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Kandlakoya (V), Medchal, Hyderabad – 501401

"The Impact of Non-Monetary Recognition on Employee Motivation and Performance: An Empirical Study on Retention and Engagement"

1. **Dr.T.Shanmugapriya,** Associate Professor, MLRIT, Hyderabad.
2. **Dr. Jostna Kumar Gantepogu**, Assistant Professor, MLRIT, Hyderabad.
3. **Mohammad Sirajuddin,** Assistant Professor, MLRIT, Hyderabad.

Abstract

Don't let your best people's efforts go unrecognized. Although the concept of positive reinforcement and the related principle that you get what you reward is well founded in the literature, its effective use by practicing managers is uneven and often totally lacking in day-to-day business operations. This study explored the conditions that enable or inhibit the use by managers of one type of positive reinforcement: Non-monetary recognition (NMR). Its purpose was to extend the body of knowledge about the application of concepts validated in literature yet not commonly used by managers in business.

It seems that now more than ever employee recognition is limited at best in many organizations. Unfortunately, many managers don't understand the importance of recognizing a team member's hard work and a job well done. Many might even ask why they should recognize their employees when they are "just doing their job."

This paper analyses and illustrates, there are a whole host of alternative motivators that can act to influence employee behaviour and enhance employee motivation. A many organizations are beginning to realize, competitive difference may ultimately be made by non-financial factors.

Keywords: *Employee Recognition, Non-Monetary Recognition (NMR), Employee Motivation, Positive Reinforcement, Reward Systems, Employee Performance, managerial Practices, Workplace Behavior, Employee Engagement, Organizational Effectiveness.*

Introduction

Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of

agency mission and goals.

REWARDING/ RECOGNIZING PERFORMANCE

MONETARY
- **Incentives**
- **Perks**
- **Bonus**

NON-MONETARY

FORMAL
- **Award**
- **Trophy**
- **Responsibility**
- **Training**

INFORMAL
- **Outing**
- **Casual dress day**
- **Good work Environment**
- **Lunch/ Dinner**

Research Methodology

Paired T-Test:

Paired t-test is a way to test for comparing two related samples, involving small values of 'n' that does not require the variances of two populations to be equal, but the assumption that the two populations are normal must continue to apply.

In case two samples are related, we use paired t-test for judging the significance of the mean of the difference between the two related samples. It can also be used for judging the significance of the coefficients of simple and partial coefficients.

The relevant test statistic, t, is calculated from the sample data and then compared with its probable value based on t- distribution at a specified level of significance for concerning degrees of freedom for accepting or rejecting the null hypothesis.

Kendall's Coefficient of Concordance (w) :

Kendall's coefficient of concordance, represented by the symbol W, is an important non-parametric measure of relationship. It is used for determining the degree of association among several (K) sets of ranking of N objects or individuals.

When there are only two sets of ranking of N objects, we generally work out Spearman's Coefficient of Correlation, but Kendall's coefficient of Concordance (W) is considered an appropriate measure of studying the degree of association among three or four sets of ranking.

Coefficient of concordance (W) = $S/ ((K^2/12)*(N^3-N))$

Objectives of the Study

- To analyze the effectiveness of the employee recognition system through the understanding of the opinions of various categories of employees.
- To know the parameters of recognizing or appreciating the hard work of the employee.
- To relate the program delivered with how it affects the team, department and organization.
- Find the items that are motivating to a wide range of employees in the organization.

Hypotheses of the Study

Hypotheses of the study are as follows:

- There is a significant difference between employee recognition and employee performance/ productivity
- There is no significant difference between employee recognition and employee performance/ productivity

Data Analysis

In the study both primary and secondary data is used. For primary data a questionnaire consisting of both open end and closed end questions is used. Questions are prepared in such a way that maximum information can be obtained from the respondents.

Statistical tests- Paired t-test and Kendall's Coefficient of Concordance are conducted to analyze and interpret the data.

Set- I

- Employee recognition helps to win Co-operation and team work.
- Recognizing the employee is helpful for improving personnel skill.
- Employee recognition can play a very important role in creating and retaining a positive work culture in the team.
- By creating a culture of recognition, employees become more engaged.

