

**A STUDY ON IMPACT OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE IN
INFORMATION TECHNOLOGY INDUSTRY**

Submitted in partial fulfillment of the requirement for the award of

Master of Business Administration

by

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SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE

Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI- 600 119

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of MARIA SHALINI R Reg. No. 39410112 who have done the project work entitled **"A Study on impact of reward system on employee performance in Information Technology Industry"** under my supervision from January 2021 to March 2021

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ABSTRACT

The purpose of this study was to establish impact of rewards on employee performance. The first research question of the study examined the most important rewards that motivate employees; the second research question examined the relationship between rewards and employee performance, while the third research question examined the ways to improve the performance with reward system. This study adopted a descriptive survey design.

The study concludes that employee's ability, manager's trust in employees, recognition, and employee's view of achievement significantly enhances employee's performance.

The study concluded that salaries and wages, paid vacations, paid leave, travel allowances and bonuses are essential components of extrinsic rewards that enhance employee performance. When managers take time to invest in extrinsic rewards, employees feel valued by their organization thus working extra hard to enhance their performance, so they can be rewarded even more.

This study recommends that management should invest more into building employee's professional capacity and capabilities, enhance and build trust in their employees' ability to perform their duties, in addition to providing sufficient recognition towards employees for work well done. This will not only motivate the employees, but will also establish a sense of achievement that will further enhance performance.

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CHAPTER 1

1.1 INTRODUCTION

Contemporary organizations face various challenges to remain competitive in the Information technology 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.

A reward system is important for the employee performance. As employee performance will be more effective to high reward system. Job performance is also part of human resources management. Performance is an important for the organization succession and achieving the goals. There is so much changing occurring in the Information technology in the world an every industry has much relay on employee's good performance. Rewards are considered an important tool to check the employee's performance in every organization. Management use rewards for employees motivations. So we can say that effective reward system attract new employees for organization and motivate existing employees to perform high levels. Employee's good work is necessary to achieve the specific goals. Employees give their good efforts for achieving goals and good effort depends on rewards. In other words we can say that good rewards are most important way to engage the employees with their work and with their organization.

La Belle (2005), various representatives have various requirements about remunerations. A few representatives consider money is adequate to satisfy their necessities and some others needs to material motivators like vehicle, house, and some favor occasions and some incline toward nonmaterial impetuses. Public area workers very much want outward factors then inborn variables, like compensation, as more significant than private area representatives.

Maidani (1991) these two fundamental rewards (monetary and nonfinancial) can be use emphatically to build the presentation of representatives. Monetary rewards for the most part comprise on pay for execution, for example, work advancement, reward,

commission, blessings and so on and nonfinancial rewards generally comprise on friendly acknowledgment, appreciation, work kind condition, which means full work duty and so on (Luthans,2000).

Rewards can be extraneous or natural, outward rewards are substantial rewards and these rewards are External to the work or undertaking performed by the representative. Outer rewards can be regarding compensation/pay, impetuses, rewards, advancements, professional stability, and so on Inborn rewards are elusive rewards or mental rewards like appreciation, meeting the new difficulties, positive and caring demeanor from boss, and occupation revolution in the wake of accomplishing the objective. As indicated by Luthans (2000), there are two fundamental sorts of remunerations, monetary and non-monetary and both can be used decidedly to upgrade 96 Volume 52 execution practices of representatives. Monetary rewards implies pay-for-execution like execution reward, work advancement, commission, tips, tips and blessings and so on Non-monetary rewards are non-financial/non money and it is a social acknowledgment like affirmation, authentication, and certifiable appreciation and so on The non-monetary rewards is additionally called materials grant (Neckermann and Kosfeld, 2008).Desired execution must be accomplished proficiently and successfully, if representative gets a feeling of shared increase of association just as of himself, with the fulfillment of that characterized target or objective. An association should painstakingly set the rewards framework to assess the representative's presentation at all levels and them compensating them whether noticeable compensation for execution of imperceptible fulfillment. The idea of execution the board has given a rewards framework which contains; requirements and objectives arrangement among association and workers, remunerating representative both outwardly and characteristically. The framework likewise proposes where preparing and advancement is required by the worker to finish the characterized objectives. This preparation or advancement need evaluation of worker gives them an inborn inspiration.

1.2 INDUSTRY PROFILE

Besides being an industry in its own right, Information Technology is a field that enables businesses in all industries to leverage productivity, and function effectively in the modern global economy. It is a rapidly changing industry, with new technologies, systems and software constantly being developed. New information technology applications are being developed in healthcare, and it is a fast growing industry in the defense & security sector

Information technology (IT) industry in India has played a key role in putting India on the global map. IT industry in India has been one of the most significant growth contributors for the Indian economy. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy.

Information Technology has made possible information access at gigabit speeds. It has made tremendous impact on the lives of millions of people who are poor, marginalized and living in rural and far flung topographies. Internet has made revolutionary changes with possibilities of e-government measures like e-health, e-education, e-agriculture, etc. Today, whether its filing Income Tax returns or applying for passports online or railway e-ticketing, it just need few clicks of the mouse. India's IT potential is on a steady march towards global competitiveness, improving defense capabilities and meeting up energy and environmental challenges amongst others.

1.2.1 Market Size

IT-BPM industry's revenue was estimated at around US\$ 191 billion in FY20, growing at 7.7%. It is estimated to reach US\$ 350 billion by 2025. Moreover, revenue from the digital segment is expected to form 38% of the total industry revenue by 2025. Digital economy is estimated to reach Rupees 69, 89,000 crore (US\$ 1 trillion) by 2025. The domestic revenue of the IT industry was estimated at US\$ 44 billion and export revenue was estimated at US\$ 147 billion in FY20.

Total number of employees grew to 1.02 million cumulatively for four Indian IT majors (including TCS, Infosys, Wipro, and HCL Tech) as on December 31, 2019. Indian IT industry employed 205,000 new hires; up from the 185,000 jobs added in FY19 and had 884,000 digitally skilled talents in 2019.

1.2.2 Investments/Developments

Indian IT's core competencies and strengths have attracted significant investment from major countries. The computer software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflows worth US\$ 62.47 billion between April 2000 and September 2020. The sector ranked 2nd in FDI inflows as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Leading Indian IT firms like Infosys, Wipro, TCS and Tech Mahindra are diversifying their offerings and showcasing leading ideas in block chain and artificial intelligence to clients using innovation hubs and research and development centers to create differentiated offerings.

Some of the major developments in the Indian IT and ITeS sector are as follows:

- In December 2020, Tata Consultancy Services (TCS) has expanded its business operations in Austin, Texas, with the construction of a new facility. By 2022, TCS plans to hire an additional 130 new employees in Austin. Over the next seven years, TCS plans to invest more than US\$ 100 million in Austin.
- In December 2020, Tata Consultancy Services (TCS) has expanded its strategic partnership with Star Alliance (airline alliance) to provide predictive and real-time business analytics, improve customer experience and accelerate digital transformation.
- In December 2020, Infosys partnered with Rolls-Royce for aerospace engineering in India.
- In December 2020, Wipro collaborated with Verifone for a multi-year contract to drive agility across its (Verifone) cloud service offerings.
- In December 2020, Infosys Finacle, part of EdgeVerve Systems, (a subsidiary of Infosys), and RBL Bank, announced a collaboration to migrate the bank's on-

premise deployment to a containerized ecosystem, which is managed by Kubernetes and has been certified by Cloud Native Computing Foundation (CNCF).

- In December 2020, Infosys launched Infosys Modernization Suite to help organizations accelerate their cloud modernization needs.

1.2.3 Government initiatives

Some of the major initiatives taken by the Government to promote IT and ITeS sector in India are as follows:

- In 2020, the government released “Simplified Other Service Provider” (OSP) guidelines to improve the ease of doing business in the IT Industry, Business Process Outsourcing (BPO) and IT-enabled Services.
- The Government has identified Information Technology as one of 12 champion service sectors for which an action plan is being developed. Also, the Government has set up a Rupees 5,000 crore (US\$ 745.82 million) fund for realizing the potential of these champion service sectors.
- As part of Union Budget 2018-19, NITI Aayog was to set up a national level programmer to enable efforts in AI[^] and leverage AI[^] technology for developing the country.
- In the Interim Budget 2019-20, the Government announced plans to launch a national programmer on AI* and setting up of a National AI* portal.
- National Policy on Software Products-2019 was passed by the Union Cabinet to develop India as a software product nation.

1.3 NEED FOR STUDY

- The research investigates two main areas. First, the purpose of the research is to look upon the existing reward system in IT industry, explore its structure, strengths and weaknesses and point out potential improvements of the system to increase employees' performance.

- Secondly, this study aims to increase the awareness of employees at all levels about the reward system of the company. Particularly on their individual performance which provides competitive advantage to the company in the industry.

1.4 SCOPE OF STUDY

- The research finds the reward system following in information technology and also check the performance of employee.
- Measure the employee performance to improve the organization growth.
- Explore its structure, strengths and weakness and point out potential improvement of the system to increase employee performance.

1.5 OBJECTIVE OF THE STUDY

The main objective of the study is to investigate and understand the impact of rewards on the performance of employees.

1.5.1 Primary objective:-

To Study the impact of rewards system on employee performance in IT Industry.

1.5.2 Secondary objective:-

- To identify the most important rewards that motivates employees in IT industry.
- To identify the relationship between rewards and employees performance.
- To find the ways of employee to improve the performance with reward system.

1.6 LIMITATIONS OF THE STUDY

- The analysis of the present study has been carried out based on the information has collected from the information Industry.
- The study is an opinion survey; caution may have to be exercised while extending the result to other areas.
- Due to time constrict only 110 numbers of respondents were considered.

- The result fully depends on the information given by the respondents which may be based.

1.7 EMPLOYEE REWARDS

The term 'reward' is generally applied at the managerial levels. Reward systems and their role in organizations have been studied from many perspectives and by multiple disciplines. Economists, sociologists, and psychologists, in particular, have contributed to the growing literature on reward system. Reward systems, like compensation system, have a wide-ranging impact on organizations, and their impact is greatly affected by their design and by the organizational context in which they operate.

Reward system influences the attraction and retention of employees. These obviously occur because high reward levels lead to high satisfaction, which, in turn, leads to lower turnover and create more job applicants. The best performers of an organization are generally prone to leave the organization for better prospects and rewards.

1.8 AIMS OF EMPLOYEE REWARDS

The aims of employee rewards in India vary widely from one organization to the other. The presence of business priorities is the main reason for the variation.

Keeping in view the organizational requirements, the overall aims of employee rewards are as follows:

- Contributing to added value
- Contributing to competitive advantage
- Managing compensation and reward
- Integrating individual employees' aims with the compensation and reward systems in the organization
- Optimizing employee costs.

The prime aim of employee rewards in India is to help attaining organizational, strategic, and short- term objectives. Attainment of these objectives helps to ensure the availability of skilled, competent, committed, and self-motivated people. Objectively-

designed employee reward systems focus on the improvement of individual employees. It further facilitates in developing a team.

1.9 PURPOSE OF EMPLOYEE REWARDS

Effective use of rewards can encourage employees to gain the skills that are necessary to help them and the organization grow. This can also increase their desire to continue being part of the organization. For example, an organization can pay and provide time off for employees who want to take advanced courses in an area that is valuable for the organization. Some organizations may even provide time off or support to help employees advance their own personal goals or skill sets.

Ideally, an organization wants employees who not only show up to work but are excited about being there as well. This passion for work has been referred to as affective commitment. Although research is somewhat preliminary, there is some indication that affective commitment can be strengthened by rewards that enhance employee perceptions of being supported and having control of the work situation.

Finally, reward systems can also help with recruiting efforts. Just as happy customers may be the best advertisement for a particular product, happy employees are often a great tool for recruiting new employees and making the organization a workplace of choice. Think about the kind of job you want.

1.10 7 IMPORTANT TYPES

Extrinsic Rewards

Extrinsic rewards are external rewards tied to certain employee behaviors, skills, time, or roles in an organization. How employees perceive these rewards relevant to their performance and the rewards given to others will ultimately determine the effectiveness of the rewards.

Managers also need to understand how much value each employee places on specific extrinsic rewards. For example, a well-paid but overworked employee may value

additional vacation time or a reduced workload more than a few extra dollars. Money, praise, awards, and incentive prizes such as tickets to a concert or a game are all examples of extrinsic motivators.

