Baron argued that when we recognize and acknowledge the employees in terms of their identification, their working capacity and performance is very high. Recognition today is highest need according to most of the experts whereas a reward which includes all the monetary and compensative benefits cannot be the sole motivator for employees' motivation program. Employees are motivated fully when their needs are met.

The level of motivation of employees increases when employees get an unexpected increase in employee recognition, praise and pay. In today's dynamic environment the highly motivated employees serve as a synergy for accomplishment of company's goals, business plans, high efficiency, growth and performance. Motivation is also required when the organizational workforce has not a good relationship pattern. Employees' relation with employees and with supervisor is a key ingredient of the inner strength of the organization. The ability of supervisors to provide strong leadership has an effect on job satisfaction of employees. The study relates how the impact of incentives, strategic rewards system programs drives employee motivation.

Rewards play a vital role in determining the significant performance in job and it is positively associated with the process of motivation. Lawler argued that there are two factors which determine how much a reward is attractive, first is the amount of reward which is given and the second is the weightage an individual gives to a certain reward.

Deeprase is of the view that "Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible." Fair chances of promotion according to employee's ability and skills make employee more loyal to their work and become a source of pertinent workability for the employee. Bull posits a view that when employees experience success in mentally challenging occupations which allows them to exercise their skills and abilities, they experience greater levels of job satisfaction. Incentives, strategic rewards system are the key

parameters of today's motivation programs according to most of the organizations as these bind the success factor with the employees' performance. Robbins asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing. Similarly, the employee recognition which is a central point towards employee motivation adores an employee through appreciation and assigns Fortune best companies which discriminates companies from the others is recognition that is the most important factor of their reward system. Wilson stated that the conditional recognition is that type of recognition which one has to earn by his own efforts and which is gained by some sense of achievement of an action or result. Employees are definitely closer to their organization as their job can become the major satisfaction in their life after having a proper strategic rewards system at their job. Rewards enhance the level of productivity and performance at job whether it's a first time performance or repeated activity at the job in a progressive way. Research by Eastman consistently found that intrinsic motivation is conducive to producing creative work, while extrinsic motivation is unfavorable to producing creative work.

Nirma Sadamali Jayawardena and Darshana Jayawardena (2020) Studied on the extrinsic and intrinsic rewarding system on employee motivation. The study contributed to identify the employee motivational factors in the selected company and to reduce current labour turnover ratio by identifying the factors which motivate the current workforce.

Walters T. Nagwa (2019) conducted a study on the effect of reward system on employee performance. The study assesses the degree to which profit sharing affects employee commitment. Firstly, because reward systems are not a one size fit for every firm, it will be interesting to investigate the effect of reward system on employee performance in service firms. Employee task are more routine with a relatively lower level of creativity and innovation. There is a lower probability for group work and a higher level of specialization and task distinction. It is very important for research to be done in this direction with the focus of identifying the most appropriate reward system for service firms. Secondly, wages and salaries constitute a significant part of expenses made by firms. Considering that reward is an important tool that can be used to attract the right employee, keep them and constantly

motivate them to perform at optimum level, reward systems are expected to deliver attractive packages.

Belachew Kassahun (2019), identified that employee motivation is a very important issue that affects every business organisations. To provide an excellent service for their customers and to foster development of tourism in the region one and two star rated hotels as vital place should consider the issue of motivation to satisfy its employees and grasp success. The rewards that one and two star rated hotels provides for its employees payment, promotion, recognition, benefit, work content, and work condition. But the reward system of the one and two star rated hotels is poor and employees were not treated well by the hotels. This means, the one and two star rated hotels did provide adequate rewards which incorporates intrinsic and extrinsic for their staff that motivates them for higher performance. The perception of the hotel employees towards the reward system of the one and two star rated hotels is negative. They believe that the reward system of the one and two star rated hotels is not properly communicated, transparent and fairness. They also felt that the reward system is not externally competitive and appropriate for hotel employees

Zhen Zhang, Lianying Zhang, Aibin Li(2019) found that reward system as an effective tool to manage NPD(new product development) collaboration. Yet, our understanding about what types of rewards should be used for NPD collaboration is still unclear.

This research examines the effects of reward interdependence and nonfinancial incentives on NPD collaboration, as well as the moderating roles of team size and deep-level heterogeneity **Yoko Kitakaji, Susumu Ohnuma(2018)**, examined whether rewards and mutual punishment increased non-cooperation or motivation and regarded illegal industrial waste dumping as a social dilemma in which everyone bears the burden of the cost of illegal dumping, legal treatment is cooperative behavior, and illegal dumping is non-cooperative behavior.

Said Juma Al Darmak(2017), observed the role of rewards in promoting innovation has received considerable attention in both theory and practice. The fact that rewards have a positive impact on promoting innovation is well established. However, this relationship is complex since different types of rewards are suited for various kinds and stages of innovation. Further, an alternate view undermines the role of rewards in promoting innovation. Research explains that reward plays a significant role in the motivation of employees since it creates a certain degree of excitement among employees, thus leading to the development of innovation culture within the organization. However, this relationship between rewards and innovation is not a straightforward one. Considering that innovation varies in degree and types, this study highlights those various types of rewards impact on different types of innovation. Further, considering the existence of a profusion of rewards systems, this study through an exhaustive literature review, shows that different types of rewards are linked to various stages of innovation.

Felista Ngozi Abasili, Abdu Ja'afaru Bambale(2017), investigate the direct relationship between reward and employee performance using the variables including salary, bonus, incentive, promotion, recognition, pension and gratuity as independent variables and performance as dependent variable. Employee performance and the level of job satisfaction and commitment to their job is a direct function of the compensation packages and reward system of the organization. Without appropriate compensative package, incentive system and motivational techniques put in place in the organization, it is most likely that workers will not be committed and their performance level will be underhand. Reward is central to the functioning of any employee-employer relationship and it is a matter that is closest to the heart of both the employee and the employer.

Ofelia Robescu and Alina-Georgiana Iancu(2016) says that the most important finding of the study is that a large part of employees agree that recognition motivates and influence the performance. In summary, recognition can be a powerful tool used to motivate employees. It is desired by employees and significantly increase their performance. Some suggests that social rewards, such as recognition may affect employee performance to the same level as payment.

Abdifatah Abdilahi Ali(2015), opined that there is a positive relationship between extrinsic rewards and employee satisfaction. Giving of rewards to the best performing employees motivates them to increase their job satisfaction as well as encouraging the other employees to enter into a competitive performance for them to be rewarded too. Appreciation of the work done and provision of performance benefits affects employee satisfaction level thereby promoting their morale in their work. From the findings the level of satisfaction an employee perceives by receiving a extrinsic reward is expected to influence the reward attractiveness in the same manner as a fixed pay salary does. This implies that an employee who prefers a fixed pay over a performance based pay, will also be more attracted to a tangible reward than to a non-tangible reward. yet, granting non tangible rewards to employees has also proven to be an important factor that influences employee satisfaction.

Ayesha Binte Safiullah(2014), From this study it can be inferred that it is not just one factor, for example it is not just monetary rewards which motivate an employee, though monetary compensation is the physiological factor to the employees. This essentially says that the employees need to be motivated with the content of their job. That is the employees in any organization need to be constantly provided with opportunities for learning new skills so that they do not feel monotonous. They should be motivated to use the acquired skills on their job. The organizations need to provide challenging opportunities to the employees. The organizations also should emphasize on work life balance, and should provide options to employees, like- flextime, day care centre for their children etc. They must be encouraged to participate in decision making and they need to get challenging tasks. The employees would appreciate these initiatives. It is important to link pay to performance as it is an effective motivator when people know what they are going to get in return for certain efforts or achievements, and when they feel that what they may get is worth having.

PRAGYA GUPTA (2016) had conducted research on “**STUDY OF IMPACT OF NON-FINANCIAL REWARDS ON MOTIVATION LEVEL OF SALES EXECUTIVES OF FINANCIAL SECTOR**” this study states how motivation of employees can influence on success or failure of an organization. She also argues that non-financial rewards have much more influence than that of financial rewards. And she adds that

money by itself will not result in sustainable motivation. Motivation is a mystery box for the managers and should be dealt with caution.

According to PRAGYA GUPTA (2016) pay also known as compensation or remuneration is one of the commonly used elements of reward to retain employees in an organization.

Bussin (2012) states that however, in reality pay has been found to be the fifth most common reason for an employee in leaving an organization. Bussin & Toerien (2015),

YOKO KITAKAJI, SUSUMU OHNUMA (2019) has conducted research on “The Detrimental Effects of Punishment and Reward on Cooperation in the Industrial Waste Illegal Dumping Game” it was investigated whether rewards or mutual punishment enhanced non-cooperation or motivation and saw unlawful industrial effluents dumping as a social dilemma where everyone faces the expense of improper disposal, lawful treatment is cooperative behaviour, and improper disposal is noncooperative behaviour.

Mishra and Dixit (2013) found that both financial and nonfinancial rewards have strong positive correlation with employees' motivation. Kaliski (2007) explained that positive relationship between motivation and rewards leads to increase in the job satisfaction of employees. Increase in Job satisfaction, in turn, increases the perception of job success and achievement of an employee. The study also found positive links of job satisfaction with employee productivity, commitment of employees to put effort in job.

Khan, et al. 2013 - The nature of financial and non-financial rewards are categorised into extrinsic and intrinsic rewards. Rewards having extrinsic nature are generally related to monetary rewards, or simply cash rewards while they also include formal recognition such as appreciation letters, other fringe benefits, incentive based payments such as sales commission, and promotion. Rewards having intrinsic nature are typically non-monetary or non-cash rewards, for examples, sharing success stories, recognising employee of the month

or year achievement, providing professional training opportunities. A good balance intrinsic rewards enables the organisation to maximise employee's con and job satisfaction which in turn maximises the performance of e terms of productivity.

Yousaf and associates (2012) focused on intrinsic nature rewards and concluded that individuals are constantly involved in social exchange processes by putting in efforts to gain rewards. Employees compare the efforts that they put in to gain the rewards with the actual rewards. The study concluded that in order to gain an attractive rewards, an employee is likely to be motivated for high performance and thus rewards serve as motivational factor.

