



## A STUDY ON SIGNIFICANCE OF REWARDS & RECOGNITION POLICY ASA TOOL FOR EMPLOYEE MOTIVATION

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### ABSTRACT

*Modern organizations are waking up to the fact that they have to strike a balance between employee's contribution to the organization and the organization's contribution towards the employee. To establish this balance, many organizations are realizing the importance of a well-balanced system of Rewards & Recognition. Majority of the employees in modern organizations are of the opinion that a good Rewards & Recognition programme will have a positive impact on their Motivation. This will help in understanding and analyzing the impact that appreciation &*

*recognition system have on their satisfaction level and their commitment and contribution towards the work. An employee feels motivated when if he/she performs well & the performance is recognized and rewarded. A motivated worker results in a satisfied job, better performance and total quality management.*

*In a nutshell, this paper will throw a light on the significance of rewards and recognition system and its impact on employee motivation in the organization. Proper Rewards & Recognition System can lead to better motivation and job satisfaction. In the competitive job market employees believe that being recognized for their achievements*

*would have a positive impact on their job attitudes and it is necessary for an employer to retain the well experienced employees.*

## **Introduction**

Most organizations are recognizing Human Resource and the primary asset and primary source of a company's competitive advantage. The way humans/ employees are treated ensures whether an organization will prosper and be successful. To ensure fair treatment and heightened levels of motivation and satisfaction, employing organizations are acknowledging the need to establish a fair and unbiased relationship between employee's contribution and that of the organizations.

Establishing this relationship is one of the reasons to reward and recognize employees.

The primary focus of reward and recognition programmes is how organizations define their reward schemes and communicate this in a manner that employees clearly understand the link between reward and performance (Flynn, 1998). Today, employees in an organization just do not look to get monetary benefits for the work they do and take home a salary at the end of the month. But also expect their employers

to recognize their contributions, so that they are motivated to perform even better. Employee motivation plays a vital role in the employee effectiveness. In fact, motivation is the key ingredient to ensure effectiveness in work place. A motivated workforce is more productive. When an employee is not motivated, he can show many signs of low productivity, including casual approach to work, lethargy, late coming, absenteeism, turnover, etc. To avoid these nasty situations, it is important to employ various methods to motivate employees. Many techniques are used to foster employee motivation.

## **Rewards & Recognition System**

One way to motivate an employee to do good work is to appreciate him for some contribution done before. To appreciate an employee, it is important to have a well thought out and effective Rewards & Recognition Program.

**Definition:** 'Jack Zigon' defines rewards as "something than increases the frequency of an employee action" (1998). This definition points to an obvious desired outcome of rewards and recognition: to improve

performance. Non-monetary recognition can be very motivating, helping to build feelings of confidence and satisfaction (Keller 1999). Another important goal is increased employee retention. An ASTD report on retention research identified consistent employee recognition as a key factor in retaining top-performing workers. (Jimenez 1999).

### **Importance of good Rewards and Recognition Programme:**

Rewards & Recognition program play a vital role in employee motivation and their contribution towards the work. Recognizing an employee for a certain desired behavior and to motivate him/her (positive reinforcement) to the behavior in future is inevitable in this competitive scenario. R&R helps to motivate other employees to perform in a desired way. Even if the target is not achieved, the effort has to be appreciated. A good R&R program instills the right job attitude in the employee, like job satisfaction and job commitment. Since these are the driving forces of employee productivity and performance, it is important

to invest in the right resources in building and maintaining a good R&R program.

### **Definition of Variables**

**Recognition:** Employee recognition is the opportunity to acknowledge the unique contribution or the value of expertise and experience of an employee or team. Recognition is providing attention or favorable notice to another person. Recognition can be written, verbal, or monetary. In the workplace, the second purpose for employee recognition is to communicate and reinforce the behaviors and actions you'd like to see the employee do more often.

**Rewards:** a thing given in recognition of service, effort, or achievement.

**Employee Motivation:** Motivation is an employee's intrinsic enthusiasm about and drives to accomplish activities related to work. Motivation is the most important parameter, as it ultimately leads to improved performance and superior results.

**Compensation:** the actual salary of the participant. Compensation is the total amount of the monetary and non-monetary pay provided to an employee by an

employer in return for work performed as required. (Susan Heathfield, 2014)

**Appreciation:** It is the practice of maintaining motivation and satisfaction within the workforce through mixtures of compensation, learning and succession, and other types of career planning.

**Desired behavior:** Every organization expects their employees to behave in a specific desired manner, which could be in terms of performance, ethics, discipline, etc. The above defined parameters have been considered for hypothesis testing.