Whatever motivator the manager chooses, the employee must see the reward as a motivator for it to be effective. For example, if the extrinsic reward is tickets to the opera, an employee who hates the opera likely would not be motivated by the tickets. On the other hand, if the employee is a football fan and the extrinsic reward is tickets to a major game, the motivator might be more effective.

Intrinsic Rewards

It is simpler to explain what intrinsic rewards are by discussing what they are not. Intrinsic rewards do not have an obvious external incentive; that is, people are not acting to get a tangible reward, be it time off or money. Instead, they act because it feels good or provides some form of internal satisfaction.

Intrinsic rewards are often more highly valued and more effective over time, yet using them is a difficult managerial task. Intrinsic rewards derive from employees feeling good about the job they have done, the effort they have put forward, or the role they played in a team project.

Intrinsic rewards in the workplace come from the job itself, so to provide intrinsic reinforcement; a manager should enrich the job. Job enrichment involves improving work processes and environments so they are more satisfying for employees, such as eliminating dysfunctional elements or enlarging jobs (increasing the duties and responsibilities of a job).

Monetary Rewards

Monetary rewards are most commonly given in the form of pay increases, bonuses, or increases in benefits, such as pension or health care premiums. Such rewards can be

divided into two categories: direct and indirect compensation. Both contribute to the financial betterment of an employee.

Direct compensation is relatively straightforward and consists of increases in hourly pay, increases in hours (for non-salaried employees), increases in salary, merit pay based on performance, seniority pay based on time with an organization, and bonuses based on the achievement of individual, group, or organizational objectives.

Non-Monetary Rewards

Non-monetary rewards cost the organization but do not directly improve the employee's financial position. Supplying employees with the best tools possible to do their job is an example, such as providing a new high-end laptop or having an excellent training facility. A good office location, choice of furnishings, or special parking place can all be nonmonetary rewards.

Employees may not know the full details of pay and other monetary benefits of coworkers, but nonmonetary rewards are often visible and can create perceptions of inequity in an organization. In some cases, this may be the intent of managers who want employees to strive to achieve the stereotypical corner office, but often it may also unintentionally encourage feelings of inequity.

That inequity may have positive implications for an organization if employees strive to increase performance, or it can result in turnover and reduced performance. As with any reward, nonmonetary rewards need to be carefully thought out before being implemented.

Performance-Based Rewards

One of the most difficult challenges for managers is to decide what to base rewards on. A common distinction is performance- based versus membership-based rewards. As the name implies, performance-based rewards are tied to the ability of an individual, team, group, or organization to meet some previously agreed- upon standard of

performance. Performance rewards are based on an evaluation of contribution and awards are allocated based on that evaluation.

Membership-Based Rewards

Membership-based rewards are allocated solely for being part of a group within an organization. These rewards commonly include annual cost-of-living increases to a base salary or support for an equity policy. For example, if a park and recreation department was looking to encourage staff to have master's degrees or obtain certification, they might offer pay incentives for having either or both.

Membership-based rewards are also often tied to length of time with an organization. For instance, after a certain length of service with an organization, employees may receive a certain percentage increase to their pay or be eligible for additional benefits. In a unionized environment, many of these rewards are spelled out in a labor agreement.

Non-Traditional Rewards

As more and more managers understand the importance of individualizing reward systems, the use of nontraditional rewards will continue to grow. Time is often a key constraint, and for many people work is a major time commitment.

Ways in which employees can individualize their work schedule are becoming increasingly important rewards. Four methods of individualization are reduced work weeks, staggered daily schedules, flextime, and working from home.

1.11 ELEMENTS OF EMPLOYEE REWARDS

The base or basic pay is the level of pay, the fixed salary or wage, which constitutes the rate for the job. The basic pay acts as a datum for determining additional payments related to performance, competence, or skills. It may also govern pension entitlement and life insurance. Base pay may be expressed as an annual, weekly, or hourly rate. It

may be adjustable to reflect increase in the cost of living or market rates by the organization unilaterally, or by agreement with a trade union.

- Additions to basic pay – Additional financial rewards are provided and are related to performance, skill, competence, or experience. Special allowances may also be paid. The main types of additional pay are individual performance-related pay, bonus, incentives, commissions, etc.
- Individual performance-related pay – Increases in basic pay or cash bonuses are determined by performance assessment and ratings. Some organizations use the term merit pay.
- Bonus – It refers to rewards for successful performance, which are paid as cash and is related to the results obtained by individuals, teams, or the organization. Bonuses are linked to productivity for the whole organization.
- Incentives – These payments are linked with the achievement of previously set targets. Incentives are designed to motivate people to achieve higher levels of performance. The targets are usually quantified in such terms as output or sales.
- Commissions – It is a special form of incentive in which sales representatives are paid on the basis of a percentage of the sales value they generate.
- Service-related pay – It increases by fixed increments on a scale depending on service in the job. Sometimes, there may sometimes be scope for varying the rate of progress up the scale according to performance.
- Skill-based pay – This is also known as knowledge-based pay; it varies according to the level of skill the individual achieves.
- Competence-related pay – It varies according to the level of competence achieved by the individual.
- Career development pay – It rewards people for taking on additional responsibilities as their career develops laterally within a broad grade (a broad-banded pay structure).
- Allowances – Elements of pay in the form of a separate sum of money for aspects of employment such as overtime, shift work, or call-outs, etc.

- Employee benefits – These benefits are also known as indirect pay and include pension, sick pay, insurance cover, and company cars. Benefits comprise elements of remuneration in addition to the various forms of cash pay, and also include provisions for employees that are not strictly remuneration, such as annual holidays.
- Non-financial reward – It includes any reward that focuses on the need that people have in varying degrees for achievement, recognition, responsibility, influence, and personal growth.
- Employee stock options – Stock options are common in executive compensation. By offering stock options to managerial employees, companies try retain their talent and move ahead of the competition. It is a significant component of compensation.

1.12 EMPLOYEE PERFORMANCE AND MOTIVATION

Motivation is the psychological process that gives behavior purpose and direction. And management is concerned with the effective and efficient deployment of resources. Human resource is one of the most important in any organization and company and the role of manager is to be a leader and achieve organization objective by developing a partnership with people. Motivation in work is one of the very variables determining employee's performance. We can say that motivation it is hard to give any type of permanent definition about motivation but it is a kind of direction in which employees are ambitious and they can take action and make an effort. Motivation is a power that causes people to behave in a positive way motivation collective with ability result in performance. Motivation is the internal power or a type of energy and it pushes toward the performance of the employees. If desire and ambition are absent, motivation absent too because motivation are much do with desire and ambition. Motivation strengthens always give the way, courage energy and persistence to follow the organization goal. A motivate employee take action and does whatever and whenever it need to achieve their goals

- Increased productivity in the workplace
- Reduced absenteeism and turnover
- Increased innovation and creativity
- Increased employee and customer satisfaction
- An enhanced company profile
- Higher quality products or services
- Improved financial performance

1.13 RELATIONSHIP BETWEEN REWARDS AND EMPLOYEE PERFORMANCE

By and large association execution comprises of the amount of exhibitions of each person in an organization (Kim, 2010). The prize arrangement of a firm is utilized as a device to screen execution of representatives just as a technique to inspire workers. The objectives and destinations of association are refined by planning assignments and obligations of representatives. The productivity and viability of the entire association relies on singular adequacy and proficiency in accomplishing singular assignments and obligations. From the above writing it is feasible to make a speculation that there is a positive connection among remunerations and representative execution.

Different investigations like Dewhurst, Guthridge, and Mohr, (2009) infer that a satisfactory rewards framework is basic for worker inspiration both for successful people and low achievers. This is on the grounds that rewards increment the work fulfillment among superior workers and go about as an impetus for low entertainers. The frameworks may shift in various associations on account of labor force characters, foundations and inclinations; thus, all rewards frameworks have similar goal to spur workers for persistent improvement, self-awareness and expert development.

Another exploration, led by Shields and partners (2015), represents the way that any prize framework ought to be made dependent on the requirements and inclinations of representatives as somebody's necessities might be satisfied by financial rewards while others are looking for advancement, appreciation, increment of obligations, trainings and different sorts of non-money related rewards. A proficient prize framework ought to

be adaptable and contain both money related and non-financial compensations to meet the assumptions for all representatives.

1.14 PURPOSES OF MEASURING EMPLOYEE PERFORMANCE

According to Rechter (2010:65), the prevailing culture within the organization is often seen as being driven by power of the elite, a clique which controls the organization's norms from above. This is an example of the influence of politics within organizations. Levinson (2005:3) contends that there exists a deliberate manipulation of performance appraisal policy for political purposes, such as getting rid of subordinates and scaring or punishing poor employees. Byron (2007:728) suggests that the impact of political influences is less in the assessment of lower level employees in organizations but has a major impact at higher levels within organizations.

1.15 NEED FOR MEASURING EMPLOYEE PERFORMANCE

According to Cook and Crossman (2004:517), the problem of rating inflation also appears to be related to the personality of the rater. In situations where poor supervisor ratings are likely to result in conflict, managers high on the personality dimension agreeableness inflate their ratings much more than those who describe as low on the dimension (Smither and Walker, 2004:253). This appears to be because those high on agreeableness rating appear to be particularly keen to avoid conflict situations. Therefore, they tend to inflate their ratings more when they know they will have to continue working with the employee in the future and they are aware that the employee sees his/her as a good performer (Anderson, 2002:2). It also suggests that there should be some component in appraiser training that helps raters to develop skills that will help to deal with conflict. Dessler and Gary (2000:322) contend that the issue of rater self-efficacy in terms of whether the employee believes that they can deal with potential conflict effectively. On this basis, developing the rater's belief that they can deal with potential conflict from a disgruntled poor employee performance could reduce the rater's motivation to inflate their ratings.

1.16 HOW TO MEASURE EMPLOYEE PERFORMANCE

The most difficult part of the performance appraisal policy is to accurately and objectively measure the employee performance (Bond and Fox, 2007:5). Measuring the performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given time period in comparison with the goals set at the beginning of the period (Rudman, 2003:4). According to Kuvaas (2006:508), measuring also encompasses the quality of the accomplishments, the compliance with the desired standards, the costs involved and the time taken in achieving the results. Bond and Fox (2007:5) contend that measuring employee performance is the basis of performance appraisal policy and performance management.

For the purpose of measuring employee performance, different input forms can be used for taking the feedback from the various sources like the supervisor, peers and the employee (Mello, 2010:439). According to Rudman (2003:4), all the perspectives thus received should be combined in the appropriate manner and to get an overall, complete view of the employees' performance. According to Anderson (2002:2), for an organization to be effective for its goals, it is very important to monitor or measure its employee performance on a regular basis. Effective monitoring and measuring also includes providing timely feedback and reviews of the employees for their work and performance according to the predetermined goals and solving the problems faced (Mani, 2002:142). Rudman (2003:12) highlights that timely recognition of the accomplishment also motivates and helps to improve the performance of employees.

According to Aguinis (2009:2), measuring the performance of the employees based only on one or some factors can provide with inaccurate results and leave a bad impression on the employees as well as the organization. For example, by measuring only the activities in employee's performance, an organization might rate most of its employees as outstanding, even when the organization as a whole might have failed to meet the goals and objectives. Therefore, a balanced set of measures should be used for measuring the performance of the employees (Kuvaas, 2006:509)

CHAPTER 2

REVIEW OF LITERATURE

Sheilds and associates (2015), rewards should be based on differing needs of employees as some employees prefer cash rewards while others are more interested in other incentives such as house, car, paid holidays. From the statement above, it is obvious that an efficient reward system should combine both monetary and non-monetary rewards and incentives to satisfy the needs and expectations of employees towards management and reward system.

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 maximize employee job performance.

Performance of each employee usually affects not only the employee himself/herself but also a team he/she is working at, department, management and the company, thus, performance is the fundamental aspect of organizations success and productivity (Armstrong, 2013). Reward system is the way to increase organizations productivity and at the same time monitor performance of employees, hence, retaining qualified workforce and attracting new talents.

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.

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 (Armstrong, 2013).

Khan, et al. (2013) A good balance of extrinsic and intrinsic rewards enables the organization to maximize employee's commitment, motivation, and job satisfaction which in turn maximizes the performance of employees particularly in terms of productivity.