Sewar and Abugre (2013) analysed the impact of rewards on job satisfaction of service industry employees. They found a positive impact of job satisfaction on employee performance in and concluded that adequate reward system maximises the job satisfaction leading to increase in efficiency and effectiveness of employee productivity.

According to **Pratheepkanth (2011)**, there is a positive relationship between rewards and motivation. They conducted their study by focusing on commercial bank of Sri Lanka.

Aktar, Sachu, and Ali (2012) conducted a study to examine the relationship between rewards and employee performance and relationship between extrinsic and intrinsic rewards.

Danish and Usman (2010) concluded in their study that an effective reward system and adequate recognition of performance in an organisation creates favourable working conditions for employees and serve as key motivator for employees to maximise pro Performance recognition creates a perception in employees that they are valued and appreciated and consequently the morale of the employees is boosted. High morale leads to increase in productivity of the employees which ultimately maximize the productivity of the organisation. Overall, the study concluded that reward system has a vital role in employee productivity and has a positive relationship with the process of employee motivation.

According to **BBC (2015)**, various factors have caused a decline in the market share of Tesco in the last 5 years. In order to enhance its performance and retain competitive edge, Tesco must find efficient and effective strategies.

The study conducted by **Dewhurst (2010)** shows that by adequate rewards, management can motivate employees, particularly low performers, but also increase job satisfaction particularly of high achievers.

Armstrong, 2013 - Intrinsic motivation refers to the motivation that comes from inside an individual. This type of motivation usually comes with the satisfaction employee gets after the work being done or in some cases during the working process. Intrinsic motivation can be influenced by several factors which are responsibility, freedom to act, scope to use and develop skills and abilities, interesting work and opportunities for advancement. These motivators are used to have a long-term effect as they come from the individual and not from the surrounding environment.

In 2013 two researchers **Kehoe and Wright (2013)** conducted statistical tests and found significant relationship between reward system and performance recognition, as well as with motivation and job satisfaction. According to their study, employee motivation and job satisfaction change correspondently with the changes in recognition and rewards. For instance, increase in rewards leads to increase in employee performance.

This study is based on the research made by **Panagiotakopoulos (2013)** whose main objective of the research was to examined major motivational factors which influence employees' motivation. Panagiotakopoulos (2013), concluded that the creation of a reward system depends a lot on the external environment which influences employees need and that is of vital importance to integrate employees into the process of development and improvement of reward policies in an organisation.

According to authors **Kulchmanov and Kaliannan (2014)** motivation of employees is the most influential factor in employee performance. The performance of employees can be maximised by creating a perception among them that their hard work and effort is valuable for the company and management recognise and reward high performers.

On the other hand, the researcher **Nielsen (2013)**, expressed an idea that such factors as trainings, skills development programs, technological innovations and improvement of working conditions also influence workforce performance and motivate employees to perform better

Overall organisation performance consists of the sum of performances of every individual in a company (**Kim, 2010**). The reward system of a firm is used as a tool to monitor performance of employees as well as a method to motivate employees. Therefore, an organisation such as Normet uses reward system to stimulate the performance of its employees

According to **Raza (2012)**, extrinsic rewards or in other words monetary rewards are the best source of employee motivation which would cater the expectations of individual employees in order keep them motivated. Therefore, this way of motivation tends to be short term and should be repeated constantly to retain motivation and performance of the employees.

Latham, 2012 - Maslow also created the term "metamotivation" to describe the level of motivation of a person who attempts to go beyond the basic needs and strives for improvement constantly. He explained that due to the human complexity, it is not an easy task to motivate employees, and organisations must have an efficient well-thought reward system to be able to influence workforce job satisfaction level, commitment to an organisation, performance and personal development.

The study conducted by **Herzberg, Mausner, and Snyderman (2011)**, identified two types of factors of employee motivation: motivation factors which aim to motivate employees to excel at their jobs and tasks, and hygiene factors which typically ensure that the staff remains happy and satisfied. As a result, Herzberg created the motivation-hygiene theory where he explained the effect of these factors. The factors that increase satisfaction, are called the satisfier factors or the motivators, and the factors that lead to dissatisfaction, are called the dissatisfiers or the hygiene factors.

Herzberg's theory also considers that threat, punishment, or similar kind of stimuli applied by managers may improve job performance, however, these methods have a short time effect on employees and in the long run produce negative impact on employee satisfaction and lead to decrease in performance.

Another researcher, **Malik (2010)**, expressed an idea that reward may represent anything or everything that is valuable for an employee and what would motivate an employee to contribute to an organisation. Also, Malik concluded that absence of rewards demotivates, decreases performance, create a feeling of nonrecognition and as a result, employees tend to look for other jobs and employers that are paying rewards.

Job satisfaction directly influences employees' motivation and what is more important has the impact on the overall employee performance level. As it is conducted by the researchers **Armstrong, Brown, and Reilly (2011)**, the most effective type of motivation is the self-motivation of the employee. If an employee is self-motivated, he/she will find own unique ways to maximise performance without changes in working condition or any other factors.

According to **Peters and associates (2013)**, interviews are relatively easy to conduct and preserve participants' confidentiality. In this research, the author uses In-depth individual interviews as a method of qualitative data gathering. An in-depth interview is seen as an intensive individual interview with a small number of participants who share their personal experiences and expectations related to a particular subject; in this case related to the reward.

system and its impact on employee performance.

ARUN KUMAR, P (2019) has conducted research on “Rewards incentives and its motivation towards organization effectiveness a study on Hindustan Coca Cola beverages private limited Andhra Pradesh” this study states how reward influences on the organizational performance in recruitment, retention, good corporate culture. It was found through this research that employees rewards and recognition is having a positive impact on their employees. Monetary and non-monetary has its own impact on the motivational and satisfaction level of employees. Most employee choose monetary rewards as a primary option as what was found in this research. And when given an option of non-monetary rewards employees prefer gift vouchers, then family tour packages, and finally appreciation notes or team lunch.

WARUNI AYESHA EDIRISOORIYA (2018) has conducted research on “Impact of Rewards on Employee Performance: With Special Reference to Electric Co.” Employee performance and extrinsic and intrinsic rewards have a good link. It indicates that employee rewards are enhanced, resulting in an increase in job motivation and staff performance. Organizations must improve their current incentive system that integrates compensation package with hr strategy in strategies to attract and maintain their personnel. Furthermore, it must consider compensation as a performance incentive and a component of the company's overall business plan. The importance of reward in employee performance is demonstrated in this study. Given that management is accountable for developing a distinctive compensation strategy with the goal of achieving long-term competitive advantage.

ROSHANI SHARMA (2017) has conducted research on “Impact of Reward Management Strategies on Motivation of Employees in Private Banks in Selected Districts of Rajasthan” this study states that 98% of employees are agreeing that reward is the main motivation of employees to work hard towards achieving the goals of the organization. And 99% are of an opinion that an effective reward system influences the competitive advantage as well and it also states the age group from 18 to 25 is highly effective and is immensely motivated with the monetary reward system.

ROGER MCCOY (2017) has conducted research on “THE RELATIONSHIP OF EMPLOYEE REWARD SYSTEMS AND MOTIVATION LEVELS WITH SPECIAL EMPHASIS ON FRANCHISING” it was found out that for franchisors, keeping franchisees happy and productive is crucial. A unique reward system that recognizes positive and effective behaviors in the workplace can be a powerful motivator. Franchisee reward programmers can be tailored to match the demands of individual franchisees. Identify the system's hidden needs and assist the group in growing by efficiently satisfying those demands. Keep in mind that long-term franchisor success and a sustainable, productive, efficient, and expanding system are driven by franchise profit, not just revenue growth. Employee reward schemes and employee engagement have a strong and compelling link. And when these benefits can be delivered or generated in a way that provides intrinsic rewards within the employee, the stronger the motivation.

BHALEKAR, SHUBHANGI VIKAS (2017) has conducted research on “Impact of Incentives and Reward System on Employees Behaviour in Automobile Industry” It was proved in this study that money matters. And, have found that a single bread earner in the family is much more in need of a monetary or financial reward than a family with many bread earners. It was found that employees do not take a step back in changing jobs which would result to a higher reward and difference in pay than in the same job. This study was conducted to ascertain the effect of incentives on employee motivation. Also, to find factors that contribute to the job satisfaction of employees. This fact also came into light from this study that qualification also influences the rewards given to employees, that is, employees with higher qualification are much more likely to get promoted or are subjected to early increments than an employee with comparatively lesser qualification

DR. BASKAR, PRKASH RAJKUMAR K. R (2013) has conducted research on “A Study on the Impact of Rewards and Recognition on Employee Motivation” Employee motivation and happiness are influenced by a multitude of factors, according to research. It also was significant to uncover those rewards and recognition had a direct and positive association with motivation and job satisfaction. As a result, if employee rewards and recognition are changed, there will be a commensurate shift in organizational commitment and job satisfaction. The immediate translation of this might be that the higher the degrees of

motivation and happiness, the greater the rewards and recognition. When there are huge inconsistencies, particularly when it comes to emotional distress between performers and non-performers, the organisation should re-evaluate and correct the problem. If the organisation does not re-evaluate this situation, it may have a detrimental influence on work performance and productivity, as well as minority retention. According to Maslow's hierarchy of requirements, lower level wants like compensation and benefits must be met first before higher level needs like motivation can be supplied.

ABDIFATAH ABDILABI (2015) has conducted research on “Analysis of Extrinsic Rewards and Employee Satisfaction: Case of Comtel Company in Somaliland” Extrinsic awards and employee satisfaction have a positive association. Giving awards to the highest-performing employees encourages them to improve their job satisfaction while also inspiring other employees to compete for the chance to be rewarded. Employee happiness is influenced by the level of appreciation for their job and the supply of performance benefits, which boosts their morale at work. According to the findings, an employee's level of satisfaction from receiving an extrinsic reward is believed to impact incentive desirability in the same way that a fixed pay income does. This means that the employee who chooses a fixed salary over a performancebased salary will prefer a tangible reward over a non-physical reward. Giving employees non-tangible benefits, on the other hand, has been shown to be an essential component in employee happiness.