### **Need for the study**

Right person for the right job is the main objective of the recruitment function in human resources management. Hence retaining the well experienced, dedicated and committed employees is also an important area which should not be ignored. Rewards and Recognition policies play a vital role on employees as well as employers for overall improvement in their productivity. Thus there is a need to identify the factors which helps in designing a good reward and recognitions programmes. An organization should invest enough time and money to ensure that its employees are

satisfied and motivated. Before the organization begins to design its programme, it is better to understand the employees' take on the concept of rewards and its impact on their motivation. In view of this the study was conducted on the employees of multinational companies dealing with automobile financing towards the appreciation program being planned and understand the respondents' opinion on such a programmes.

### **Objectives of the Study**

The aim of this study is to examine the impact of a system of Rewards & Recognition on factors like employee motivation, satisfaction and contribution.

The main objectives of this study are:

- To determine the relationship between Rewards & Recognition Policies and Employee Motivation
- To determine the link between employee R&R and employee Contribution
- To measure the level of Motivation due to R&R and its impact on Job Performance.

**Research design:**

The present study is Descriptive in nature. It explains and validates findings related to Rewards and Recognition programmes in multinational companies.

“Hypothesis testing” - also known as experimental studies, the researcher generally tests the hypotheses of causal relationships among variables. The Research Design for such a research needs to be more structured. This is ensured by formulating objectives of the study, designing methods of data collection, selecting sample, collecting the data, processing and analyzing the data and reporting the findings.

**Sample design:**

Sampling design is the essence of sampling method and consists of descriptions about sampling unit, sample size and sampling technique. In order to select the required number of respondents from the population.

**Sample Size:**The survey was conducted on 70 respondents, of which 50 were Financial Executives and 20 were from various designations including deputy managers, managers, assistant managers of various

multinational organizations involved in Auto Loans and Financing.

**Sampling Technique:** Simple random sampling technique was adopted for the study to collect the data. It is the technique, which should use when the population is known. In this study lottery method was adopted for choosing the sample on total employee strength is about 600.

**Instrumentation Technique:** To get responses, the questionnaire method was used. In this study, questionnaires were distributed to employees and were asked to answer the questions. Few employees were called and their responses were recorded, when they were not physically available on the premises.

The questionnaire used in this study is a structured one. The questions were arranged in a specific order and were logically interconnected for the research study.

**Sampling Unit:** The respondents were selected from employees of large multinational corporations that are involved in Auto Loans and Financing.

**Data Collection**

**Primary Data:**The primary data was collected through 5- point scale structured questionnaire with close ended and

suggestion questions. Few interviews were also conducted in order to clarify certain points.

**Secondary Data:**Secondary data was collected from the files, books related to rewards and recognition policies, employee motivation and online sources and from other records maintained by the organization.

**Analysis & Interpretation of Data**

**1.0. Opinion of respondents on whether the recognition received had been a motivational factor to them.**

**Table 1.0**

The recognition had been a motivational factor to you	No. of Respondents	Percentage
Strongly Agree	29	41
Agree	22	31
Sometimes Agree	14	20
Disagree	4	6
Strongly Disagree	1	1
<b>Total</b>	<b>70</b>	<b>100</b>

It can be observed from the above table that more than 70% of the respondents opined towards recognition for the work performed by them previously motivated them to

perform better in their present and future tasks also increasing their efficiency.

Hence it can be interpreted that to motivate people to behave in a certain desirable way, a good R&R system is required.

**Hypothesis Testing 1**

- Ho: Employees who have received recognition before have not been motivated by the recognition received.
- Ha: Employees who have received recognition before have been motivated by the recognition received.

**TEST 1**

Table.1.01

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	30.722	1	30.722	62.139	.000
Within Groups	33.620	68	.494		
Total	64.343	69			

The value of F is 62.139 at the corresponding P value 0.000<0.05. Since the P value 0.000<0.05 the null hypothesis can be safely rejected.

Hence it can be concluded that employees who have previously received recognition have been motivated by the recognition they received.

**2.0 Opinion of respondents on whether being recognized reinforces desired behavior.**

Table. 1.02

From the above table, it can be observed that 47% respondents strongly agreed that being recognized reinforces desired behavior in them. 21% percent of the respondents agree and 20% agree sometimes.

Hence it can be interpreted that to motivate people to behave in a certain desirable way, a good R&R system is required.

**Hypothesis Testing 2**

- Ho: Recognition does not induce desired behavior in the employees.
- Ha: Recognition does induce desired behavior in employees.