Mishra and Dixit (2013), financial and non-financial rewards and benefits are highly correlated with employee's performance in an education rewards system. Because of positive relationship of between rewards and performance also increase the job satisfaction of workers. Job satisfaction leads to success and feelings of achievement during the job.

Latham (2012) has concluded that a company should have a developed rewards system which meets the needs and wants of employees; otherwise there would be no any benefit from the system.

Raza (2012) concludes that reward system is key motivation for employees to meet performance expectations of the management.

Pratheepkanth (2011) found that both intrinsic and extrinsic rewards have string positive correlation with employees' motivation. As other HR investigators he agrees that positive relationship between motivation and rewards leads to increase in the job satisfaction of employees. Following up, job satisfaction has a positive effect on the perception of job success and achievement of an employee. Author also associates job satisfaction with employee productivity, commitment and loyalty to an organization.

Danish and Usman (2010) investigated reward system as a method of creating pleasant and favorable working conditions for employees, thus motivating workforce to maximize productivity and deepen loyalty to an organization. Moreover, they point out that performance recognition leads to the creation of high working moral among employees which contributes to companies' successful operation on the market.

Ali & Ahmad, (2009) investigated that there is positive relationship between recognition and reward, performance. They stated that if reward and recognition are given to employee then there is a huge change in their employee performance. The study conducted to check the relationship between rewards and employees performance schools of Pakistan. They use these variables employees' performance, job description, extrinsic reward, intrinsic reward, gender discrimination, and environment; recondition techniques, and performance bonus.

Eastman (2009) consistently found that intrinsic motivation is conducive to producing creative work, while extrinsic motivation is unfavorable to producing creative work. Gagne (2009) suggested a new model of knowledge-sharing motivation which provides suggestion for designing five important human resource management (HRM) practices including staffing, job design, performance and compensation systems, managerial styles and training.

Torrington et al. (2009) in the globalized 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 skillful and efficiently trained workforce from companies. 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.

Torrington and associates (2009) expressed the idea that positive impact on employee productivity can only be achieved if the reward system meets the needs and expectations of employees. Most commonly rewards are categorized as intrinsic and extrinsic where extrinsic rewards stand for promotions, commission, bonus, rewards, while intrinsic rewards are performance appreciation, social recognition, improved working conditions, diversification in job description, increasing responsibilities.

Torrington, Hall, Taylor & Atkinson (2009), investigated rewards systems and their impacts on organizations and concluded that adequate reward system maximizes the job satisfaction leading to increase in efficiency and effectiveness of employee productivity.

Boehm and Lyubomirsky (2008) look upon reward system as a tool of job promotion, as rewards might motivate employees to develop and improve their skills and competencies faster, therefore achieving career growth.

The study conducted by **Andrew and Kent (2007)** showed that job satisfaction strongly depends on employees' perception of reward system as well as performance appraisal and recognition, A well-thought-out reward system may prevent employee burnout which is experienced by almost all types of employees at all levels. Burnouts strongly influence employees in a negative way 4 reducing their job satisfaction as well as affects motivation and the whole working process (**Schaufeli and associates, 2002**).

Researcher **Wang (2004)** points out the fact that reward system is an efficient method of increasing employee commitment towards organization maximizing employee loyalty and job satisfaction.

Lawler (2003) 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 weight age an individual gives to a certain reward.

Barton (2002) argued that the factor in Rewards and recognition 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.

Robbins (2001) asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing. Similarly, the recognition which is a central point towards employee motivation adores an employee through appreciation and assign as status at individual level in addition to being an employee of the organization.

According to Wilson (1994), the process of performance management is one among the key elements of total reward system. Entwistle (1987) 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 (Ciscel, 1974). 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, economic and human resources, human resources are more vital that can provide a company competitive edge as compared to others.

Deeprise (1994, p. 3) 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 (2005) posits a view that when employees experience success in mentally challenging occupations Rewards and recognition 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.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data.

3.1.1 Descriptive Research Design

Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study.

3.2 SOURCES OF DATA

3.2.1 Primary data

Primary data, by contrast, are collected by the investigator conducting the research.

3.2.1.1 Questionnaire

The questionnaire tried to capture the responses of the customers mainly on the key deliverables, derived from the survey conducted, and a few questions have been included to gauge the level of satisfaction and to gain insight into employee expectations.

3.2.2 Secondary Data sources

Secondary data refers to data that was collected by someone other than the user. Common sources of secondary data for Journal, Books, Websites, organizational records and data that was originally collected for other research purposes.

3.3 STRUCTURE OF QUESTIONNAIRE

There are two broad types of questions open ended or open questions, and closed ended or closed questions. Open questions enable respondents to answer as they wish. Closed questions provide respondents with a list of options from which they choose.

3.4 SAMPLING TECHNIQUE

3.4.1 Convenience sampling method

A convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

3.5 PERIOD OF STUDY

The period of study is from January 2021 TO March 2021 which is a three months of study.

3.6 ANALYTICAL TOOLS

The analytical tools used are spss for testing the hypothesis, Chi Square test in spss tool.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

Table 4.1.1: Gender of the respondents

S NO	Particulars	No. of Respondents	Percentage
1	Female	59	53.6
2	Male	51	46.4
Total		110	100

Source: Primary data.

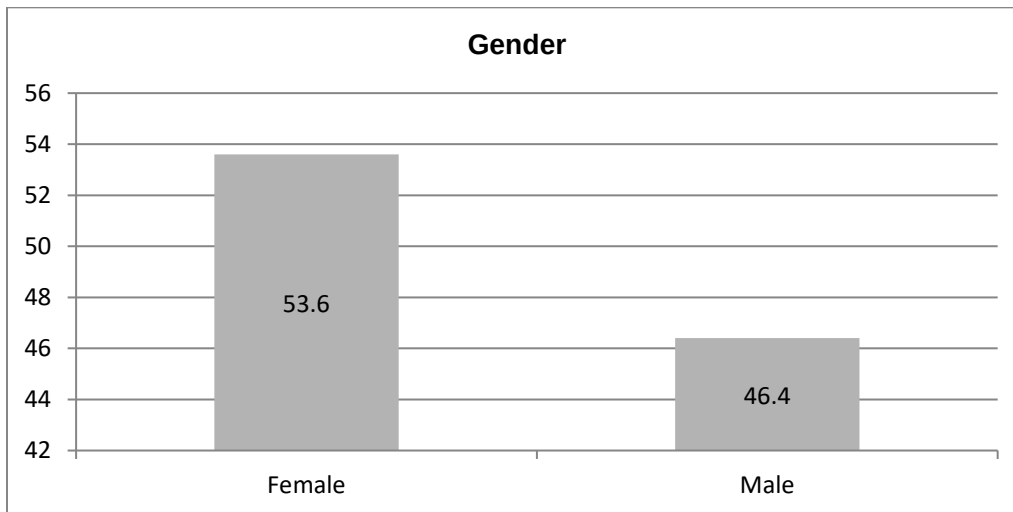


Chart 4.1.1 Gender of the respondents

Interpretation

From the above table it is interpreted that the number of female respondents are 53.6% and male respondents are 46.4%.

Inference

Majority (53.6%) of the respondents are female.

Table 4.1.2: Age of the respondents

S NO	Particulars	No. of Respondents	Percentage
1	22 to 29	79	71.8
2	30 to 35	27	24.5
3	36 to 41	3	2.7
4	43 to 47	1	0.9
Total		110	100

Source: Primary data

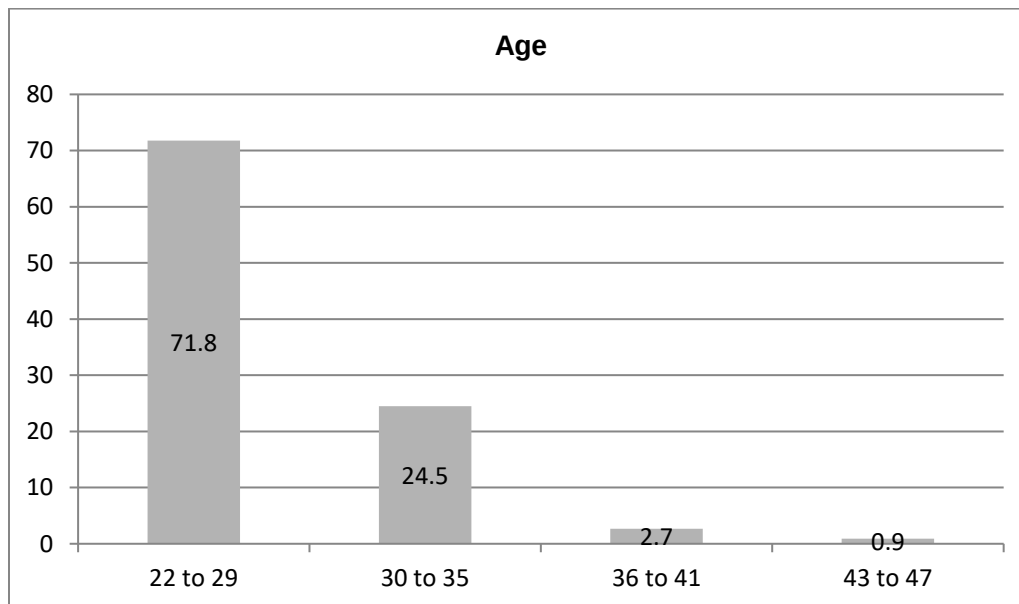


Chart 4.1.2: Age of the respondents

Interpretation

From the above table it is interpreted that the number of respondents between 22 to 29 is 71.8%, 30 to 35 is 24.5%, 36 to 41 is 2.7% and 43 to 47 is 0.9%.

Inference

Majority (71.8%) of the respondents in the age group is 22 to 29 years.

Table 4.1.3: Designation of the respondents

S NO	Particulars	No. of Respondents	Percentage
1	Trainee Engineer	3	2.7
2	Software Engineer	19	17.3
3	System Analyst	20	18.2
4	Programmer Analyst	20	18.2
5	Project Lead	1	0.9
6	Project Manager	3	2.7
7	Technical Specialist	6	5.5
8	Application developer	15	13.6
9	Other(HR)	23	20.9
Total		110	100

Source: Primary data

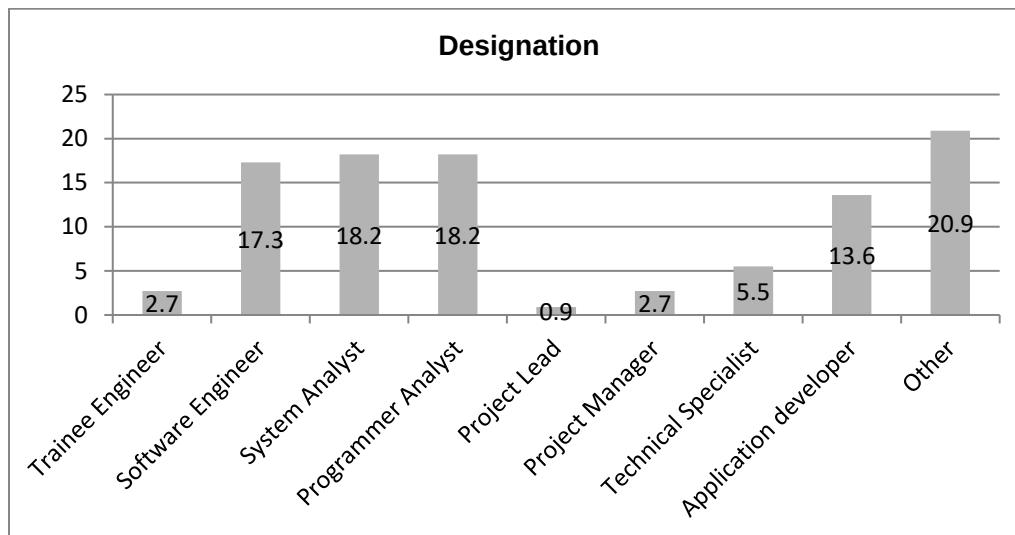


Chart 4.1.3: Designation of the respondents

Interpretation

From the above table it is interpreted that the number of respondents designation are 2.7% are Trainee Engineer, 17.3% are Software Engineer, 18.2% are System Analyst, 18.2% are Programmer Analyst, 0.9% is Project Lead, 2.7% are Project Manager, 5.5% are Technical Specialist, 13.6% are Application developer and 20.9% are other.