According to Research by **Haines and St-Onge (2012)** success is eminent in Performance management when, for managers covering performance coaching and constructive feedback, there should be more training on performance management, Emphasize on employee recognition, corporate culture value engagements, positive employee relation climate, Strategic integration of performance management with human resource management with business plans of organization, human capital is valued.

Ceschi, 2017 - In the recent days most organizations offer performance dependent rewards in addition to wages and salaries. These performance related rewards include esteem rewards, job promotion and job security.

Mehmood, 2013 - An effective tool for dissatisfied employees to increase performance and change behaviour are rewards. For the whole organizational process to come into life, the important assets of the firm are employees who are the hands and brain of the organization. Therefore, for the job satisfaction and productive behaviour in an employee fair reward system is required. Reward systems must include awards and recognition, reassignments, promotions and other reward programs rather than just salary and bonuses. If an organization has to gain competitive edge, it is a must that the firm recruits and retains the desired employees. Which can be achieved by reward systems. Workers who work harder and faster were motivated by reward systems and other incentive plans. Reward systems should be aligned with the strategy of organization and should also match the culture of organization.

Hege Wisch and Ganguli O, N(2016), in his study found "pay and allowances as the most important factor causing satisfaction or dissatisfaction to workers"

Singh ET. Al(2010). in a study of organizational culture and its impact on managerial remuneration concluded that the demands for money was significantly influenced by the quality of organizational culture and that it can substantially be reduced by improving the quality of organizational culture. Findings such as those suggest that satisfaction, task involvement, demand for money and commitment are largely determined by organizational culture.

According to **Fred Luthans(2020)**, "inequality occurs when an individual perceives that the ratio of his outcomes to input and the ratio of relevant others outcome to input are unequal"

One of the major reasons for practicing team-based rewards is because of the interdependency between jobs and tasks due to the change in technology. It makes it difficult for managers to assess the performance of individuals when the task requires interdependency. Findings suggest that the performance is accurately measured when tasks

are interdependent.(**DeMatteo, 2018**)

Rowlinson(2015) one of the American vice presidents whose company observed and concluded that recognition speaks to the employee receiving it and awards and only one aspect of it. The symbolism, meaning and intrinsic value attached to the reward are equally important. Although the gold plated carriage clock, watch all engraved tinkered in recognition of long service is probably most prominent form of recognition award in U.K.

Judy L. Agnew and William K. Redmon(2013), indicates that the organization may have the latest technology, well -thought out strategic plans, detailed job descriptions and comprehensive training programmes, but unless the people are rewarded for their performance-related behaviours, the "upfront" variable (technology, plans and so on) or the rules that govern their behaviour have little impact". Pay and allowances as the most important factor causing satisfaction or dissatisfaction to workers.

Steve Williams and Fred Luthans (2020) stated that, "the choice of reward interacting with feed back had a positive impact on task performance".

Simon(2020) after thorough study suggested that employees should be given cash bonuses and prizes for meeting sales targets, customer services and cleanest store. For special yearly competition when only few people gain prizes should be precious and can range from holiday voucher, a set of 2 tickets for an all expense paid trip to Hollywood.

One example is **Vodafone Australia(2015)**. When Vodafone introduced the liveyourlife reward and recognition program they had turnover rates around 30 per cent per year. That rate has reduced to just 18 per cent predominantly due to the company focusing on its culture and its people. The liveyourlife incentive program is a major part of the people retention initiative. By offering experiential benefits as part of their remuneration structure,

the dynamic Managing Partner encouraged Gardens to be known as an innovative, progressive and fun law firm.

The National Australia Bank(2019) approached liveyourlife to customize a team based experiential reward program for a project that involved employees in every branch of the Bank across Australia, including remote regional areas. Liveyourlife customized a specific team based reward program including the development of specific team experiences for branches in regional areas. The customized liveyourlife team based reward program was delivered with great success.

Karami, 2013 - A research and experience have proved that effective and timely feedback can be regarded as motivation to increase employee's productivity and is directly related to performance reinforcement. Corporations usually focuses on values and rewards, in accordance with what managers and employees refer to as rewards. Corporations give more importance to these values and direct their behaviours accordingly. Management should focus more on choosing the right people for their organization rather than just focusing to increase their production or service, which increases the corporation's success.

Bibi, 2018 - Recruitment or replacement of employees is a very costly process. If an organization has to be competitive in the market they operate in, it is a must that it retains its high performing employees, helping the firm to gain competitive advantage. Retention of employees is a process where employees are motivated to stay in the organization and retention directly relates to how well they are rewarded.

Lopes, 2017 - Motivation in context to organization involves a critical issue as it deals with the reason why employees choose to perform or maintain a particular activity for a certain time. There are many different reasons to why an individual will initiate and continue a particular task or activity. Which will have an impact on the quality of individuals such as

their attitudes, behavior at work and other behaviors. By analyzing motivation, some individuals are more involved in their work or activity and possess higher performance at work and maintain a higher well-being, according to the clues provided by the researchers for understanding some individuals. Analyzing workers motivation, should also take the variability within individuals over time into account, because motivation as a process involves infinite factors such as personal characteristics and social-contextual variables, which may be changed or maintained over time.

Shafiq, 2011 - Organizations performance and effectiveness of an organization is influenced by motivation. It is very important for an organizations management to understand how organization influence individual employee's motivation.

Lee, 2011 - Over the past several years western countries have successfully implemented PRP. Japanese's companies have seen the major effects of PRP particularly at the individual employee level, as a source to control costs through higher employee productivity. However, there are some instigations that PRP will erode team spirit and a few cooperation's has underscored organizational success in Japan. A survey on more than 4000 workers was conducted and more than 80% agreed with the rationale underlying PRP.

Singh, 2013 - Since the inception of management science pay is considered an important reward to motivate the behaviour of employees. There are studies and establishment on the linkage of perceptions, pay and performance. High performing employees are motivated, retained and attracted by compensation. The financial returns and tangible services are the forms of compensation benefits employee receive as a part of employment relationship. Financial returns include the base salary of an individual along with the short-term and long-term incentives. Benefits and services such as insurances, paid vacations, sick days, pension plans and employee discounts are tangible rewards.

Suff, 2017 - "Performance related pay is not dying, but is changing", was quoted by Brown and Armstrong (1999). More current studies bolster this prediction. When it comes to pay progression the number of factors what it terms the 'combination' or 'hybrid' is

considered by the majority of the employees 79% when it comes to pay progression, this is indicated by the CIPD annual survey.

Weibel, Rost and Osterloh (2010) concluded that the intrinsic motivation for a particular effort declines, when Performance Related Pay (PRP) is introduced. This study only confirms a total crowding mechanism, but according to Motivation Crowding Theory (MCT) the outcome of the reward system is diversified and is related to the conceptualization of the reward system. Thus, the adverse implications of rewards for intrinsic motivation for resultant such as Organizational Citizenship Behaviour (OCB) should be followed only when the reward system tends to be under control.

Jacobsen, 2017 - PRP's emphasis on the instrumental effect on the employee's work effort is expected to lead to a cognitive price effect through the increased importance of the employees' extrinsic motivation. These claims are confirmed/supported by means of trial basis study along with the merits of random experiments and social survey. This design helps in verifying the incentives helpfulness on the employees' thoughts and also enables continuous study of the wage structure, employees' thinking of incentives and motivation.

Njanja, 2013 - Employees were happy and satisfied with cash bonuses, but cash bonuses hardly had any impact on performance of employees. A case study on Kenya power and lighting company Ltd concludes that employee performance had no significant impact from cash bonuses. Performance was the same of the employees who received and employees who did not receive any cash bonuses.

Azzone, 2011 - In the last decades a few administrative reforms have undergone in the Italian central government, this research found that link between rewards and performance appraisal is absent, it is advised especially when an organization is going through change, making the most of existing reliable measures for performance could be a solution to the problem.

Rack, 2011 - Cooperative communication has more impact from rewards distributed equally than rewards distributed equitably. Higher pay satisfaction was led by equality strategies than equity strategies. Motivation including both intrinsic and extrinsic are positively related by team-based rewards.

Godeanu, 2012 - These studies show a favorable relationship between group rewards and satisfaction in receiving pay, since in a team, employees are working towards attainment of goals from the beginning, being team as a whole. Added to this, in case there is justice all over and moral endangerment is least, team-based rewards lead to higher pay satisfaction as employees prove that they work together in a group for the achievement of a common goal, which gets reflected as a common reward to all of them.

Burgess, 2010 - A research on large public sector organization examines the impact of incentive pay in teams or groups. Productivity of workers increased along with relocation of workers who are efficient towards incentivised tasks by incentive schemes. However according the research, the incentives schemes only lasted for 9 months and the bonus amount paid were not large. Goals can be achieved through financial incentives for job roles that are 'mission' focus and not 'caring' roles and incentives should not be ruled out for such roles.

YOON, 2015 - Reward practices are often used by organizations to encourage employee's creativity. According to **Fairbank and Williams (2001)** to draw attention of employees towards reativity most mangers use extrinsic rewards. Impact of employee's creativity from rewards are not clear, Organizational settings according to studies are lacking.

Silverstein, 2010 - In earlier days, motivation to carry on work is defined and divided as either Intrinsic or Extrinsic. Intrinsic motivation (IM) is exclusively considered as more desirable of the two, and it symbolizes an inclination to get involved in a work, since it is integrally interesting, joyful and or meaningful to the person. In comparison, Extrinsic

Motivation (EM) is often considered exclusively as desire to get involved in a work only to attain an external reward such as food or money or to avoid penalty. EM is often considered as unsuitable mode of changes in behaviour techniques and its methods are considered as philosophical theory, dominant and penalizing and does not provide any long lasting or internal benefit to the person. A set of studies by outstanding literates on normal motivation, when carried on at work or learning situations states that usage of tangible rewards underestimates IM and performance. Furthermore, the literates concluded that “engagement contingent and completion contingent rewards have a substantial and reliable undermining effect on intrinsic motivation”.

