

## **Impact of Rewards and Recognition as Talent Retention Strategy in Indian Corporates**

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**ABSTRACT:** Human resources are the livelihood of all types of an organization. Even though all types of the organizations are now a days, found to be technology driven, yet human resources are required to run the technology. With all round development in each and every area of the economy, there is stiff competition in the market. With this development and competition, there are lots and lots of avenues and opportunities available in the hands of the human resources. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them. Securing and retaining skilled employees plays an important role in any organization, because employees' knowledge and skills are central to companies' ability to be economically competitive. Besides, continuously satisfying the employees is another challenge that the employers are facing today. Keeping into account the importance and sensitivity of the issue of retention to any organization, the present study tries to Study the various rewards and recognition variables that improve job performance and tend the employee to stay in the company.

**KEYWORDS:** Retention strategies, Corporate, Rewards and recognition.

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### **I. INTRODUCTION**

Strategies on how to reduce employee turnover, , management has several policies like changing or improving existing policies towards recruitment, selection, induction, training, job design and wage payment. Employee turnover attributable to wage rates, which produce earnings that are not competitive with other firms in the local labor market. Management is frequently exhorted to identify the reasons why people leave organization's so that appropriate action is taken by the management.

Retention strategies help to manage employees' turnover rate and attract quality employees in the organization. These strategies help management to maintain relationship between management and workers. Strategies like competitive pay, benefits, recognition awards, employee assistance programs are some of the companies attempt to maintain employee satisfaction level.

Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. A strong retention strategy becomes a powerful recruitment tool.

Retention of key employees is critical to the long-term health and success of the organization. It is a known fact that retaining best talent ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

Hence, failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in most organizations' costs up to five times of his salary. Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario but, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Hence, failing to retain a key employee is a costly proposition for any organization.

### **II. LITERATURE REVIEW**

There are pertinent studies on how companies should retain their current manpower. Some excerpts from the review of literature are as follows:

**Boxall, Macky and Rasmussen (2003)** have conducted a study of retention variables for New Zealand employees in which they state that the variables are multidimensional. These include interesting work, which was rated as the strongest factor in attracting and retaining employees in both public and private sector organisations. The research outcome showed that employees expect management to make personnel decisions based on merit and also demonstrated that extrinsic rewards (such as pay, promotion & job security) play a role in both employee retention and turnover management. The research further suggested that management lent support to the idea of good relationships with co-employees and supervisors.

**Lockwood and Anari (1997)** concluded the following factors as crucial retention strategies for IT professionals in the USA and U.K. In order of their importance, the study revealed money (base salary plus bonus and stock options); the chance to learn new skills (i.e. those that the market values); the reputation of the organization in technology; and working conditions (e.g. physical, colleagues & boss, casual dress) as some of the important factors. Among retention strategies that were particularly successful in maintaining a low turnover rate, one of the solutions suggested was an increase in salary.

**According to Samuel and Chipunza (2009)**, the main purpose of retention is to prevent the loss of competent employees from leaving the organisation as this could have adverse effect on productivity and profitability. However, retention practices have become a daunting and highly challenging task for managers and Human Resources (HR) practitioners in a hostile economic environment. One of the traditional ways of managing employee retention and turnover is through organisational reward system.

A study done by **Fitzenz (1990)** has indicated that retention is driven by following key factors, which ought to be managed congruently: organizational culture strategy, pay and benefits philosophy, and career development systems.

**According to Morgan and Hunt (1994)**, organizations often look beyond the concept of satisfaction to developing trust and ensure long term relationships with their employees. Further, this suggestion is based on the principle that once trust is built into a relationship, the probability of either party ending the relationship decreases because of high termination costs

**William and Werther (1996)** explain reward as what employees receive in exchange for their contributions to the organisation. This reward could come in form of salary, promotion, bonuses and other incentives. When the reward system is effectively managed, it helps in achieving organizations corporate objectives and maintains and retains a productive workforce.

**Priya and Dr. Vikram (2011)** focused on why people leave organization and identified the reasons such as career growth, job security and better pay packages. In Banking sector (**Vikram jeet and Dr Sayeeduzzafar(2014)**) found training ,Performance appraisal and compensation has significant impact on job satisfaction and retention.

**HeraldMoris and Sreedhara(2011)** found the promotion of good work ,feeling of being valued in company were influencing factors for employee perceptions of rewards and recognition policy.

**Stauss etal (2001)** have suggested a more detailed and recent definition for the concept of retention which is customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions

### **Objectives Of The Study**

1. To examine the retention practices of Indian MNC'S in the light of their impact on the organization
2. To study the impact of reward and recognition practices for retention of employee

### **Limitations Of The Study**

1. Study was on the responses of the sample only
2. Getting answers for open ended questions was difficult

## **III. RESEARCH METHODOLOGY**

### **Data Collection**

Sources of data include both primary and secondary. Primary data is collected through structured questionnaire consisting of 9 questions with (open ended and closed) with demographic details. Secondary data is from research papers from reliable sources.

The study is exploratory in nature and is undertaken to explore the rewards and recognition factors determining the success of retention. The sample of the study comprises of 150 respondents from the employees of MNC'S. Non-probability convenience sampling method was used to select the respondents.