Inference

Majority (20.9%) of the respondents are working from other department.

Table 4.1.4: Marital Status of the respondents

S No	Particulars	No. of Respondents	Percentage
1	Married	51	46.4
2	Unmarried	59	53.6
Total		110	100

Source: Primary data

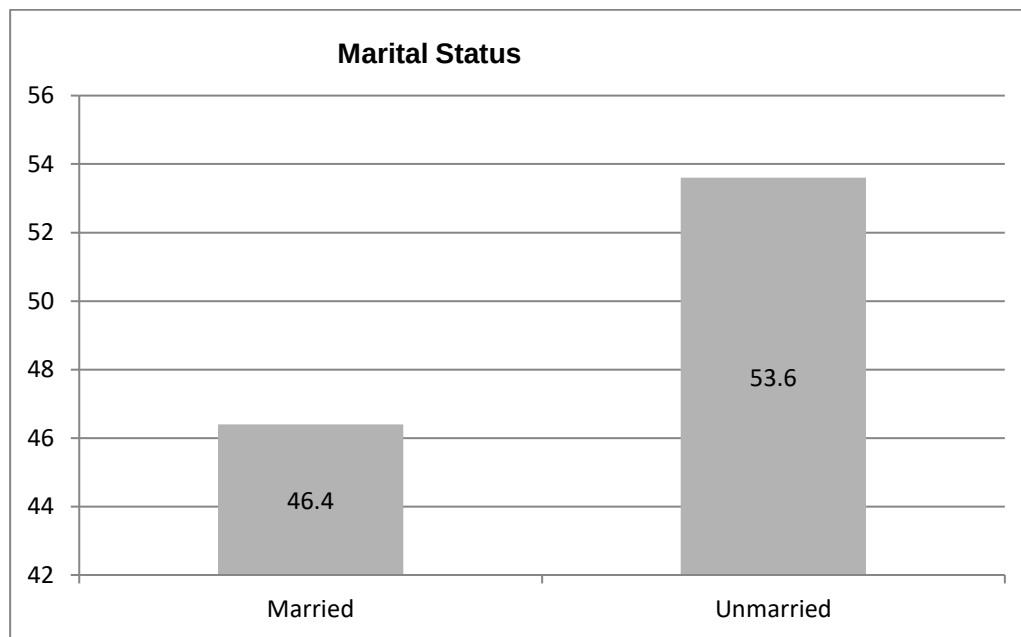


Chart 4.1.4: Marital Status of the respondents

Interpretation

From the above table it is interpreted that the number of respondents were 46.4% in married, 53.6% in unmarried.

Inference

Majority (53.6%) of the respondents are unmarried.

Table 4.1.5: Types of reward system

S NO	Particulars	No. of respondents	Percentage
1	Intrinsic Reward	9	8.2
2	Extrinsic Reward	27	24.5
3	Both	74	67.3
Total		110	100

Source: Primary data

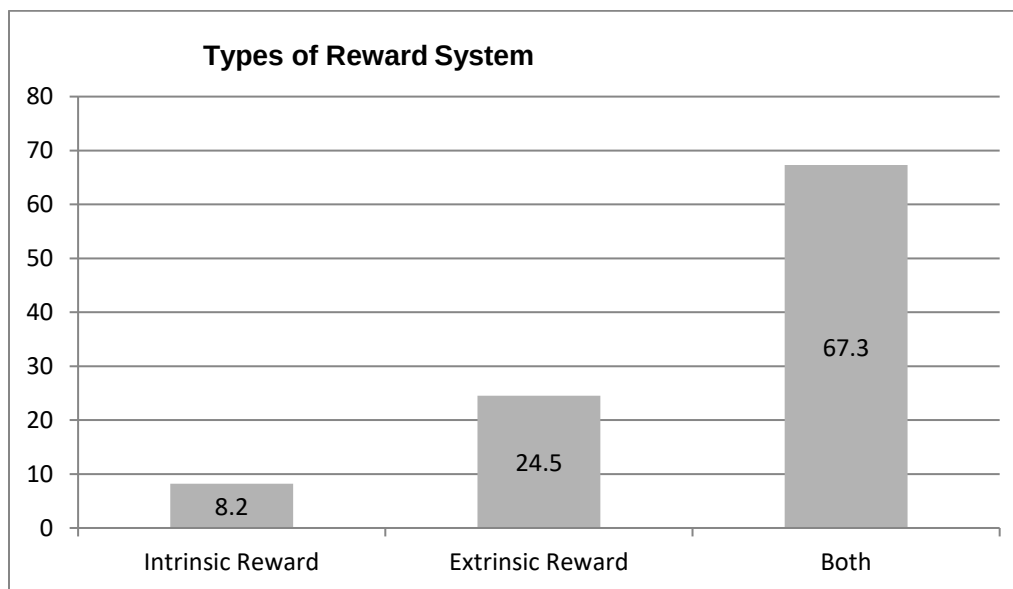


Chart 4.1.5: Types of reward system

Interpretation

From the above table it is interpreted that the number of respondents organization following 8.2% of intrinsic reward, 24.5% of extrinsic reward and 67.3% both the rewards.

Inference

Majority (67.3%) of the organization follows both the rewards.

Table 4.1.6: Reward system properly communicated to all the employees

S NO	Particulars	No. of Respondents	Percentage
1	yes	84	76.4
2	No	26	23.6
Total		110	100

Source: Primary data

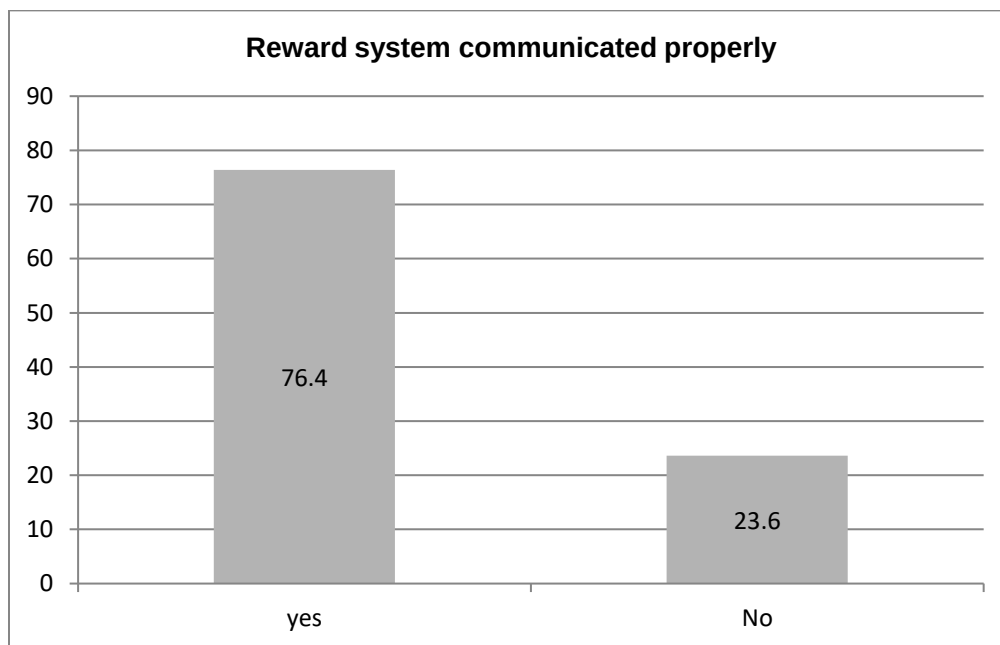


Chart 4.1.6: Reward system properly communicated to all the employees

Interpretation

From the above table it is interpreted that the 76.4% conveyed yes and 23.6% conveyed no.

Inference

Majority (76.4%) of the respondents conveyed reward system properly communicated.

Table 4.1.7: Employees get reward of the respondent's organization

S NO	Particulars	No. of Respondents	Percentage
1	Monthly	5	4.5
2	Quarterly	23	20.9
3	Half Yearly	17	15.5
4	Yearly	31	28.2
5	Occasionally based on Extra accomplishments	34	30.9
Total		110	100

Source: Primary data



Chart 4.1.7: Employees get reward of the respondent's organization

Interpretation

From the above table it is interpreted that the 4.5% conveyed monthly, 20.9% conveyed quarterly, 15.5% conveyed half yearly, 28.2% conveyed yearly and 30.9% conveyed occasionally based on extra accomplishments.

Inference

Majority (30.9%) of the respondents conveyed the employee get reward when occasionally based on extra accomplishments.

Table 4.1.8: Reasons for giving reward system of the respondent's organization

S NO	Particulars	No. of Respondents	Percentage
1	Innovation and create ideas	20	18.2
2	Increased Productivity and result	25	22.7
3	Both	65	59.1
Total		110	100

Source: Primary data

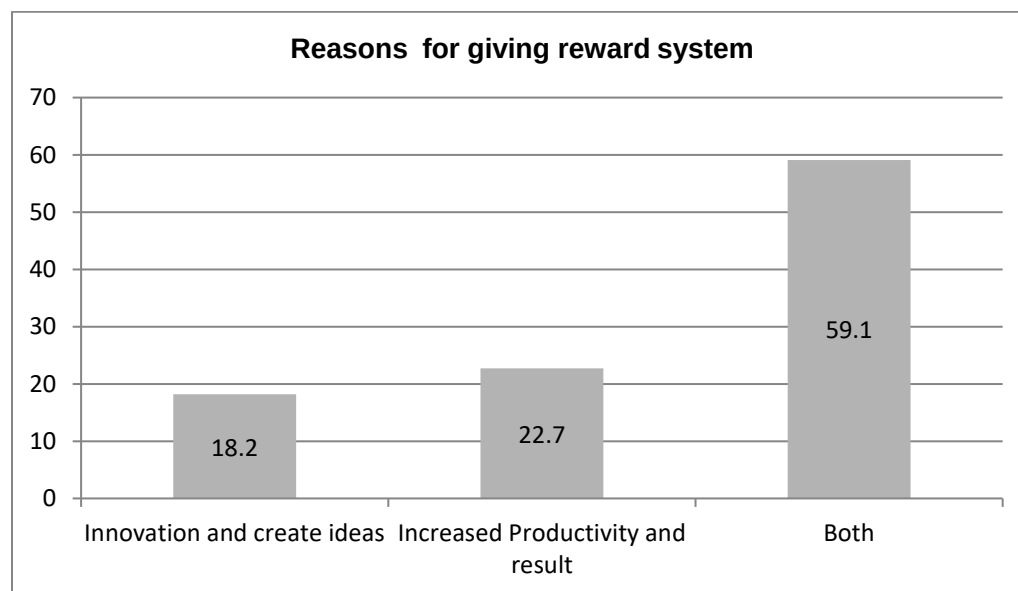


Chart 4.1.8: Reasons for giving reward system of the respondent's organization

Interpretation

From the above table it is interpreted that the 18.2% conveyed innovation and create ideas, 22.7% conveyed increased productivity and result and 59.1% conveyed both the reasons.

Inference

Majority (59.1%) of the respondents conveyed both the reasons are used.

Table 4.1.9: Employee get selected for an reward of the respondents organization

S NO	Particulars	No. of Respondents	Percentage
1	Group vote	14	12.7
2	Decision from top officials	52	47.3
3	Decision from a single Manager	40	36.4
4	None of these above	4	3.6
Total		110	100

Source: Primary data

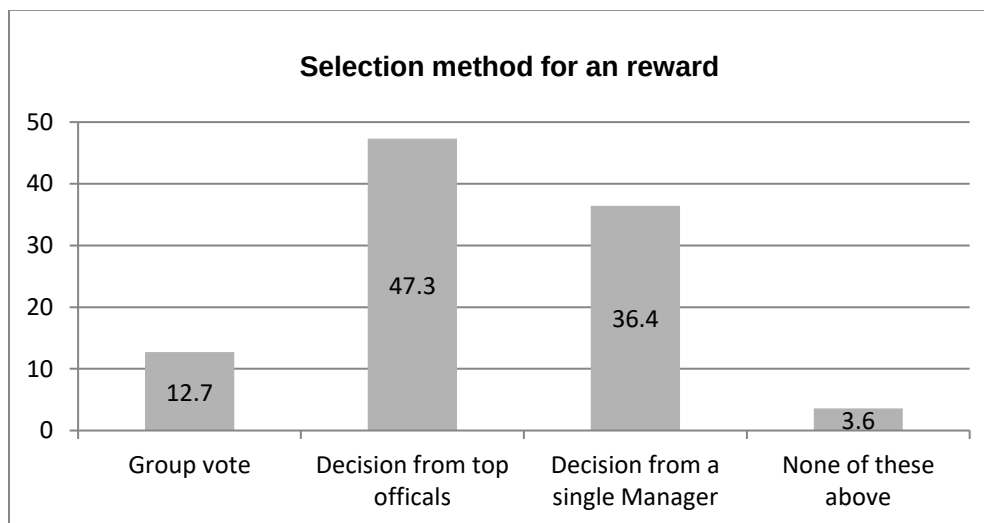


Chart 4.1.9: Employee get selected for an reward of the respondents organization

Interpretation

From the above table it is interpreted that the 12.7% conveyed group vote, 47.3% conveyed decision from top officials, 36.4% conveyed decision from single manager and 3.6% conveyed none of these above.