Gkorezis, 2012 - According to the research psychological empowerment of private employees is majorly influenced by extrinsic rewards, which includes financial incentives, promotion, future opportunities and organizational prestige offered by the organization. However psychological empowerment of public employees has impact from social extrinsic rewards such as relations with subordinates, supervisors and peers. When an organization focuses on empowering their human resource department, it becomes crucial that the organization takes sectoral distinction into consideration. Managers must practice and implement different human resource strategies with respect to extrinsic rewards, based on the sector they operate in.

Kanama, 2017 - According to analysis, the operation-based assessment process boosts innovation activities with a superiority in high level technology, in the case of small and medium sized companies. Performance based monetary compensation, does not have any major changes in any type of companies.

Özutkua, 2012 - According to a research on Turkish manufacturing industry for an organization to create a Total quality management (TQM) and to see it long-lasting improvements, can be achieved by increasing the bond between organizational performance and intrinsic rewards. Employees must be rewarded for their work towards improvement of quality through certificates, letters of appreciation or merchandise and the decision of a

promotion, rewards other than money or pay-related invoke a feeling in employees of accomplishment, self-worth. A significant positive effect on employee's performance are found on the practice of intrinsic rewards, there are no significant results in performance of employee on practicing extrinsic rewards. However, this is practiced only when an organization is implementing TQM.

Dave, 2011 - According to a research on nursing industry, nurses have various level of satisfaction with intrinsic rewards of nursing. A huge impact on dissatisfaction with extrinsic rewards is translated from a minor difference in intrinsic rewards. Strong dissatisfaction with extrinsic factors such as financial rewards, specific pay, job security and fringe benefits are led from minor dissatisfaction from intrinsic rewards. Hospitals can invest less on financial such as pay and other benefits and can keep the nurses satisfied by improving their intrinsic motivation. Promotions and other benefits provided by the organization will be valued less with lower intrinsic motivation. 72% of nurses were primarily motivated only through the intrinsic rewards offered by the organization.

According to **Nujjoo & Meyer (2012)** with reference to South Africa Intrinsic rewards have been found to be connected emotional and intrinsic motivation.

According to **HaysGroup (2015)** engagement is an exchange program. Where employees want to feel appreciated and valued for their extra efforts, hard work and working for extra hours. Employees expect to see a direct correlation to what they give and what they receive from the organization. Individuals want to be rewarded based on the value they add to the organization and it very clear that they do not believe in traditional reward systems and are insufficient. This primarily focus on intrinsic or extrinsic rewards to a total reward approach, which includes many other factors seen as rewards. Total reward system can be defined as the sum of total rewards and other services that an employee views that are important for the job.

Hoole, 2016 - According to worldatwork (2010) recognition, incentives and intangible rewards had a stronger a relationship to encouraging work engagement than pay and benefits.

Recognition, growth and development and opportunity to perform are factors are the rewards are acknowledged over and above monetary rewards and were also found as the factors that had a positive impact on work engagement.

Akhtara, 2015 - An integrated total rewards approach was failed to implement by compensation professionals and the main reason for the failure of this approach was their focus on central alignment of reward plan with business plan, whereas the needs of employee's attention was limited on the alignment of reward alignment. This failure made them to concentrate on employees and also to know more about what employees' value can also be the main reason for implementation issues and failure percentage of numerous total rewards strategies.

Yiamiis, 2017 - The total reward system or reward structure of an organization has to strategically fit within the overall organizational management style and must support desired behaviours and culture. It is very important that the organization is well aware of the behaviours, culture and norms that the firm is rewarding for. Total reward systems have an intense impact of managing performance, the elements of reward systems include base pay, contingent pay, employee-benefits and non-financial rewards. These elements will have an impact on performance and with decide the expected behaviour, culture and norms of the organization.

Bryman, 2011 - Semistructured interviews allow the researcher to gain more knowledge around the research question and to gain high feedback, when coupled with an inductive approach. However, the researcher must review the interview questions or the topic in a way it answers the research question and the questions framed must be easily understood by the interviewee.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Design

This is descriptive study including various factors of Strategic rewards system like criteria for rewards, eligibility, impact on behaviours of employees, frequency for rewarding, benefits derived and recommendation and suggestions.

3.2 Source of Data

Data collection is a very important part of the research process, collection of both primary and secondary in a systematic manner by identifying the sources is very crucial. Primary and secondary data collected should be in sufficient quality and quantity, which makes it easier for the researcher to carry out the research project.

- **Primary Data: Interviews** - The data collected by the researcher that are relevant to the researcher problem, when the secondary data available for the researcher is limited. This particular data is called as primary data.
- **Secondary Data: Online Resource, Published Journals and Published Books** - Collection of secondary data helps the researcher to understand and gain better knowledge and also helps in solving the research problem. However, the data gathered by the researcher has to be compiled as the data is not available from one particular source.

3.3 Structure of the Questionnaire

Questionnaire was divided into two sections. First part was designed to know the general information about EMPLOYEES and the second part contained the respondent 's opinions about employee engagement in reference to the IT Sector

- Basic Introduction
- Personal Details
- Research related Questions
- Perception Questions
- Suggestion Question

3.4 Sample:

Sample is 104 employees from the total population.

3.5 Sampling Techniques

- Sample taken from the study consist of employees.
- Samples were selected from various departments like
 - Administration
 - Development
 - Quality control
 - Customer support
 - Research and development
 - Finance and accounting
 - Information and technology
 - Training
 - Human recourse
 - Marketing.

3.6 Hypothesis Framed

Hypothesis – 1

HO - There is a positive relationship between Type of the Rewards and Employee Satisfaction

H1 - There is no relationship between Type of the Rewards and Employee Satisfaction

Hypothesis – 2

HO - There is a positive relationship between appreciation method and Satisfaction level of the employees.

H1 - There is no relationship between appreciation method and Satisfaction level of the employees.

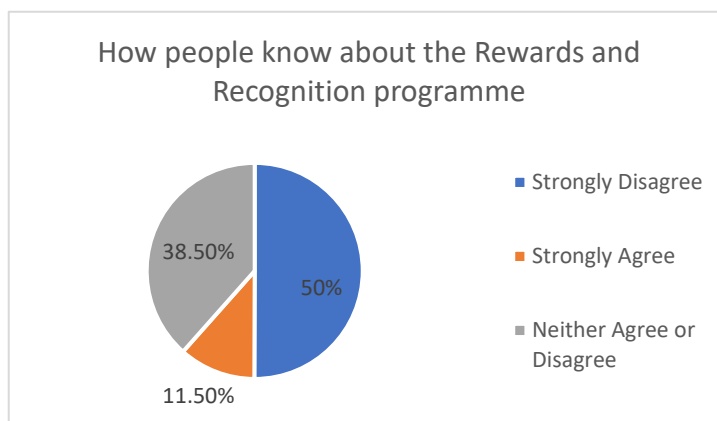
CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

4.1.1 Table indicating on how people know about the Rewards and Recognition programme

S. No	Category	No. of Respondents	Percentage Analysis
1	Strongly Disagree	12	11.5%
2	Neither Agree or Disagree	40	38.5%
3	Strongly Agree	52	50%
	TOTAL	104	100%



Interpretation

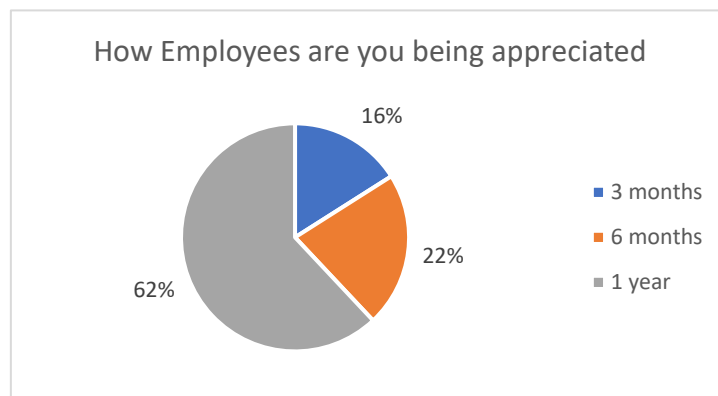
From the above table it is interpreted that 50% of the employees Strongly Disagree, 38.5% of them Strongly Agree and 11.5% responded as Neither Agree or Disagree

INFERENCE

50% of the employees Strongly Disagree.

4.1.2 Table indicating on how Employees are you being appreciated for every

S. No	Category	No. of Respondents	Percentage Analysis
1	3 months	16	16
2	6 months	23	22
3	1 year	65	62
	TOTAL	104	100%



Interpretation

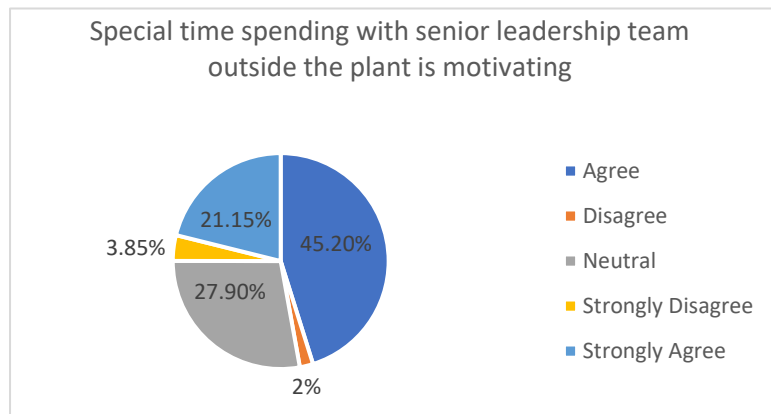
From the above table it is interpreted that 62% of Employees are being appreciated in 1 year, 22% are appreciated in 6 months and 16% are appreciated in 3 months.

