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).

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.

OBJECTIVE OF THE STUDY

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

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

- Improve Organizational Effectiveness: Support the attainment of the organization's mission, strategies, and help to achieve sustainable, competitive advantage.
- 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.
- 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.
- 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%

INTERPREATATION

- 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

INTERPRETATION

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

		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

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

- Surveys should be conducted frequently in order to judge satisfaction level of the employees.

- In addition to surveys, interaction of HR officers with the employees should also be given space if possible.

- 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.

- 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% 0f 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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