Inference

Majority (47.3%) of the respondents conveyed employee get selected for a reward decided by top officials.

Table 4.1.10: Organization get benefited from the reward and recognition

S NO	Particulars	No. of Respondents	Percentage
1	Improved Performance	40	36.4
2	Reduced absenteeism	14	12.7
3	Both	56	50.9
Total		110	100

Source: Primary data

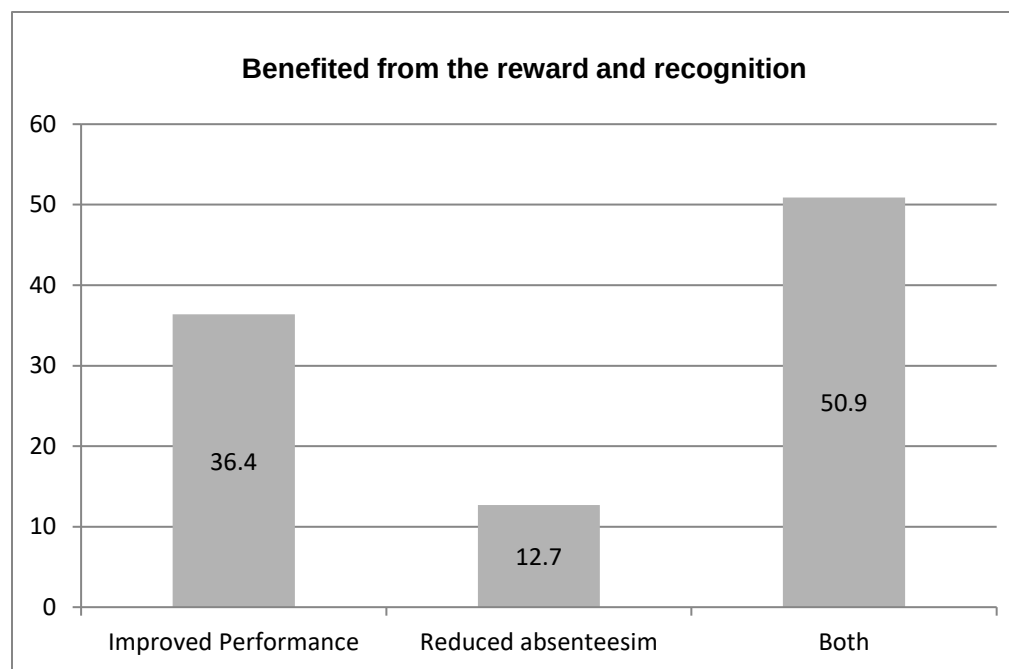


Chart 4.1.10: Organization get benefited from the reward and recognition

Interpretation

From the above table it is interpreted that the 36.4% conveyed improved performance, 12.7% conveyed reduced absenteeism and 50.9% conveyed both.

Inference

Majority (50.9%) of the respondents conveyed both are used.

Table 4.1.11: Employee suggestion considered while reviewing the reward program

S NO	Particulars	No. of Respondents	Percentage
1	Yes	87	79.1
2	No	23	20.9
Total		110	100

Source: Primary data

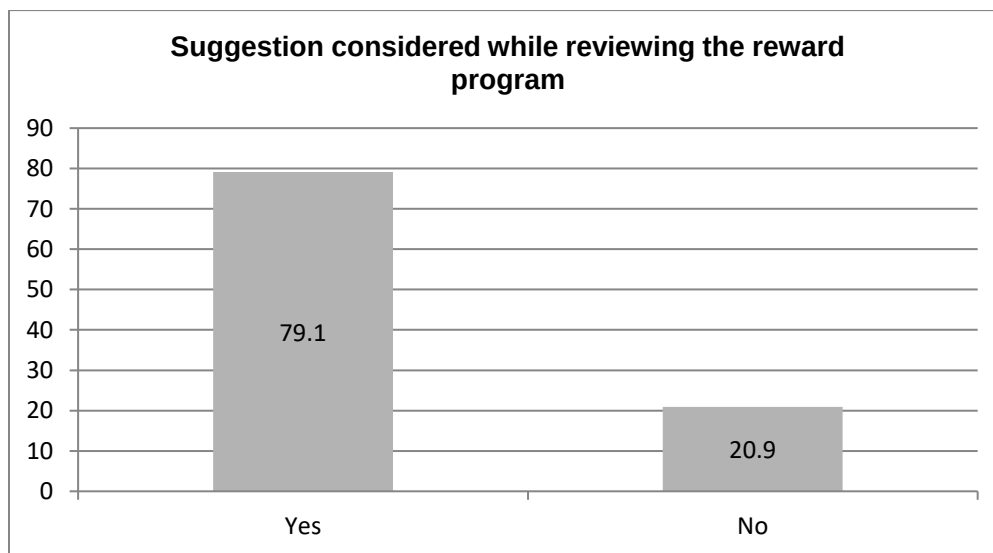


Chart 4.1.11: Employee suggestion considered while reviewing the reward program

Interpretation

From the above table it is interpreted that the 79.1% conveyed yes and 20.9% conveyed no.

Inference

Majority (79.1%) of the respondents conveyed employee suggestion considered while reviewing the reward program.

Table 4.1.12: Types of reward system prefer the most

S NO	Particulars	No. of Respondents	Percentage
1	Salary raise	38	34.5
2	Appreciation	17	15.5
3	Promotion	44	40
4	Fringe benefits	11	10
Total		110	100

Source: Primary data

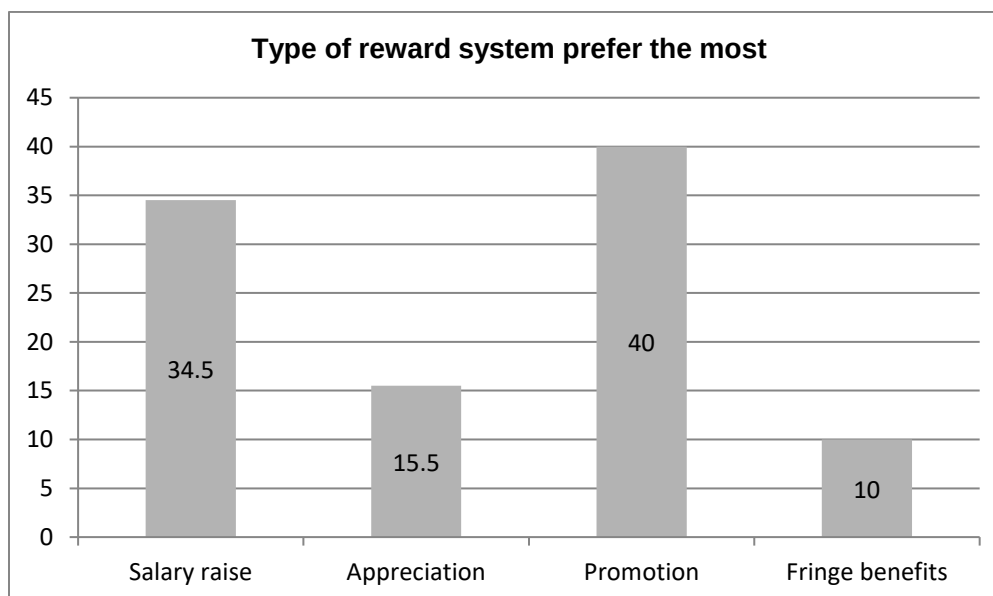


Chart 4.1.12: Types of reward system prefer the most

Interpretation

From the above table it is interpreted that the 34.5% conveyed salary raise, 15.5% conveyed appreciation, 40% conveyed promotion, and 10% conveyed fringe benefits.

Inference

Majority (40%) of the respondents conveyed promotion.

Table 4.1.13: The rewards are distributed rightfully

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	20	18.2
2	Agree	80	72.7
3	Neutral	9	8.2
4	Disagree	1	0.9
5	Strongly disagree	0	0
Total		110	100

Source: Primary data

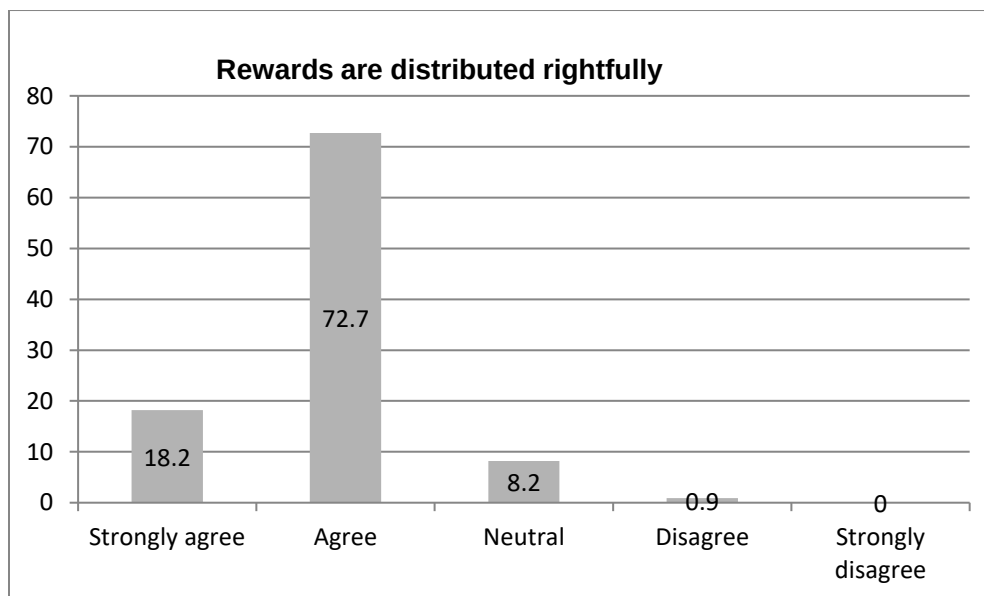


Chart 4.1.13: The rewards are distributed rightfully

Interpretation

From the above table it is interpreted that the 18.2% conveyed strongly agree, 72.7% conveyed agree, 8.2% conveyed neutral, 0.9% conveyed disagree.

Inference

Majority (72.7%) of the respondents conveyed agree in reward distribution.

Table 4.1.14: The reward match my work effect

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	27	24.5
2	Agree	79	71.8
3	Neutral	4	3.6
4	Disagree	0	0
5	Strongly disagree	0	0
Total		110	100

Source: Primary data



Chart 4.1.14: The reward match my work effect

Interpretation

From the above table it is interpreted that the 24.5% conveyed strongly agree, 71.8% conveyed agree, 3.6% conveyed neutral.