INFERENCE

62% of Employees are being appreciated in 1 year

4.1.3 Table indicating on the special time spending with senior leadership team outside the plant is motivating

S. No	Category	No. of Respondents	Percentage Analysis
1	Strongly Disagree	4	3.85%
2	Neutral	29	27.9%
3	Strongly Agree	22	21.15%
4	Agree	47	45.2%
5	Disagree	2	1.9%
	TOTAL	104	100%



Interpretation

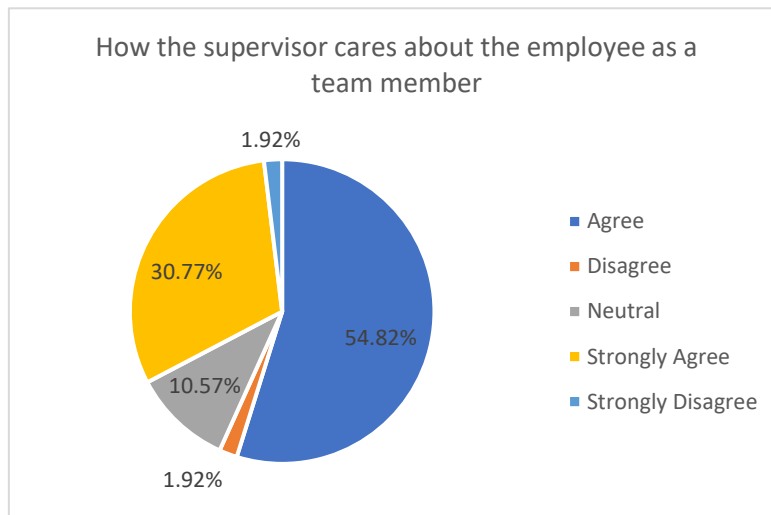
From the above table it is interpreted that 45.2% of the employees Agree, 27.9% of them are Neutral, 21.15% of them Strongly Agree, 3.85% of the employees Strongly Disagree, and 1.9% of them Disagree.

INFERENCE

45.2% of the employees Agree

4.1.4 Table indicating on how the supervisor cares about the employee as a team member

S. No	Category	No. of Respondents	Percentage Analysis
1	Strongly Disagree	4	3.85%
2	Neutral	29	27.9%
3	Strongly Agree	22	21.15%
4	Agree	47	45.2%
5	Disagree	2	1.9%
	TOTAL	104	100%



Interpretation

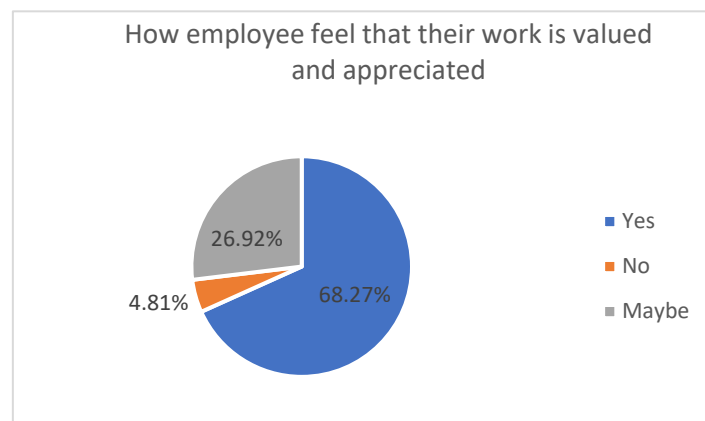
From the above table it is interpreted that 45.2% of the employees Agreed, 27.9% are Neutral, 21.15% Strongly Agree, 3.85% of them Strongly Disagree and 1.9% of the employees Disagree.

INFERENCE

45.2% of the employees Agree

4.1.5 Table indicating on How employee feel that their work is valued and appreciated

S. No	Category	No. of Respondents	Percentage Analysis
1	Yes	71	68.27%
2	No	5	4.81%
3	Maybe	28	26.92%
	TOTAL	104	100%



Interpretation

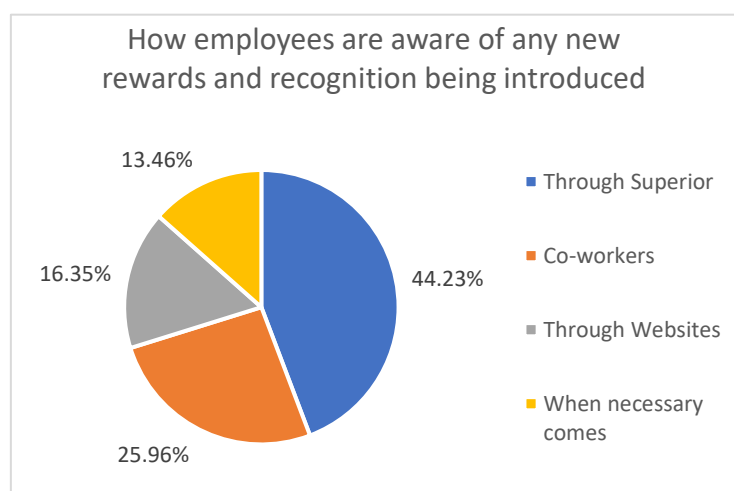
From the above table, it is interrupted that 68.27% of the employees selected Yes, 26.92% opted Maybe and 4.81% No.

INFERENCE

68.27% of the employees selected Yes

4.1.6 Table indicating on How did you come to know about any new rewards and recognition being introduced in the organisation

S. No	Category	No. of Respondents	Percentage Analysis
1	Through Supervisor	46	44.23%
2	Co-Workers	27	25.96%
3	Through Website	17	16.35%
4	Whenever necessary	14	13.46%
	TOTAL	100	100%



Interpretation

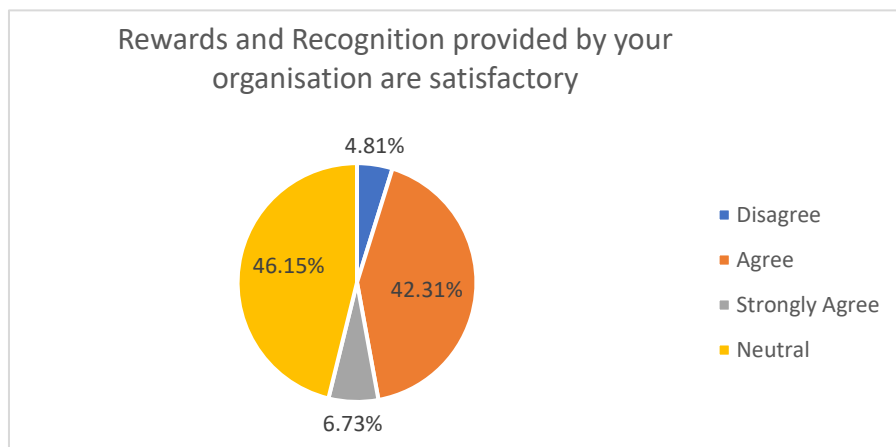
From the above table, it is interrupted that 44.23% of the employees selected Through supervisor, 25.96% are introduced by Co-Workers, 16.35% of them are through website, and 13.46% know Whenever necessary.

INFERENCE

44.23% of the employees selected Through supervisor

4.1.7 Table indicating on Rewards and Recognition provided by your organisation are satisfactory

S. No	Category	No. of Respondents	Percentage Analysis
1	Disagree	5	4.81%
2	Agree	44	42.31%
3	Strongly Agree	7	6.73%
4	Neutral	48	46.15%
	TOTAL	104	100%



Interpretation

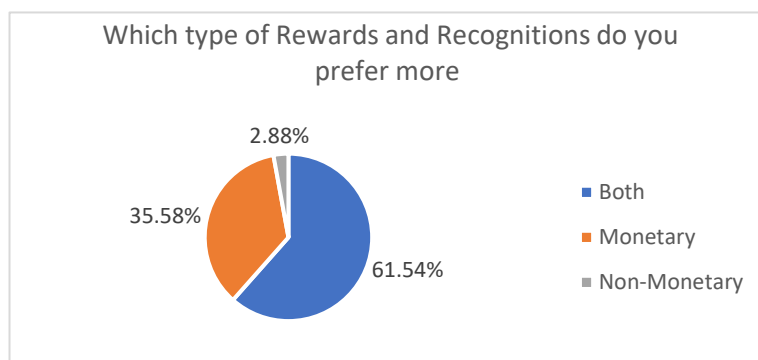
From the above table it is interpreted that 42.31% of the employees Agree, 46.15% of them are Neutral, 6.73% of them Strongly Agree, and 4.81% of them Disagree.

INFERENCE

46.15% of them are Neutral

4.1.8 Table indicating on Which type of Rewards and Recognitions do you prefer more

S. No	Category	No. of Respondents	Percentage Analysis
1	Monetary	37	35.58%
2	Non – Monetary	3	2.88%
3	Both	64	61.54%
	TOTAL	104	100%



Interpretation

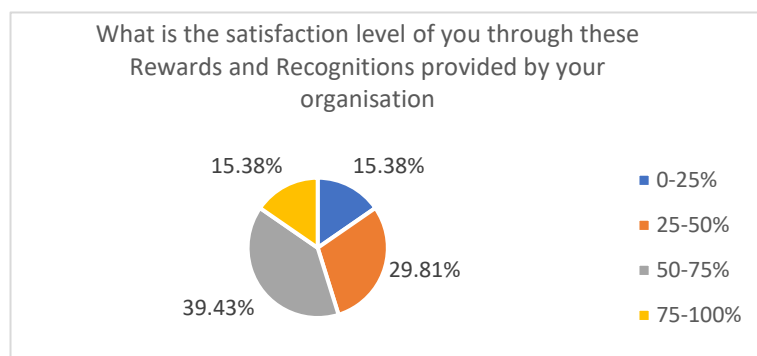
From the above table it is interpreted that 61.54% of the employees opted Both and 35.58% of them selected Monetary rewards and 2.88% choose Non - Monetary.