Ranks are assigned for a likert scale as follows;

A = Strongly disagree

B = Disagree

C = Neither agree nor disagree

D = Agree

E = Strongly agree

Hypothesis:

Ho: Insignificant agreement

H1: Significant agreement

Using ranks, the no. of responded to each option are as follows;

Q.No	A	B	C	D	E
1	0	1	0	10	5
2	0	1	1	8	6
3	1	0	0	13	0
4	0	3	2	9	2

Assigning ranks, starting from 1 to be the maximum no of respondents,

Q.No	A	B	C	D	E
1	10	9	10	2	6
2	10	9	9	4	5
3	9	10	10	1	8
4	10	7	8	3	8
Rj	39	35	37	10	27
$(Rj-Rj\ bar)^2$	88.36	29.16	54.76	384.16	6.76

Rj bar= Sum Rj/N = 148/5 = 29.6

S= Sum $(Rj-Rjbar)^2$ = 563.2

Coefficient of concordance (W) = S/ $((K^2/12)*(N^3-N))$

W= 3.52

For 5% level of significance and when k=4; n=4, tabulated value for s= 88.4

Since tabulated value is less than the calculated value W= 3.52 is significant

The lowest value observed amongst Rj is 10 and as such the best estimate of the rankings is in the case of D (= Agree)

Inference:

Since W is significant, reject Ho and conclude that the employees agreement is significant.

Also, Since Rj value for the option D is minimum, this implies that the majority of the employees agree the statements given in Q5-Q8.

Set- II

- The experience of the recognition will last much longer than money.
- Most employees certainly appreciate monetary awards, but many seek recognition of their hard work.
- Rewards & Recognition system best suited for retention strategy.
- Employee recognition increases the sense of self-respect and confidence.

Ranks are assigned for a likert scale as follows;

A = Strongly disagree

B = Disagree

C = Neither agree nor disagree

D = Agree

E = Strongly agree

Hypothesis:

Ho: Insignificant agreement

H1: Significant agreement

Using ranks, the no. of responded to each option are as follows;

Q.No	A	B	C	D	E
9	0	4	1	5	6
10	0	1	4	9	2
11	0	1	2	11	2
12	1	1	1	4	9

Assigning ranks, starting from 1 to be the maximum

Q.No	A	B	C	D	E
9	8	5	7	4	3
10	8	7	5	2	6
11	8	7	6	1	6
12	7	7	7	5	2
Rj	31	26	25	12	17
$(Rj-Rj\ bar)^2$	77.44	14.44	7.84	104.04	27.04

Rj bar= Sum Rj/N = 117/5 = 22.2

S= Sum $(Rj-Rjbar)^2$ = 230.8

Coefficient of concordance (W) = S/ $((K^2/12)*(N^3-N))$

Therefore, W= 1.44

For 5% level of significance and when k=4; n=4, tabulated value for s= 88.4

Since tabulated value is less than the calculated value W= 1.44 is significant

The lowest value observed amongst Rj is 12 and as such the best estimate of the rankings is in the case of D (= Agree)

Inference:

Since W is significant, reject Ho and conclude that the employees agreement is significant.

Also, Since Rj value for the option D is minimum; this implies that the majority of the employees agree the statements given in Q9-Q12.

Results of the Study

Main results of the study are as follows:

- Recognition of employee work is an effective tool of the HR department in retaining the staff
- Employee recognition helps to win Co-operation and team work.
- Recognizing the employee is helpful for improving personnel skill.
- By creating a culture of recognition, employees become more engaged and the experience of the recognition will last much longer than money.
- Most employees certainly appreciate monetary awards, but many seek recognition of their hard work as it increases the sense of self-respect and confidence
- The majority of employees under study strongly believe that recognition is important than monetary benefits

Conclusion

Companies can help their employees to feel more appreciated by implementing the correct elements of a recognition program. The truth is that recognizing employees for their hard work is one of the least expensive and easiest ways to improve the level of employee retention in your organization. The return on investment for a manager's time and limited expenses can be incredible.

For an organization to do well it's important to have strong employee base. For that the company needs to have an employee retention strategy. One of which is Rewards & Recognition. Human Resources, with

financial support from the office of Business and Finance, would like to encourage and assist managers and supervisors to reward and recognize their employees.

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