Inference

Majority (71.8%) of the respondents conveyed agree in reward match my work effect

Table 4.1.15: Increase my work effect to gain the reward

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	40	36.4
2	Agree	60	54.5
3	Neutral	10	9.1
4	Disagree	0	0
5	Strongly disagree	0	0
Total		110	100

Source: Primary data

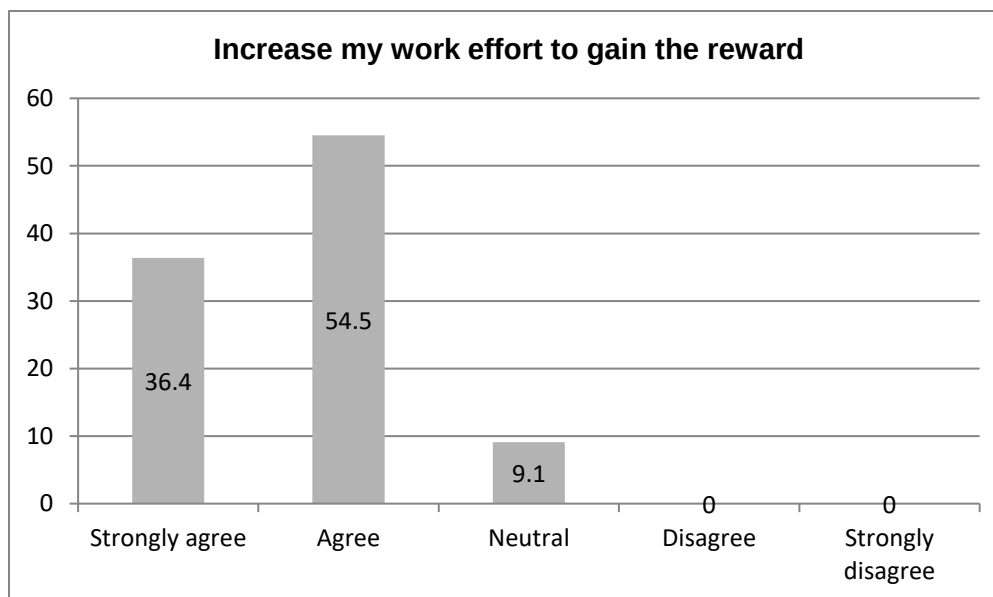


Chart 4.1.15: Increase my work effect to gain the reward

Interpretation

From the above table it is interpreted that the 36.4% conveyed strongly agree, 54.5% conveyed agree, 9.1% conveyed neutral.

Inference

Majority (54.5%) of the respondents conveyed agree in increase my work effort to gain the reward.

Table 4.1.16: Work more as team to gain the reward

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	33	30
2	Agree	68	61.8
3	Neutral	9	8.2
4	Disagree	0	0
5	Strongly disagree	0	0
Total		110	100

Source: Primary data



Chart 4.1.16: Work more as team to gain the reward

Interpretation

From the above table it is interpreted that the 30% conveyed strongly agree, 61.8% conveyed agree, 8.2% conveyed neutral.

Inference

Majority (61.8%) of the respondents conveyed agree in work more as team to gain the reward.

Table 4.1.17: Positive effect on work atmosphere

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	28	25.5
2	Agree	72	65.5
3	Neutral	10	9.1
4	Disagree	0	0
5	Strongly disagree	0	0
Total		110	100

Source: Primary data

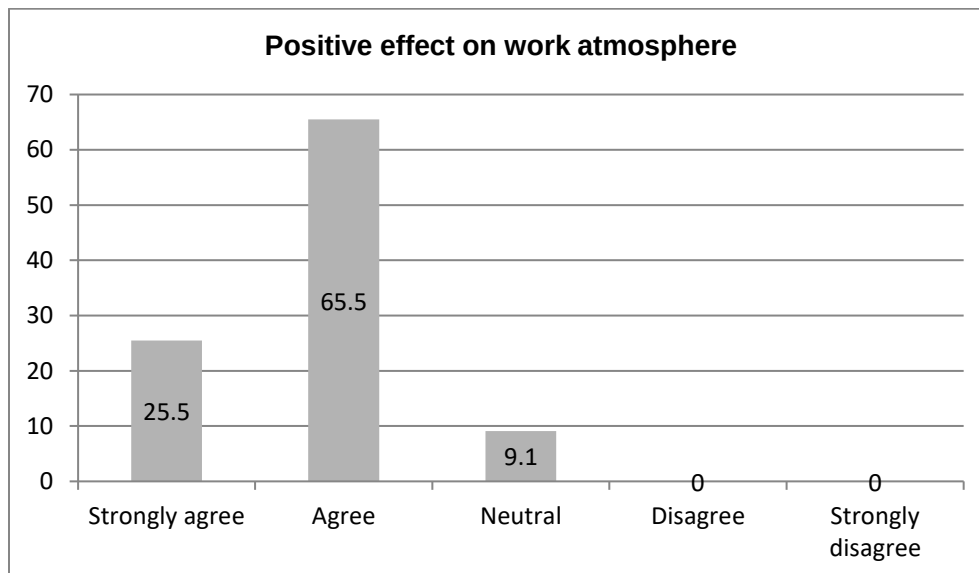


Chart 4.1.17: Positive effect on work atmosphere

Interpretation

From the above table it is interpreted that the 25.5% conveyed strongly agree, 65.5% conveyed agree, 9.1% conveyed neutral.

Inference

Majority (65.5%) of the respondents conveyed agree in positive effect on work atmosphere.

Table 4.1.18: Reward motivate me to perform well in job

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	45	40.9
2	Agree	57	51.8
3	Neutral	8	7.3
4	Disagree	0	0
5	Strongly disagree	0	0
Total		110	100

Source: Primary data

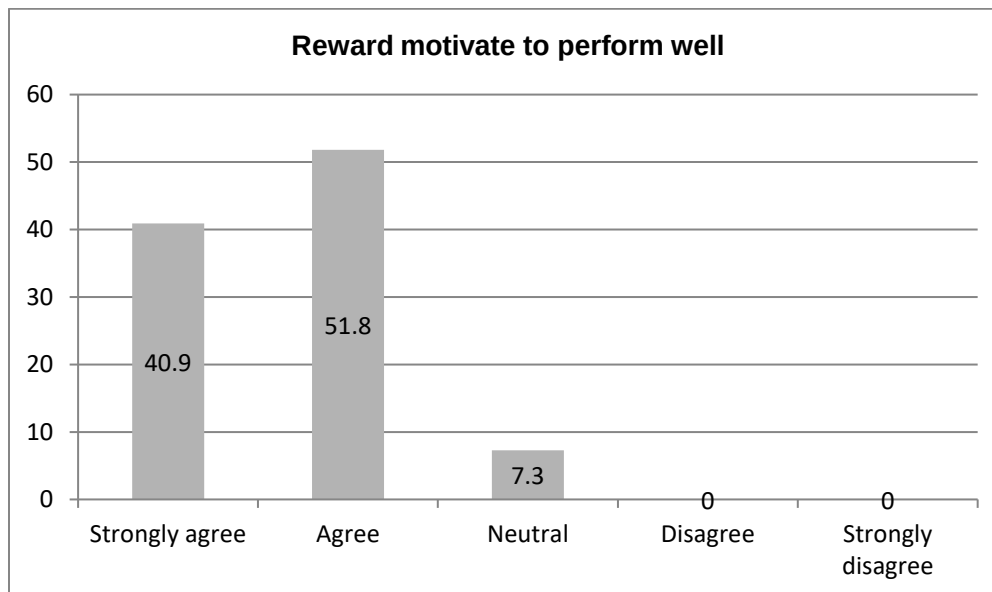


Chart 4.1.18: Reward motivate me to perform well in job

Interpretation

From the above table it is interpreted that the 40.9% conveyed strongly agree, 51.8% conveyed agree, 7.3% conveyed neutral.

Inference

Majority (65.5%) of the respondents conveyed agree in reward motivate to perform well.

Table 4.1.19: Receive Recognition for work

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	32	29.1
2	Agree	66	60
3	Neutral	10	9.1
4	Disagree	2	1.8
5	Strongly disagree	0	0
Total		110	100

Source: Primary data

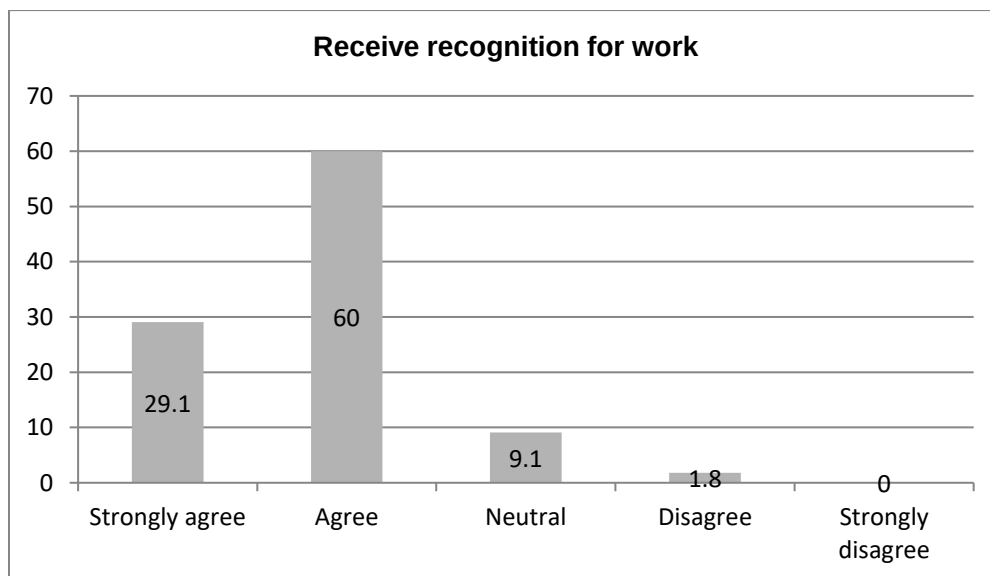


Chart 4.1.19: Receive Recognition for work

Interpretation

From the above table it is interpreted that the 29.1% conveyed strongly agree, 60% conveyed agree, 9.1% conveyed neutral and 1.8% conveyed disagrees.

Inference

Majority (60%) of the respondents conveyed agree in receive recognition for work.

Table 4.1.20: Performance goes up if salary was increased

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	58	52.7
2	Agree	46	41.8
3	Neutral	6	5.5
4	Disagree	0	0
5	Strongly disagree	0	0
Total		110	100

Source: Primary data

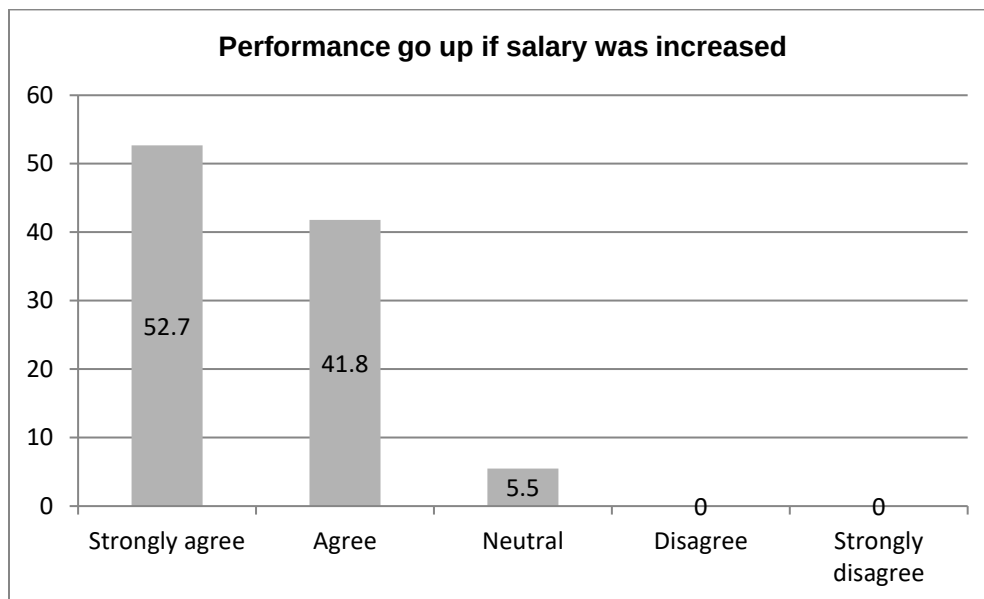


Chart 4.1.20: Performance goes up if salary was increased

Interpretation

From the above table it is interpreted that the 52.7% conveyed strongly agree, 41.8% conveyed agree, 5.5% conveyed neutral.

Inference

Majority (52.7%) of the respondents conveyed strongly agree in performance go up if salary was increased.