INFERENCE

61.54% of the employees opted Both

4.1.9 Table indicating What is the satisfaction level of you through these Rewards and Recognitions provided by your organisation

S. No	Category	No. of Respondents	Percentage Analysis
1	0-25%	16	15.38%
2	25 – 50%	31	29.81%
3	50 – 75%	41	39.43%
4	75 – 100%	16	15.38%
	TOTAL	104	100%



Interpretation

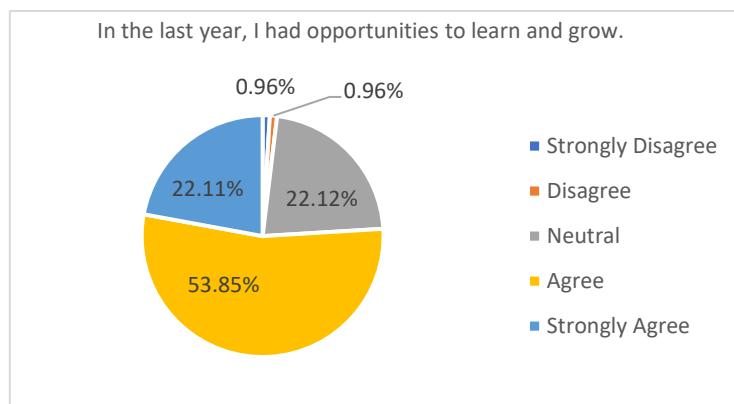
From the above table it is interpreted that 39.43% selected 50-75%, 29.81% opted 25-50%, 15.38% of the employees selected 0-25% and 75-100%

INFERENCE

39.43% selected 50-75%

4.1.10 Table indicating In the last year, I had opportunities to learn and grow.

S. No	Category	No. of Respondents	Percentage Analysis
1	Strongly Disagree	1	0.96%
2	Disagree	1	0.96%
3	Neutral	23	22.12%
4	Agree	56	53.85%
5	Strongly Agree	23	22.11%
	TOTAL	104	100%



Interpretation

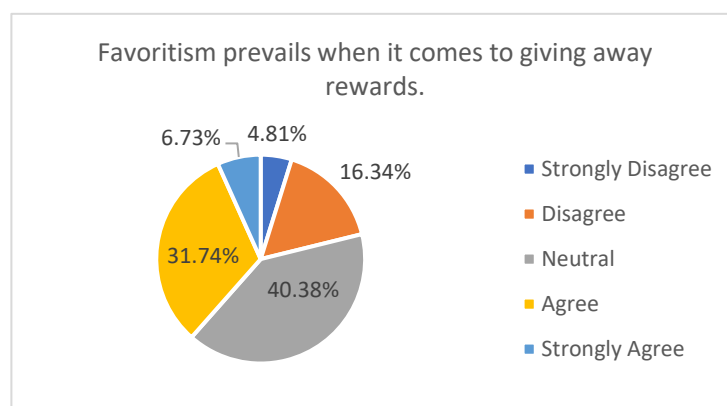
From the above table it is interpreted that 53.85% of the employees Agree, 22.12% of them are Neutral, 22.11% of them Strongly Agree, 0.96% of the employees Strongly Disagree, and 0.96% of them Disagree.

INFERENCE

53.85% of the employees Agree

4.1.11 Table indicating Favouritism prevails when it comes to giving away rewards.

S. No	Category	No. of Respondents	Percentage Analysis
1	Strongly Disagree	5	4.81%
2	Disagree	7	16.34%
3	Neutral	42	40.38%
4	Agree	33	31.74%
5	Strongly Agree	7	6.73%
	TOTAL	104	100%



Interpretation

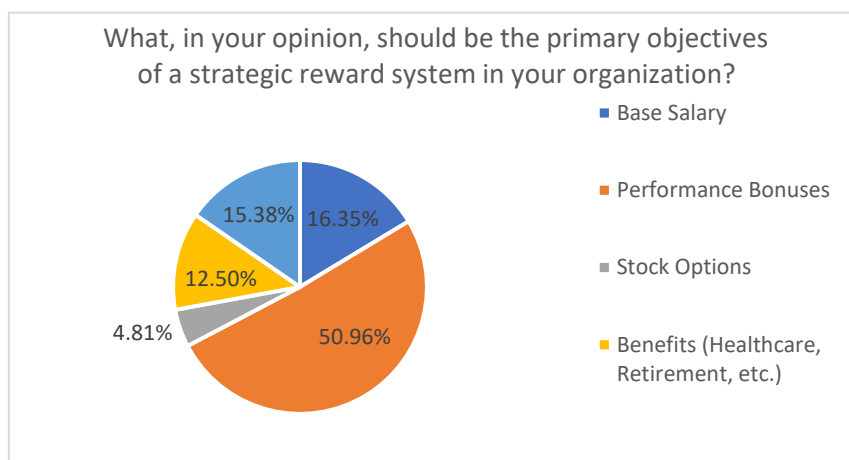
From the above table it is interpreted that 31.74% of the employees Agree, 40.38% of them are Neutral, 6.73% of them Strongly Agree, 4.81% of the employees Strongly Disagree, and 16.34% of them Disagree.

INFERENCE

40.38% of them are Neutral

4.1.12 Table indicating the components do you believe are part of your current reward system

S. No	Category	No. of Respondents	Percentage Analysis
1	Base Salary	17	16.35%
2	Performance Bonuses	53	50.96%
3	Stock Options	5	4.81%
4	Benefits (Healthcare, Retirement, etc.)	13	12.5%
5	Professional Development Opportunities	16	15.38%
	TOTAL	104	100%



Interpretation

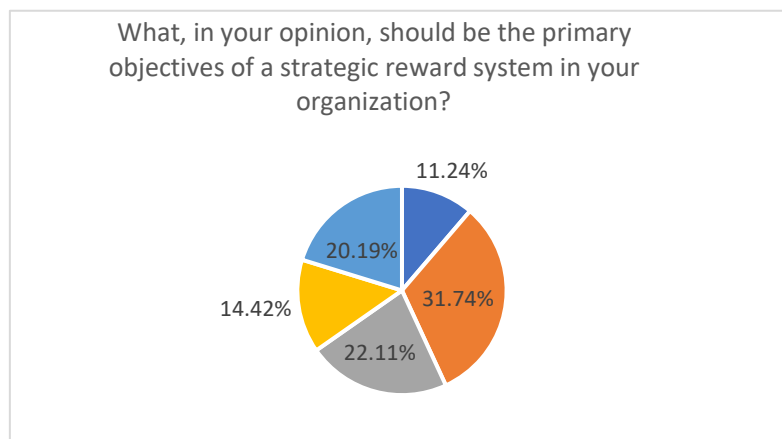
From the above table it is interpreted that 50.96% of the employees selected Performance Bonuses, 16.35% opted Base Salary, 15.38% Professional Development Opportunities, and 12.5% selected Benefits.

INFERENCE

50.96% of the employees selected Performance Bonuses

4.1.13 Table indicating employee's opinion, should be the primary objectives of a strategic reward system in your organization?

S. No	Category	No. of Respondents	Percentage Analysis
1	Attracting Top Talent	12	11.54%
2	Motivating High Performance	33	31.74%
3	Retaining Key Employees	23	22.11%
4	Fostering a Positive Work Culture	15	14.42%
5	Supporting Professional Growth	21	20.19%
	TOTAL	104	100%



Interpretation

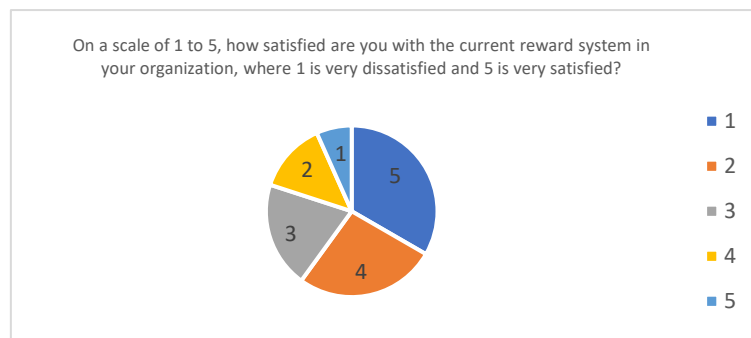
From the above table, it is interrupted that 20.19% of them are Supporting Professional Growth, 14.42% selected Fostering a Positive Work Culture, 22.11% selected Retaining Key Employees, 31.74% opted Motivating High Performance.

INFERENCE

31.74%opted Motivating High Performance

4.1.14 Table indicating how satisfied are you with the current reward system in your organization, where 1 is very dissatisfied and 5 is very satisfied?

S. No	Category	No. of Respondents	Percentage Analysis
1	1	6	5.78%
2	2	8	7.69%
3	3	47	45.19%
4	4	35	45.19%
5	5	8	33.65%
	TOTAL	104	100%



Interpretation

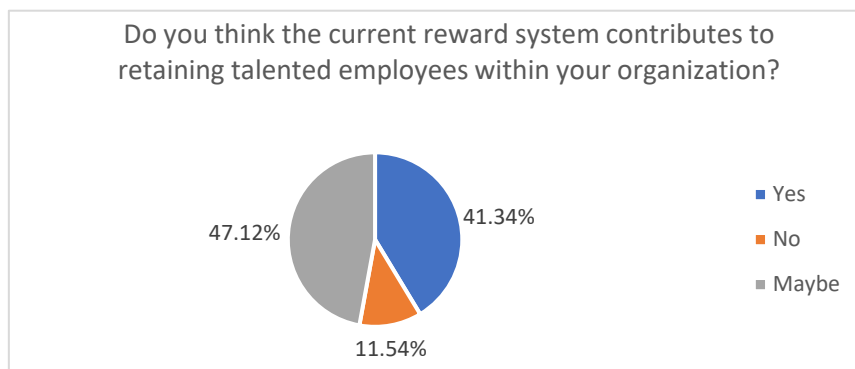
From the above table, it is interrupted that 45.19% of the employees choose the scale of 3 & 5, 33.65% of them opted the scale of 5, 7.69% choose scale 2 and 5.78% of them opted the scale of 1.

INFERENCE

45.19% of the employees choose the scale of 3 & 5

4.1.15 Table indicating about the current reward system contributes to retaining talented employees within your organization?