### **Data Analysis And Interpretation**

Data analysis is obtained by using tool correlations in order to identify the co-relationship between salary structure, Provision for Group insurance schemes government, Overtime salary, Yearly bonus schemes and Performance based incentives and how these factors affect the work performance.

**H0:** Salary structure and Work Performance are not correlated

**H1:** Salary structure and Work Performance are correlated

			Work Performance	Salary structure
Spearman's rho	Work performance	Correlation coefficient	1.00	.507**
		Sig(2-tailed)		.000
		N	150	150
	Salary structure	Correlation coefficient	.507**	1.00
		Sig(2-tailed)	.000	
		N	150	150

\*\*Correlation is significant at the 0.01 level(2-tailed)

**Interpretation:-**

Salary structure and work performance are significantly correlated at 0.01 level of statistical significance with the magnitude of Spearman's rho being 0.50; so the null hypothesis is rejected.

**H0:** Group insurance and work performance are not correlated

**H1:** Group insurance and work performance are not correlated

			Work Performance	Group insurance
Spearman's rho	Work performance	Correlation coefficient	1.00	.259**
		Sig(2-tailed)		.009
		N	150	150
	Group insurance	Correlation coefficient	.259**	1.00
		Sig(2-tailed)	.009	
		N	150	150

\*\*Correlation is significant at the 0.01 level (2-tailed)

**Interpretation:-**

Group insurance and work performance are significantly correlated at 0.01 level of statistical significance with the magnitude of Spearman's rho being low at 0.259.

**H0:** Overtime salary and work performance are not correlated

**H1:** Overtime salary and work performance are correlated

			Work Performance	Overtime salary
Spearman's rho	Work performance	Correlation coefficient	1.00	.802**
		Sig(2-tailed)		.000
		N	150	150
	Overtime salary	Correlation coefficient	.802**	1.00
		Sig(2-tailed)	.000	
		N	150	150

\*\*Correlation is significant at the 0.01 level (2-tailed)

**Interpretation:-**

Overtime salary and work performance are significantly correlated at 0.01 level of statistical significance with the magnitude of Spearman's rho being 0.802; so the null hypothesis is rejected

**H0:** Yearly bonus schemes and work performance are not correlated

**H1:** Yearly bonus schemes and work performance are correlated

			Work Performance	Yearly bonus schemes
Spearman's rho	Work performance	Correlation coefficient	1.00	.519**
		Sig(2-tailed)		.000
		N	150	150
	Yearly bonus schemes	Correlation coefficient	.519**	1.00
		Sig(2-tailed)	.000	
		N	150	150

\*\*Correlation is significant at the 0.01 level(2-tailed)

**Interpretation:-**

Yearly bonus schemes and work performance are significantly correlated at 0.01 level of statistical significance with the magnitude of Spearman's rho being 0.519; so the null hypothesis is rejected

**H0:** Performance based incentives and Work performance are not correlated

**H1:** Performance based incentives and Work performance are correlated

			Work	Performance
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Spearman's rho	Work performance	Correlation coefficient	1.00	.375**
		Sig(2-tailed)		.000
		N	150	150
	Performance based incentives	Correlation coefficient	.375**	1.00
		Sig(2-tailed)	.000	
		N	150	150

\*\*Correlation is significant at the 0.01 level (2-tailed)

**Interpretation**

Performance based incentives and work performance are significantly correlated at 0.01 level of statistical significance with the magnitude of Spearman's rho being 0.375; so the null hypothesis is rejected  
H0: There is no significant relationship between Recognition, Reward, satisfaction and Employee intention to stay in the company

H1: There is significant relationship between Recognition, Reward, satisfaction and Employee intention to stay in the company.

Spearman's rho	Recognition , Reward, satisfaction	Correlation coefficient	1.00	.741**
		Sig(2-tailed)		.000
		N	150	150
	Employee intention to stay in the company	Correlation coefficient	.741**	1.00
		Sig(2-tailed)	.000	
		N	150	150

\*\*Correlation is significant at the 0.01 level(2-tailed)

**Interpretation:-**

Recognition, Reward, Satisfaction and Employee intention to stay in company are significantly correlated at 0.01 level of statistical significance with the magnitude of Spearman's rho being 0.741; so the null hypothesis is rejected.

**Regression Analysis**

**Model summary**

Model	R square	Adjusted R square	Standard err of the estimate
1	.762	.580	1.043

**Predictors:(Constant) Reward ,Recognition, Satisfaction**

**ANOVA**

Model		Sum of squares	Df	Mean square	F	Sig
1	Regression	147.356	1	147.354	135.465	.000
	Residual	106.603	148	1.088		
	Total	243.960	149			

**Dependent variable: Employee intention to stay in the organization**

**Predictors: :( Constant) Reward ,Recognition, Satisfaction**

Model		Unstandardised coefficients		Standardised coefficient	t	Sig
1		Beta	Std.err	Beta	2.718	.008
	(constant)	.620	.224			
	Reward, Recognition, Satisfaction	.765	.063	.762		

**Dependent variable: Employee intention to stay**

**IV. CONCLUSIONS**

From the study it is concluded that salary structure, Yearly bonus, overtime salary and Performance based incentives are significantly correlated with work performance. Further, Reward, Recognition and satisfaction has a great impact on Employee intention to stay in the organization. Hence organizations have to focus on these factors which increase the retention of the employees in the organization.

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