Table 4.1.21: Retaining high performers

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	24	21.8
2	Agree	72	65.5
3	Neutral	13	11.8
4	Disagree	1	0.9
5	Strongly disagree	0	0
Total		110	100

Source: Primary data

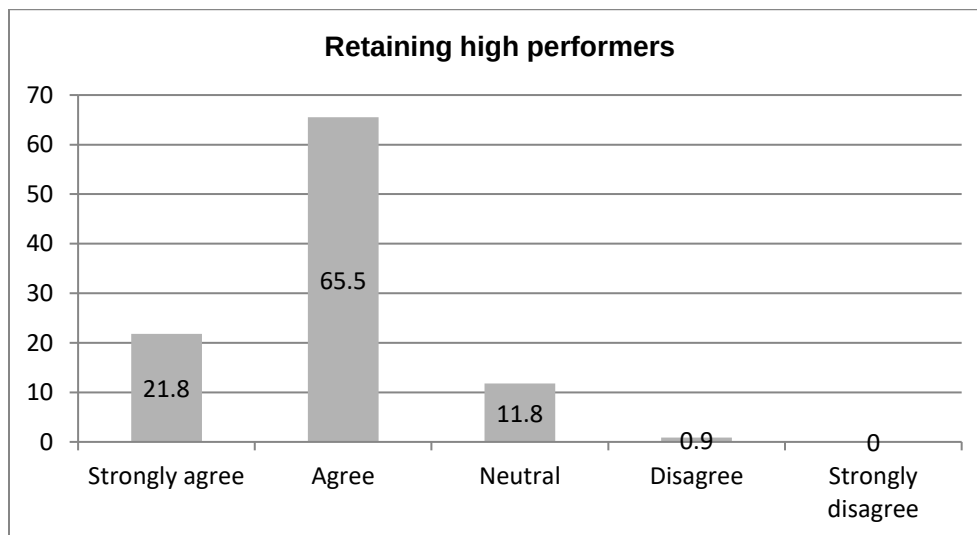


Chart 4.1.21: Retaining high performers

Interpretation

From the above table it is interpreted that the 21.8% conveyed strongly agree, 65.5% conveyed agree, 11.8% conveyed neutral and 0.9% conveyed disagrees.

Inference

Majority (65.5%) of the respondents conveyed agree in retaining high performers.

Table 4.1.22: Intrinsic reward is underrated compared to extrinsic reward

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	12	10.9
2	Agree	39	35.5
3	Neutral	14	12.7
4	Disagree	41	37.3
5	Strongly disagree	4	3.6
Total		110	100

Source: Primary data

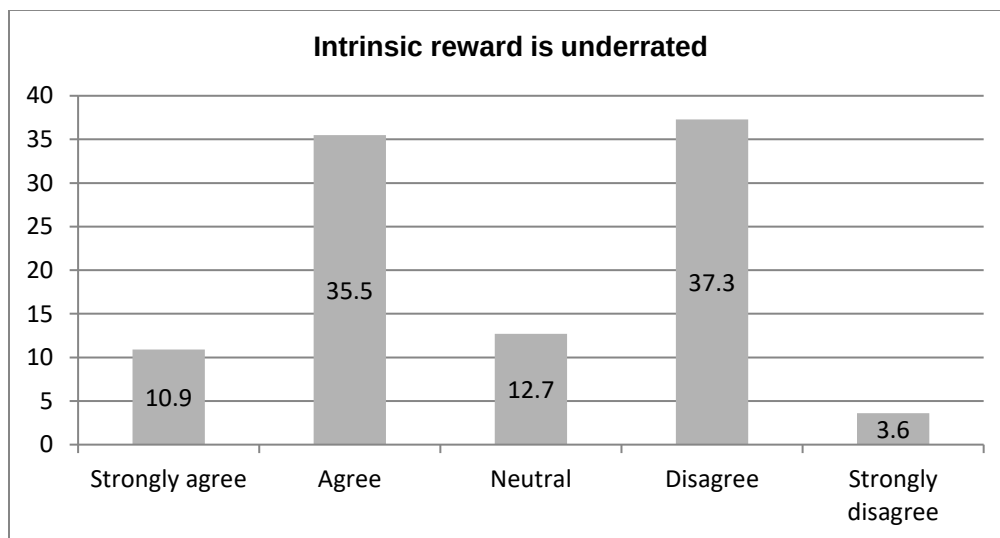


Chart 4.1.22: Intrinsic reward is underrated compared to extrinsic reward

Interpretation

From the above table it is interpreted that the 10.9% conveyed strongly agree, 35.5% conveyed agree, 12.7% conveyed neutral 37.3% conveyed disagree and 3.6% conveyed strongly disagree.

Inference

Majority (37.3%) of the respondents conveyed disagree in intrinsic reward is underrated compared to extrinsic reward.

Table 4.1.23: Intrinsic reward not motivate to perform well in job

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	10	9.1
2	Agree	24	21.8
3	Neutral	15	13.6
4	Disagree	47	42.7
5	Strongly disagree	14	12.7
Total		110	100

Source: Primary data

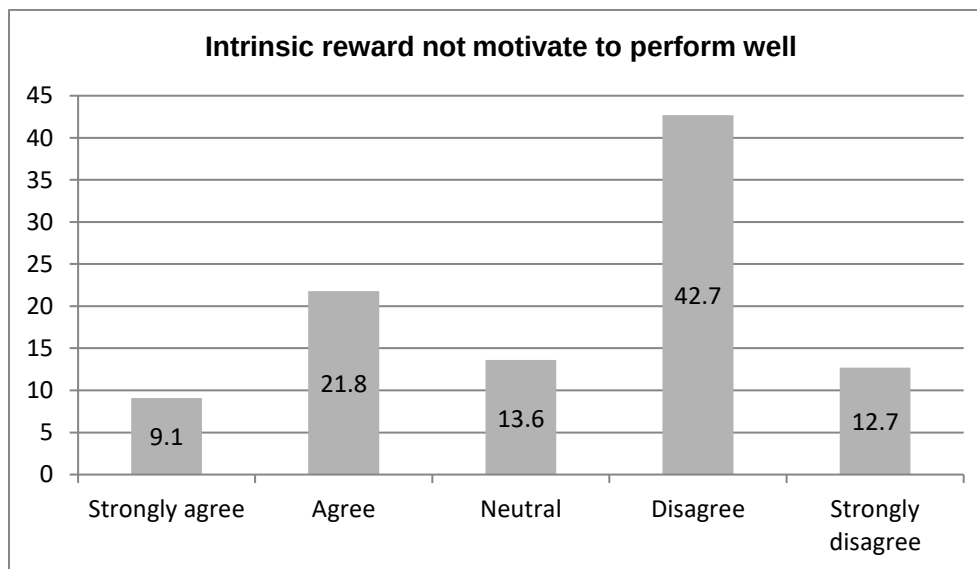


Chart 4.1.23: Intrinsic reward not motivate to perform well in job

Interpretation

From the above table it is interpreted that the 9.1% conveyed strongly agree, 21.8% conveyed agree, 13.6% conveyed neutral 42.7% conveyed disagree and 12.7% conveyed strongly disagree.

Inference

Majority (42.7%) of the respondents conveyed disagree in intrinsic reward not motivate to perform well.

Table 4.1.24: Combination of two rewards yield the best result

S NO	Particulars	No. of Respondents	Percentage
1	Strongly agree	29	26.4
2	Agree	46	41.8
3	Neutral	18	16.4
4	Disagree	12	10.9
5	Strongly disagree	5	4.5
Total		110	100

Source: Primary data

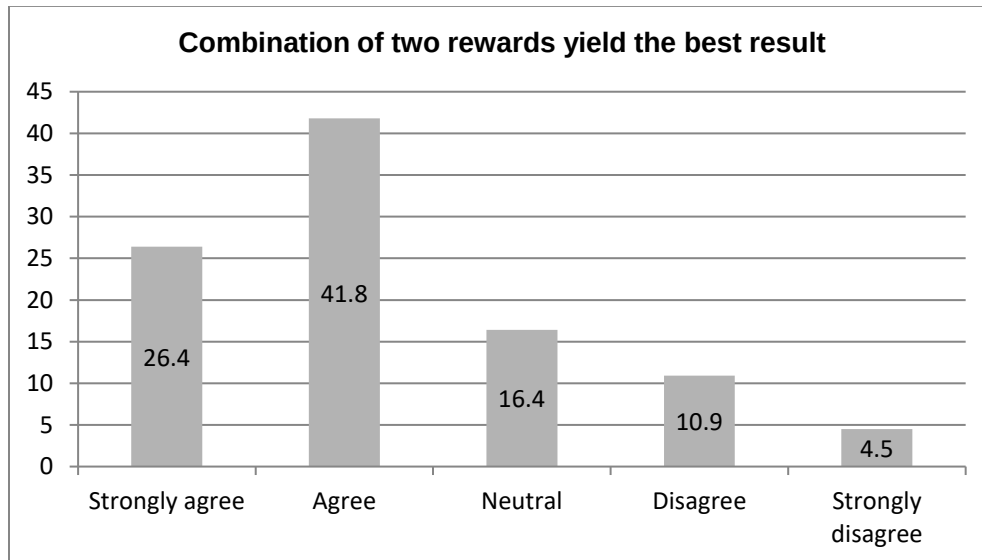


Chart 4.1.24: Combination of two rewards yield the best result

Interpretation

From the above table it is interpreted that the 26.4% conveyed strongly agree, 41.8% conveyed agree, 16.4% conveyed neutral 10.9% conveyed disagree and 4.5% conveyed strongly disagree.

Inference

Majority (41.8%) of the respondents conveyed agree in combination of two rewards yield the best result.

4.2 Chi-square

Table 4.2.1 Table showing the significant different between receiving recognition for work and age

Null Hypothesis (H_0) - There is no significant different between receiving recognition for work and age

Alternative Hypothesis (H_1) – There is significant different between receiving recognition for work and age

Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * You receive recognition for your work	110	100.0%	0	0.0%	110	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.367 ^a	9	.703
Likelihood Ratio	7.000	9	.637
N of Valid Cases	110		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is .02.

Source: Primary data

INTERPRETATION

Since p value is less than 0.05, we accept alternate hypothesis and reject the null hypothesis. Therefore, there is the significant different between receiving recognition for work and age.

Table 4.2.2 Table showing the significant different between retains high performers and destination

Null Hypothesis (H_0)-There is no significant different between retains high performers and destination

Alternative Hypothesis (H_1) - There is significant different between retains high performers and destination

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Designation * Rewards are important for retaining high performers	110	100.0%	0	0.0%	110	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.712 ^a	24	.767
Likelihood Ratio	18.801	24	.763
N of Valid Cases	110		

a. 30 cells (83.3%) have expected count less than 5. The minimum expected count is .01.

Source: Primary data

INTERPRETATION

Since p value is less than 0.05, we accept alternate hypothesis and reject the null hypothesis. Therefore, there is the significant different between retains high performers and destination.

CHAPTER 5

5.1 FINDINGS

- 1) Majority (53.6%) of the respondents are female.
- 2) Majority (71.8%) of the respondents in the age group is 22 to 29 years.
- 3) Majority (20.9%) of the respondents are working from other department.
- 4) Majority (53.6%) of the respondents are unmarried.
- 5) Majority (67.3%) of the organization follows both the rewards.
- 6) Majority (76.4%) of the respondents conveyed reward system properly communicated.
- 7) Majority (30.9%) of the respondents conveyed the employee get reward when occasionally based on extra accomplishments.
- 8) Majority (59.1%) of the respondents conveyed both the reasons are used.
- 9) Majority (47.3%) of the respondents conveyed employee get selected for a reward decided by top officials.
- 10) Majority (50.9%) of the respondents conveyed both are used.
- 11) Majority (79.1%) of the respondents conveyed employee suggestion considered while reviewing the reward program.
- 12) Majority (40%) of the respondents conveyed promotion.
- 13) Majority (72.7%) of the respondents conveyed agree in reward distribution.
- 14) Majority (71.8%) of the respondents conveyed agree in reward match my work effect
- 15) Majority (54.5%) of the respondents conveyed agree in increase my work effort to gain the reward.
- 16) Majority (65.5%) of the respondents conveyed agree in positive effect on work atmosphere.
- 17) Majority (65.5%) of the respondents conveyed agree in reward motivate to perform well.
- 18) Majority (60%) of the respondents conveyed agree in receive recognition for work.