S. No	Category	No. of Respondents	Percentage Analysis
1	Yes	49	47.12%
2	No	12	11.54%
3	Maybe	43	41.34%
	TOTAL	104	100%



Interpretation

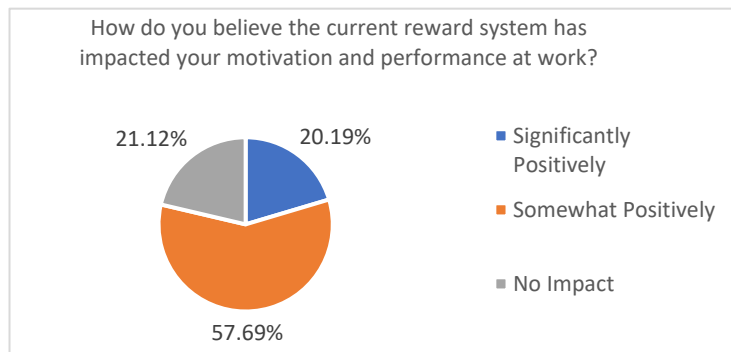
From the above table, it is interrupted that 47.12% of the employees selected Yes, 41.34% selected Maybe and 11.54% opted No.

INFERENCE

47.12% of the employees selected Yes

4.1.16 Table indicating how do you believe the current reward system has impacted your motivation and performance at work?

S. No	Category	No. of Respondents	Percentage Analysis
1	Significantly Positively	21	20.19%
2	Somewhat Positively	60	57.69%
3	No Impact	23	21.12%
	TOTAL	104	100%



Interpretation

From the above table, it is interrupted that 57.69% of the employees responded Somewhat Positively and 21.12% opted No impact and 20.19% of the employees selected Significantly Positive

INFERENCE

57.69% of the employees responded Somewhat Positively

4.2 TESTS

HYPOTHESIS - 1

HO - There is a positive relationship between Type of the Rewards and Employee Satisfaction

H1 - There is no relationship between Type of the Rewards and Employee Satisfaction

ONE WAY ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	14.855	3	4.952	.469	.704
Within Groups	1054.684	100	10.547		
Total	1069.538	103			

INTERPRETATION

The p value is 0.704 which is greater than the significance value (0.05) hence null hypothesis (H0) is accepted and H1 is rejected

INFERENCE

Therefore, there is a positive significant difference between Type of the Rewards and Employee Satisfaction

HYPOTHESIS – 2

HO - There is a positive relationship between appreciation method and Satisfaction level of the employees.

H1 - There is no relationship between appreciation method and Satisfaction level of the employees.

CORRELATION

		Are you being appreciated for every	What is the satisfaction level of you through these Rewards and Recognitions provided by your organisation
Are you being appreciated for every	Pearson Correlation	1	.031
	Sig. (2-tailed)		.760
	N	101	101
What is the satisfaction level of you through these Rewards and Recognitions provided by your organisation	Pearson Correlation	.031	1
	Sig. (2-tailed)	.760	
	N	101	104

INTERPRETATION

The p value is 0.031 which is lesser than the significance value (0.05) hence null hypothesis (H1) is accepted.

INFERENCE

Therefore, there is no a significant difference between the appreciation method and Satisfaction level of the employees.

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CHAPTER 5

FINDINGS, SUGGESTIONS, AND CONCLUSION

FINDINGS

- 50% Strongly Agree on how people know about the Rewards and Recognition programme.
- 62% of Employees are being appreciated in 1 year.
- 45.2% of the employees Agree on the special time spending with senior leadership team outside the plant is motivating.
- 45.2% of the employees Agree on how the supervisor cares about the employee as a team member.
- 68.27% of the employees selected Yes on How employee feel that their work is valued and appreciated.
- 44.23% of the employees selected Through supervisor on How did you come to know about any new rewards and recognition being introduced in the organisation.
- 46.15% of them are Neutral on Rewards and Recognition provided by your organisation are satisfactory.
- 61.54% of the employees opted Both Monetary & Non - Monetary Rewards and Recognitions.
- 39.43% selected 50-75% is the satisfaction level of you through these Rewards and Recognitions provided by your organisation.
- 53.85% of the employees Agree that in the last year, the employee had opportunities to learn and grow.

- 40.38% of them are Neutral on the opinion where Favouritism prevails when it comes to giving away rewards.
- 50.96% of the employees selected Performance Bonuses component do you believe are part of your current reward system.
- 31.74% opted Motivating High Performance is the employee's opinion, should be the primary objectives of a strategic reward system in your organization.
- 45.19% of the employees choose the scale of 3 & 5 satisfied with the current reward system in your organization.
- 47.12% of the employees selected Yes about the current reward system contributes to retaining talented employees within your organization.
- 57.69% of the employees responded Somewhat Positively on believe of the current reward system has impacted your motivation and performance at work.

SUGGESTIONS

1. Surveys should be conducted frequently in order to judge satisfaction level of the employees.
2. In addition to surveys, interaction of HR officers with the employees should also be given space if possible.
3. Suggestions and discrepancies regarding the various reward schemes should be openly invited from the employees and should be materialized into action as soon as possible should not be dumped as paperwork.
4. Formal and Informal meetings: should be conducted to judge the employee satisfaction, regarding various services & new way out should be searched to tackle the same.

CONCLUSION

The responses obtained indicate that the employees were fairly satisfied with the strategic reward system of the organization. Although a small sample size was taken to analyse it, every proportion of population was represented by the sample appropriately.

The questions were designed using basic principles into consideration i.e., fairness, openness, timeliness etc. The responses thus obtained were then analysed to arrive at the conclusion.

The responses obtained in the two extremes were very less, i.e. every question was responded by the employees avoiding the two extremes of strongly agree & strongly disagree this can be justified by the fact as explained above in the limitations that the employees were hesitant and behaved as if some confidential information was being extracted from them or that it indicates that employees were fairly satisfied with the management regarding the various strategic reward system schemes.

Majority of the responses obtained were that of “agree” i.e. approximately 30 to 40% Of the employees responded “agree” to the questions like rewards are given as per criteria that indicates that etc., indicating that organization had been fairly successful in keeping the strategic reward system schemes balanced and satisfactory.

Also it was observed that most of the executives took a lot of time in responding and were less cooperative and open as compared to the non executive employees, also the satisfaction level was high in the higher grade (E4) above. The workers were enthusiastic and cooperative in their responses as well as interactive. After detailed analysis done band wise or grade wise it can be concluded that the satisfaction level of the employees as well as their awareness regarding various rewards & recognition schemes was fairly well, i.e. the employees were satisfied with strategic Reward System of the organization

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ANNEXURE

QUESTIONNAIRE

1. Name**

2.Email*

Your answer

3. Do you know about the rewards and recognition programme in your organisation?

Strongly disagree

Neither agree or disagree

Strongly agree

4. Are you being appreciated for every _____?

3 months

6 months

1 year

5. Spending special time with senior leadership team outside the plant is motivating?

Strongly disagree

Neutral

Agree

Strongly agree

Disagree

6.My supervisor cares about me as a team member?

Disagree

Agree

Strongly agree

Neutral

Strongly disagree

7. Do you feel that your work is valued and appreciated?

Yes

No

Maybe

Other:

8. How did you come to know about any new rewards and recognition being introduced in the organisation?

Choose

9. Rewards and Recognition provided by your organisation are satisfactory?

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

10. Which type of Rewards and Recognitions do you prefer more ?

Monetary

Non monetary

Both

11. What is the satisfaction level of you through these Rewards and Recognitions provided by your organisation?

0-25%

25%-50%

50%-70%

75%-100%

12. In the last year, I had opportunities to learn and grow.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

13. Favoritism prevails when it comes to giving away rewards.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

14. What components do you believe are part of your current reward system?

Base salary

Performance bonuses

Stock options

Benefits (Healthcare, Retirement, etc.)

Professional Development Opportunities

15. What changes or additions would you suggest for our reward system to make it more effective in motivating and retaining employees?

Your answer

16. What, in your opinion, should be the primary objectives of a strategic reward system in your organization?

Attracting Top Talent

Motivating High Performance

Retaining Key Employees

Fostering a Positive Work Culture

Supporting Professional Growth

17. On a scale of 1 to 5, how satisfied are you with the current reward system in your organization, where 1 is very dissatisfied and 5 is very satisfied?

1

2

3

4

5

18. Do you think the current reward system contributes to retaining talented employees within your organization?

*

Yes
No
Maybe

19. How do you believe the current reward system has impacted your motivation and performance at work?

*

Significantly Positively
Somewhat Positively
No Impact
Somewhat Negatively
Significantly Negatively

20. Are there specific reward elements you would like to see incorporated into your future strategic reward system?*

Your answer

A STUDY ON STRATEGIC REWARD SYSTEM OF EMPLOYEES WITH REFERENCE TO IT SECTOR

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ABSTRACT

Companies must grow to be more strategic if they are to carry on and do well in the current business situation. Functional and unit strategies must be aligned with overall company strategy to enhance organizational effectiveness. In this respect, strategic reward systems are vital to ensuring desired employee behaviours and enhanced company performance. This project reviews strategic reward systems and examines rewards. It outlines the employee's strategic compensation and recognition programs and discusses implications for management. Companies for reaching higher goals and development use motivation. Motivation is a complex phenomenon which is influenced by individual, cultural, ethnic and historical factors. Some methods are suggested to increase employee performance. Rewards and incentives are probably among the most popular ones. So, organizations use reward systems and strategies to motivate their employees and to increase their performance. The aim of this study is to investigate how reward systems and organizational incentives influence employees.

INTRODUCTION

Contemporary organisations face various challenges to remain competitive in the operating industries and gain sustainable competitive advantage. Nowadays, most companies manage employees of different nationalities, cultures and social backgrounds which make the phenomenon of employee retention even more challenging.

In the globalised world of developed technology and internet, consumers have become educated about the products, services, business practices and personal rights as never before, hence, requiring more skilful and efficiently trained workforce from companies (Torrington et al. 2009). Retaining a talented and high-quality employee has been considered as one of the long term sustainable competitive advantages but in the modern business environment, it has become a challenge for companies (Armstrong, 2013).