**Table 1.03**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	32.730	1	32.730	60.098	.003
Within Groups	35.841	68	.527		
Total	68.571	69			

The value of F is 60.098 at the corresponding P value  $0.003 < 0.05$ . Since the P value  $0.003 < 0.05$  the null hypothesis can be safely rejected.

Hence it can be concluded that recognition induces desired behavior in the employees.

<b>Being recognized reinforces desired behavior</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Strongly Agree	33	47
Agree	15	21
Sometimes Agree	14	20
Disagree	8	11
Strongly Disagree	0	0
<b>Total</b>	<b>70</b>	<b>100</b>

**3.0 Opinion of respondents on importance of “Recognition” in the workplace**

**Table 1.04**

Recognition is important in the workplace	No. of Respondents	Percentage
Strongly Agree	36	51
Agree	21	30
Sometimes Agree	13	19
Disagree	0	0
Strongly Disagree	0	0
<b>Total</b>	<b>70</b>	<b>100</b>

From the above table, it is found that 51% of the respondents strongly agree that Recognition is important in the workplace. 30% of the respondents agree and 19% agree sometimes.

Hence it can be interpreted that all respondents opined, to some extent that they need recognition for their contributions towards the organization.

**Hypothesis Testing 3**

- Ho: There is no significant impact of Rewards & Recognition Programme on Employee Motivation
- Ha: There is a significant impact of R&R on Employee Motivation.

**Table.1.05**

**ANOVA**

	Sum of Squares	df	Mean Square	F calc	Sig..
Between Groups	1.201	1	1.201	1.040	.006
Within Groups	78.570	68	1.155		
Total	79.771	69			

In the above case, null hypothesis can be rejected that says; the value of F is 1.040 at the corresponding P value  $0.006 < 0.05$ . Since the P value  $0.006 < 0.05$  the null hypothesis can be safely rejected and concluded that there is significant impact of rewards and recognitions programmes on employee motivation. There is significant impact of Rewards & Recognition Programme on Employee Motivation. Hence it can be concluded that there is significant impact of Rewards & recognition on Employee Motivation.

**Findings**

1. It was found that about 70% of the respondents had been motivated by the recognition that they have received previously. Hence it can be interpreted that majority of the employees, who have received recognition feel motivated to



perform better. [Refer Table1, Chart 1]

2. From the hypothesis test conducted, it can be concluded that recognition has been a motivational factor to employees who have previously received it. [Refer Hypothesis Table 1]
3. It was observed that 66% respondents strongly agree that being recognized reinforces desired behavior in them. Hence it can be interpreted that to motivate people to behave in a certain desirable way, a good R&R system is required.[Refer Table2, Chart2]
4. From the hypothesis test conducted, it can be concluded that recognition induces desired behavior in the employees. [Refer Hypothesis Table 2]
5. It was found that majority of the respondents agree that Recognition is important in the workplace. [Refer Table3, Chart 3]
6. From the hypothesis test conducted, it can be concluded that there is significant impact of Rewards & recognition on Employee

Motivation.[Refer Hypothesis Table 3]

### Suggestions

1. There has been an improvement in morale & attitudes of employees who have received rewards and recognition for their work in the past. Hence, when organizations are trying to set up an effective R&R programme, organizations should take the suggestions of the employees who have had a positive experience with the R&R policies.
2. When the employees receive recognition for behaving in the desired manner, they are encouraged to further that behavior in future too. So it is suggested that, specific code of conduct for the employees should be prescribed, so that the employees know what behavior is expected from them.
3. When employees show such desired behavior they should be duly recognized so that they set an example to other employees and are

themselves motivated to continue the desired behavior.

4. Rewards should be given as soon as possible after the exceptional performance that is being rewarded
5. Ensure that the level of the reward or recognition is commensurate with the achievement, level of performance
6. Every department or function in the organization should set specific targets or criteria as the basis for these rewards.

## Conclusion

“An appreciated employee is a happy employee”. One way to appreciate an employee’s effort is by having a well thought out and effective Rewards & Recognition Program. The main objective of the R&R program is to reward and recognize an employee for a certain desired behavior and to motivate him/her (positive reinforcement) to further the behavior in future too. R&R also helps to motivate other employees to perform in a desired way. Even if the target is not achieved, the effort has to be appreciated. In the current competitive

corporate scenario, employers and employees are constantly seeking more from each other. Employers invariably expect employees to help achieve organizational goals, increase productivity; use resources efficiently, increase sales, and increase customer satisfaction, etc. In turn, for having acted in the good interest of the organization, the employees expect the employer to acknowledge their effort that they have invested.

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