- 19) Majority (61.8%) of the respondents conveyed agree in work more as team to gain the reward.
- 20) Majority (52.7%) of the respondents conveyed strongly agree in performance go up if salary was increased.
- 21) Majority (65.5%) of the respondents conveyed agree in retaining high performers.
- 22) Majority (37.3%) of the respondents conveyed disagree in intrinsic reward is underrated compared to extrinsic reward.
- 23) Majority (42.7%) of the respondents conveyed disagree in intrinsic reward not motivate to perform well.
- 24) Majority (41.8%) of the respondents conveyed agree in combination of two rewards yield the best result.

5.2 SUGGESTION

- According to the data gathered from the questionnaires, cash rewards is the most preferable type of bonuses in the company, hence, there is a need in improving the spectrum of monetary rewards that management can offer to employees
- Moreover, there is great potential for lower level employees to improve their professional skills and competencies by completing new tasks and going out of the comfort zone. Intrinsic rewards may be triggered by praises and recognition.
- Next suggestion is to increase the number of intrinsic rewards, as even such a small thing as verbal appraisals and appreciation make a big change for employees.
- Some employees lack recognition of their work being done even if they exceed expectations of the management. These activities would make employees feel appreciated in the company, therefore, increasing the level of commitment and loyalty to the organization.

5.3 CONCLUSION

In IT sector both intrinsic and extrinsic reward are used and it has positive impact on employee performance. The study shows that majority of the employees are happy with their current reward system but there is a need of improvement. Extrinsic and intrinsic both rewards enhance employee performance. Moreover, impact of Intrinsic rewards most effective because it has a greater influence since they involve rewards such as providing employees with a good working environment, arrange the recognition program for employees, recognizing employees for their best performer, giving better facilities, providing opportunity for career advancement and offering training program to its employee.

Incentives for employee provide the ground where they work with confidence and enhance their skill by motivation or in other word employee enjoy the work environment. While extrinsic reward also plays a vital role for improving the performance of employee. It also involves certain rewards like Increase in salary or chances of salary increment enhance employee performance and encourage them to work hard.

Employee motivation is one of the most essential parts in a company's development and success. It is hence vital for an employer to understand what motivates the employees and how to maximize their overall job performance. Based on the results of this study and the many theories that I have discussed earlier in this thesis, I have come to the conclusion that there are two major factors that have a profound effect on work motivation. One is intrinsic motivation which comes from inside the employee and is related to his or her feelings. Examples on this are personal growth, the feeling of achieving something, responsibility and freedom to act. The other factor is extrinsic motivation where outside factors such as salary, rewards and criticism motivate the employee's.

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APPENDIX-I (questionnaire)

1. Employee Name:

2. Gender:

A. Male

B. Female

3. Age:

a. 22-29 b. 30-35 c. 36-41 d. 42-47 e. above 48

4. Designation:

a. Trainee Engineer b. Software Engineer c. System Analyst d. Programmer Analyst e. Project Lead f. Project Manager g. Technical Specialist h. Application developer i. other

5. Marital status:

a. Married

b. Unmarried

6. What type of reward system currently following in your organization?

a. Intrinsic reward/Non-financial reward

b. Extrinsic reward/financial reward.

c. Both

7. Is the reward system properly communicated to all the employees in your organization?

a. Yes

b. No

8. How often are the employees rewarded?

- a. Monthly
- b. Quarterly
- c. Half yearly
- d. Yearly
- e. Occasionally based on extra ordinary accomplishments

9. For what reasons the organization giving reward system to employees?

- a. Innovation and Creative Ideas
- b. Increased productivity/results/outcome
- c. Both

10. How is an employee get selected for a reward? Is it through?

- a. Group vote
- b. Decision from top officials
- c. Decision from a single manager
- d. None of the Above

11. How the organization gets benefited from the rewards and recognition?

- a. Improved performance
- b. Reduced absenteeism
- c. Both

12. Are the employee suggestions considered while reviewing the Reward program?

a. Yes

b. No

13. What type of rewards you find the most preferable for you? Choose one answer.

a. Salary raises b. Appreciation c. Promotion d. Fringe benefits

14. The rewards are distributed rightfully.

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

15. The rewards match my work effort.

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

16. I am ready to increase my work efforts in order to gain the rewards.

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

17. Employees work more as a team in order to gain the rewards.

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

18. The rewards have a positive effect on the work atmosphere.

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

19. The rewards motivate me to perform well in my job.

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

20. You receive recognition for your work

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

21. Your performance would go up if your salary was increased

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

22. Rewards are important for retaining high performers

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

23. Non-Financial rewards has been underrated compared to financial rewards

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

24. Non-Financial rewards do not motivate employees to perform well in job

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

25. The combination of Non-Financial and Financial rewards will yield the best result

a. Strongly agree b. agree c. Neutral d. Disagree e. strongly disagree

IMPACT OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE IN INFORMATION TECHNOLOGY INDUSTRY

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ABSTRACT

The purpose of this study was to establish impact of rewards on employee performance. The first research question of the study examined the most important rewards that motivate employees; the second research question examined the relationship between rewards and employee performance, while the third research question examined the ways to improve the performance with reward system. A Reward system is viewed as a program created to give appreciation to superior workers and give impetuses to low entertainers to expand their efficiency. Motivation in work is one of the very variables determining employee's performance. The primary data for this study is collected by means of a questionnaire with a sample size of 110. Also the secondary data is taken from the websites and journals. The analysis of the data is done using tools such as percentage Analysis method and Chi-Square test.

Keywords: Reward system, employee performance.

I. INTRODUCTION

The accomplishment and advantage got by workers for their work execution in an association are known as remuneration. Representatives join the association inside certain assumption for remuneration. Some might be expecting for better compensation and wages i.e., monetary prizes while other might be looking for offices like convenience, transportation, wellbeing, security and different advantages as remuneration. Hence, financial and non-monetary advantages gave by association to workers to their work execution paying little mind to their assumption is known as remuneration. Workers should be imparted about the prize arrangement in a development.

Coordinating with the reward system with the degree of execution for each work appointed in association is known as remuneration the executives. To make compelling reward the board, an association needs to set up a proper prize system. Alluring and straightforward prize system should have quality to rouse and engage the devoted and solid workers. Prize administration will likewise help with planning the drawn out monetary administration.

Taking everything into account, Reward the executives implies discovering and giving the prize to a representative as per their work execution and keeping up the record of this. This will inspire representatives to put forth their attempt in accomplishing hierarchical objective. Prize administration helps with making distinctive recognizable proof among the similar associations. Fitting, state-of-the-art, straightforward and serious prize administration will give high confidence to the workers. They feel pleased to be related with the association. Prize can be considered as an advantage, office and profession advancement. Reward administrations should coordinate with the work execution level, worker's necessity and generally hierarchical limit.

II. REVIEW OF LITERATURE

Sheilds and associates (2015), Awards ought to be founded on contrasting requirements of workers as certain representative's lean toward monetary compensations while others are more inspired by different motivations like house, vehicle, paid occasions. From the assertion above, clearly a productive award framework should join both money related and non-financial prizes and motivators to fulfill the necessities and assumptions for workers towards the executives and reward system.

Armstrong (2013), an award framework is viewed as a program created to give appreciation to superior workers and give motivating forces to low entertainers to build their profitability. Also, reward systems have been distinguished as perhaps the best factors to boost worker work execution.

Execution of every worker ordinarily influences the representative himself/herself yet in addition a group he/she is working at, office, the board and the organization, hence, execution is the principal part of association's achievement and efficiency (Armstrong, 2013). Prize system is the best approach to build associations profitability and simultaneously screen execution of representatives, thus, holding qualified labor force and drawing in new gifts.

Kehoe and Wright (2013) led measurable tests and discovered critical connection between remuneration framework and execution acknowledgment, just as with inspiration and occupation fulfillment. As indicated by their examination, worker inspiration and occupation fulfillment change correspondently with the adjustments in acknowledgment and prizes. For example, expansion in remunerations prompts expansion in representative execution.

Inherent inspiration alludes to the inspiration that comes from inside a person. This sort of inspiration generally accompanies the fulfillment representative completes after the work being or at times during the working interaction. Inborn inspiration can be affected by a few elements which are obligation, opportunity to act, extension to utilize and create abilities and capacities, intriguing work and openings for headway. These helpers are utilized to have a drawn out impact really the individual and not from the general climate (Armstrong, 2013).

Khan, et al. (2013) A decent equilibrium of outward and inborn prizes empowers the association to expand worker's responsibility, inspiration, and occupation fulfillment which thus augments the presentation of representatives especially regarding efficiency.

Mishra and Dixit (2013), monetary and non-monetary rewards and advantages are profoundly related with worker's exhibition in a training rewards system. Due to positive relationship of among remunerations and execution likewise increment the work fulfillment of laborers. Occupation fulfillment prompts achievement and sensations of accomplishment during the work.

III. NEED FOR STUDY

The research examines two fundamental regions. To begin with, the motivation behind the exploration is to view the current prize framework in IT industry, investigate its design, qualities and shortcomings and point out likely upgrades of the framework to expand representatives' exhibition.

Secondly, this investigation means to expand the attention to workers at all levels about the prize arrangement of the organization. Especially on their individual presentation which gives upper hand to the organization in the business.

IV. OBJECTIVES OF THE STUDY

- To identify the most important rewards that motivates employees in IT industry.
- To identify the relationship between rewards and employees performance.
- To find the ways of employee to improve the performance with reward system.

V. DATA ANALYSIS AND INTERPRETATION

Chi-Square Analysis

Null Hypothesis (H_0) - There is no significant different between receiving recognition for work and age

Alternative Hypothesis (H_1) - There is significant different between receiving recognition for work and age

Case Processing Summary

		Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
Age	* You receive recognition for your work	110	100.0%	0	0.0%	110	100.0%

Chi-Square Tests

	Value	Df	Asymptotic Significance (2- sided)
Pearson Chi-Square	6.367 ^a	9	.703
Likelihood Ratio	7.000	9	.637
N of Valid Cases	110		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is .02.

Source: Primary data

INTERPRETATION

Since p value is less than 0.05, we accept alternate hypothesis and reject the null hypothesis. Therefore, there is the significant different between receiving recognition for work and age.

Null Hypothesis (H_0)-There is no significant different between retains high performers and destination

Alternative Hypothesis (H_1) - There is significant different between retains high performers and destination

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Designation * Rewards are important for retaining high performers	110	100.0%	0	0.0%	110	100.0%

Chi-Square Tests

	Value	Df	Asymptotic Significance (2- sided)
Pearson Chi-Square	18.712 ^a	24	.767
Likelihood Ratio	18.801	24	.763
N of Valid Cases	110		

a. 30 cells (83.3%) have expected count less than 5. The minimum expected count is .01.

Source: Primary data

INTERPRETATION

Since p value is less than 0.05, we accept alternate hypothesis and reject the null hypothesis. Therefore, there is the significant different between retains high performers and destination.

Suggestion

- Monetary compensations is the most ideal sort of rewards in the organization, consequently, there is a need in improving the range of financial prizes that administration can offer to representatives
- There is good potential for lower level staff to boost their skilled skills and competencies by finishing new tasks and going out of the temperature. Intrinsic rewards are also triggered by praises and recognition.

- Next idea is to build the quantity of characteristic prizes, as even something little as verbal examinations and appreciation roll out a major improvement for representatives.
- Some representatives need acknowledgment of their work being done regardless of whether they surpass assumptions for the administration. These exercises would cause workers to feel appreciated in the organization, hence, expanding the degree of responsibility and reliability to the association.

VI. CONCLUSION

In Information technology Industry both Intrinsic and extrinsic reward are utilized and it decidedly affects worker execution. The examination shows that dominant part of the workers is content with their present reward system however there is a need of progress. Outward and inborn the two rewards upgrade worker execution. Besides, effect of Intrinsic rewards best since it has a more prominent impact since they include rewards, for example, giving representatives a decent workplace, orchestrate the acknowledgment program me for representatives, perceiving workers for their best entertainer, giving better offices, giving freedom to professional success and offering preparing project to its representative.

Motivators for worker furnish the ground where they work with certainty and improve their expertise by inspiration or in other word representative appreciate the workplace. While outward reward likewise assumes a crucial part for improving the exhibition of representative. It likewise includes certain prizes like Increase in compensation or odds of pay increase improve representative execution and urge them to buckle down.

VII. REFERENCE

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