- To understand employees' view and perception on their Strategic rewards system
- According to Armstrong (2013), a reward system is regarded as a program developed to provide appreciation for high performers and provide incentives for low performers to increase their productivity. Moreover, reward systems have been identified as one of the most effective factors to maximise employee job satisfaction and industriousness.
- To study the Impact of Strategic rewards system on behavior of employees.
- To study the Benefits derived by Strategic rewards system.

OBJECTIVE OF THE STUDY

SCOPE OF THE STUDY

- In today's business scenario Strategic rewards system is most effective tool of motivating employees. People mostly leave job because of compensation factor.
- To determine the level of motivation within the organization's working group and to learn about individual perceptions of the company's motivational benefits, which include a reward system.
- Employee motivation is boosted significantly by the reward system. When an employee receives sufficient appreciation, it enhances their confidence, which in turn increases their production.
- And, to identify the various new reward techniques employees want the organization to adopt.

NEED OF THE STUDY

7. Improve Organizational Effectiveness: Support the attainment of the organization's mission, strategies, and help to achieve sustainable, competitive advantage.
8. Support and change culture: Under pin and as necessary help to change the 'organizational culture' as expressed through its values for performance innovation, risks taking, quality, flexibility and team working.
9. Achieve Integration: Be an integrated part of the management process of the organization. This involves playing a key role in a mutually reinforcing and coherent range of personal policies and process.
10. Supportive Managers: Support individual managers in the achievement of their goals.

REVIEW OF LITERATURE

Nirma Sadamali Jayawardena and Darshana Jayawardena (2020) Studied on the extrinsic and intrinsic rewarding system on employee motivation. The study contributed to identify the employee motivational factors in the selected company and to reduce current labour turnover ratio by identifying the factors which motivate the current workforce.

According to **Fred Luthans(2020)**, "inequality occurs when an individual perceives that the ratio of his outcomes to input and the ratio of relevant others outcome to input are unequal"

Steve Williams and Fred Luthans (2020) stated that, "the choice of reward interacting with feed back had a positive impact on task performance".

Simon(2020) after thorough study suggested that employees should be given cash bonuses and prizes for meeting sales targets, customer services and cleanest store. For special yearly competition when only few people gain prizes should be precious and can range from holiday voucher, a set of 2 tickets for an all expense paid trip to Hollywood.

Walters T. Nagwa (2019) conducted a study on the effect of reward system on employee performance. Firstly, because reward systems are not a one size fit for every firm. Employee task are more routine with a relatively lower level of creativity and innovation. There is a lower probability for group work and a higher level of specialization and task distinction. It is very important for research

to be done in this direction with the focus of identifying the most appropriate reward system for service firms. Secondly, wages and salaries constitute a significant part of expenses made by firms. Considering that reward is an important tool that can be used to attract the right employee, keep them and constantly motivate them to perform at optimum level, reward systems are expected to deliver attractive packages.

Zhen Zhang, Lianying Zhang, Aibin Li(2019) found that reward system as an effective tool to manage NPD(new product development) collaboration. Yet, our understanding about what types of rewards should be used for NPD collaboration is still unclear.

One of the major reasons for practicing team-based rewards is because of the interdependency between jobs and tasks due to the change in technology. It makes it difficult for managers to assess the performance of individuals when the task requires interdependency. Findings suggest that the performance is accurately measured when tasks are interdependent.**(DeMatteo, 2018)**

RESEARCH DESIGN

This is descriptive study including various factors of Strategic rewards system like criteria for rewards, eligibility, impact on behaviours of employees, frequency for rewarding, benefits derived and recommendation and suggestions.

SOURCE OF DATA

Data collection is a very important part of the research process, collection of both primary and secondary in a systematic manner by identifying the sources is very crucial. Primary and secondary data collected should be in sufficient quality and quantity, which makes it easier for the researcher to carry out the research project.

- Primary Data: Interviews -
- Secondary Data: Online Resource, Published Journals and Published Books

HYPOTHESIS:

Hypothesis – 1

HO - There is a positive relationship between Type of the Rewards and Employee Satisfaction

H1 - There is no relationship between Type of the Rewards and Employee Satisfaction

Hypothesis – 2

HO - There is a positive relationship between appreciation method and Satisfaction level of the employees.

H1 - There is no relationship between appreciation method and Satisfaction level of the employees.

PERCENTAGE ANALYSIS

Particulars	Strongly Disagree	Neutral	Strongly Agree	Agree	Disagree
Motivating Factor	3.85%	27.9%	21.15%	45.2%	1.9%
Opportunities	0.96%	22.12%	22.11%	53.85%	0.96%
Supervisor care about team	4.81%	40.38%	6.73%	31.74%	16.34%
Favouritism	3.85%	27.9%	21.15%	45.2%	1.9%

INTERPRETATION

- From the above table it is interpreted that 45.2% of the employees Agree, 27.9% of them are Neutral, 21.15% of them Strongly Agree, 3.85% of the employees Strongly Disagree, and 1.9% of them Disagree
- From the above table it is interpreted that 45.2% of the employees Agreed, 27.9% are Neutral, 21.15% Strongly Agree, 3.85% of them Strongly Disagree and 1.9% of the employees Disagree.
- From the above table it is interpreted that 53.85% of the employees Agree, 22.12% of them are Neutral, 22.11% of them Strongly Agree, 0.96% of the employees Strongly Disagree, and 0.96% of them Disagree.
- From the above table it is interpreted that 31.74% of the employees Agree, 40.38% of them are Neutral, 6.73% of them Strongly Agree, 4.81% of the employees Strongly Disagree, and 16.34% of them Disagree.

INFERENCE

- 45.2% of the employees Agree to the motivating factors of the company.
- 45.2% of the employees Agree on the opportunities provided to the employees.
- 53.85% of the employees Agree that the employees had opportunity to learn and grow.
- 40.38% of them are Neutral on that Favouritism prevails on giving rewards to the employees.

ONE WAY ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	14.855	3	4.952	.469	.704
Within Groups	1054.684	100	10.547		
Total	1069.538	103			

INTERPRETATION

The p value is 0.704 which is greater than the significance value (0.05) hence null hypothesis (H0) is accepted and H1 is rejected

CORRELATION

		Are you being appreciated for every	What is the satisfaction level of you through these Rewards and Recognitions provided by your organisation
Are you being appreciated for every	Pearson Correlation	1	.031
	Sig. (2-tailed)		.760
	N	101	101
What is the satisfaction level of you through these Rewards and Recognitions provided by your organisation	Pearson Correlation	.031	1
	Sig. (2-tailed)	.760	
	N	101	104

INTERPRETATION

The p value is 0.031 which is lesser than the significance value (0.05) hence null hypothesis (H1) is accepted.

FINDINGS

- 50% Strongly Agree on how people know about the Rewards and Recognition programme.
- 62% of Employees are being appreciated in 1 year.
- 45.2% of the employees Agree on the special time spending with senior leadership team outside the plant is motivating.
- 45.2% of the employees Agree on how the supervisor cares about the employee as a team member.
- 68.27% of the employees selected Yes on How employee feel that their work is valued and appreciated.
- 44.23% of the employees selected Through supervisor on How did you come to know about any new rewards and recognition being introduced in the organisation.

- 46.15% of them are Neutral on Rewards and Recognition provided by your organisation are satisfactory.
- 61.54% of the employees opted Both Monetary & Non - Monetary Rewards and Recognitions.
- 39.43% selected 50-75% is the satisfaction level of you through these Rewards and Recognitions provided by your organisation.
- 53.85% of the employees Agree that in the last year, the employee had opportunities to learn and grow.
- 40.38% of them are Neutral on the opinion where Favouritism prevails when it comes to giving away rewards.
- 50.96% of the employees selected Performance Bonuses component do you believe are part of your current reward system.
- 31.74% opted Motivating High Performance is the employee's opinion, should be the primary objectives of a strategic reward system in your organization.
- 45.19% of the employees choose the scale of 3 & 5 satisfied with the current reward system in your organization.
- 47.12% of the employees selected Yes about the current reward system contributes to retaining talented employees within your organization.
- 57.69% of the employees responded Somewhat Positively on believe of the current reward system has impacted your motivation and performance at work.

SUGGESTIONS

5. Surveys should be conducted frequently in order to judge satisfaction level of the employees.
6. In addition to surveys, interaction of HR officers with the employees should also be given space if possible.
7. Suggestions and discrepancies regarding the various reward schemes should be openly invited from the employees and should be materialized into action as soon as possible should not be dumped as paperwork.
8. Formal and Informal meetings: should be conducted to judge the employee satisfaction, regarding various services & new way out should be searched to tackle the same.

LIMITATION OF THE STUDY

- **Sample size:** the present study is carried out for academic purpose, so sample size is restricted.
- **No generalization:** the study is restricted to an organization under study, so it cannot be generalized for all employees in other organization.
- **Complexity:** Strategic rewards system are complex problem and researcher has attempted to study most appropriate factors but chances cannot be ruled out that some areas may have been untouched or not adequately touched.

CONCLUSION

- The responses obtained indicate that the employees were fairly satisfied with the strategic reward system of the organization.
- Although a small sample size was taken to analyse it, every proportion of population was represented by the sample appropriately.
- The questions were designed using basic principles into consideration i.e., fairness, openness, timeliness etc. The responses thus obtained were then analysed to arrive at the conclusion.
- The responses obtained in the two extremes were very less, i.e. every question was responded by the employees avoiding the two extremes of strongly agree & strongly disagree
- This can be justified by the fact as explained above in the limitations that the employees were hesitant and behaved as if some confidential information was being extracted from them or that it indicates that employees were fairly satisfied with the management regarding the various strategic reward system schemes.
- Majority of the responses obtained were that of “agree” i.e. approximately 30 to 40% Of the employees responded “agree” to the questions like rewards are given as per criteria that indicates that etc., indicating that organization had been fairly successful in keeping the strategic reward system schemes balanced and satisfactory.

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