



## A STUDY ON EFFECTIVENESS OF REWARDS AND RECOGNITION ON THE MOTIVATIONAL LEVEL OF EMPLOYEES : A CASE STUDY OF AN FMCG ORGANIZATION IN HIMACHAL PRADESH

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### Abstract

The importance of human resource has been increasing every year and with this increasing trend the competition among the companies to get the best available and not let go the already existing extraordinary talent. Hence, starts the arrays of various techniques through which the employees of an organisation can stay motivated and do not feel to leave the organisation. The role of the manager is to analyse the needs of his employees and then accordingly motivate them. Among the various factors of motivation the study focuses on the rewards and recognition mainly. The study aims to find out the effectiveness of these factors and to establish the relationship between rewards and recognition and motivational level of employees of an FMCG organisation in Himachal Pradesh.

**Keywords:** Effectiveness of motivation, FMCG Sector, Rewards and Recognition System.

### 1.0 Introduction

The FMCG sector in India is the fourth largest sector of the economy. The sector is likely to grow from US \$ 30 billion (2013) to 78 billion (2018). In 2015, it was around US \$ 33 billion. In the total market share, 43% is the contribution of processed food items, 22% of personal care products and 12% of fabric care products. The key growth drivers of this sector includes easier access, growing awareness, changing lifestyle, etc. There has been a remarkable growth of FMCG in the rural areas. The rural areas have seen a growth of 16% which is more by 4% of what is experienced in the urban areas. Therefore, most of the companies rushed towards this sector. Due to the increase in disposable income in urban sector, people shifted from necessities to luxuries with the result that the companies have started to increase the supply of these commodities in urban areas as urban market marks a major share of 65% of the total revenue of the consumer durables sector.

A neck to neck competition can be witnessed in various sectors of the FMCG industry. Companies are coming up with new and innovative ideas every now and then. Market competitors are HUL, Godrej, Marico, Wipro etc. Major segments of FMCG industry in India .

### Rewards and Recognition

'Rewards are an important part of an organisation's system, and the right kind of rewards system contributes in inculcating a feeling of motivation among employees and enhance their commitment towards their job' (Bonsdorff 2011). It has been long understood that rewards and recognition in the workplace are important, and the vital bits for motivating employees, while keeping them engaged at the work they do.

The reward programs which are not mutually exclusive but can be implemented at the one or the other level in the organization are: Individual Reward Program v/s Team Based Reward Programs; Competitive vs non-competitive. Some of the modern ways of recognising employees are recognising people based on specific results and behaviour, Tying up the recognition to the company goals or values, implementation of peer to peer recognition, share recognition stories, competitive reward programs, etc.

'Recognition can first of all be a constructive response; it can also be a finding on a person's involvement which reflects not just work performance but also personal dedication and engagement. It can also be engaged in on either regular or ad hoc basis, and expressed formally or informally, individually or collectively, privately or publicly, and monetarily or non-monetarily'. (Brun and Dugas, 2008).

### 2.0 Literature Review

- According to Aniruddha Limaye, Razeyeh Jalali, Divya Martyn (2013), the rewards considered is quantum of compensation, employee ownership schemes, benefits and Perks.

Quantum of Compensation: The parameters under which the quantum of compensation was analysed were: Compensation equity and discrimination: The collected data of this study stated that financial services sector has the largest difference in payment of compensation. On comparing a CEO's salary to a fresh MBA graduate, whereas it is the lowest in case of production and manufacturing, this indicates a good sense of the factor known as internal equity in



P&M sector. There arises no question of discrimination in the organisations which have higher internal equity. Employee ownership schemes (especially stock option): Organisations have now understood the importance of human asset and therefore out of these 15 companies, there are 33% who provide stock option as incentives also to new employees whereas it is meagre 7% of the other organisations in the market which provide such option.

Benefits and Perks: 47% of these 15 companies provide domiciliary medical support to all its employees compared to only 28% of others. Further, these 15 companies offer the highest covers in the market topping the list is the Manufacturing and Production industry.

**Recognition :** According to the study, the respondents of manufacturing and production industry use high trophy values as recognition tools, the study further elaborated those companies in this industry use substantial gifts as rewards. In the IT industry, small gifts and cash rewards are used as motivators. The data also emphasized on Financial Services sector which uses both high trophy values and high cash value to motivate employees.

It can be concluded that beliefs and values such as internal equity, partiality, and external parity are essential factors for motivating an employee and further ensuring transparency in the reward and recognition system.

- An article published in the UK Essays (2015) reveals that total reward system plays a pivotal role to determine the amount of motivation present in employees of an organisation. It also laid stress on the fact that there can be different motivators for different people in the same organisation. A study conducted concluded that motivation of an employee can be improved by guaranteeing good work environment for this purpose. The most vital aspects are recognition and feedback.
- As per the study (Reena Ali and M. Shakil Ahmed, 2009), Unilever companies produced an outcome stating a positive relation between rewards and employee satisfaction. Further the coefficient of determination ( $R^2 = 0.74$ ) states that 74% of the variation in work motivation and satisfaction can be attributed to rewards received and the remaining can be attributed to the factors not considered. The same kind of relationship can be witnessed with recognition which attributes 40%. The study concluded that if the rewards and recognition were altered that can be a significant change in the level of work motivation and satisfaction.
- According to Arul Pearl (2011), non-monetary rewards and recognition is the mean of gratifying employees for their contribution to the organisation. The study has laid stress on the fact that how a pat on the back or a thank you can mean more than cash rewards and do wonders in terms of motivation. As per the study, the employees should be rewarded for their contribution under the following 4 categories:
  - Appreciation of good work--this will help in two ways; firstly, set an example in front of other employees and secondly, motivate the receiver to work harder next time.

Performers of the quarter--this reward is given to the people whose contribution is commendable in the organisation.  
Best team award--here the best team can be sent out for to have a dinner or an outing can be planned so that their work is recognised.

Annual award, this is given to recognise the best performer of the year.

The study has given us a clear outcome that recognition is beneficial both for the company and the employees. As employees get motivated to the desired level and also set examples for others. On the other hand it is economical for the organisation. According to the study, the majority of the employees felt that personal growth, fairness, recognition, salary, responsibility and work environment are given top priority in the organization, but the growth of the company and work itself was not considered as motivating. It also said that a combination of verbal recognition and material reward motivates the employees of certain organization. Further, rewards like movie-tickets failed to motivate the employees as they felt that such rewards could not match their work efforts.

- Quratul-Ain Manzoor, in the article "Impact of Employees Motivation on Organisational Effectiveness" aimed to ascertain the factors that affect employee motivation. The purpose was also to examine the relationship amongst effectiveness in an organisation and motivation in employees. In the study, the factors empowerment and recognition have shown a positive impact on the motivation level of an employee. In other words, empowerment of employees and their recognition is directly proportional to their motivation towards work which is also shown in the studies conducted by other researchers.



- Ahmad Zaki Ismail, Selim Ahmed (2015), Employee Perception on Rewards/Recognition and Motivating Factors: A comparison between Malaysia and UAE aimed to identify the rewards/recognition and motivating factors of the employees who are working in Malaysia and UAE. There existed both similarities and differences among the preferences of people of both the countries. Where their views harmonised on the question of 'cash' and 'more power in job,' they were standing poles apart when it came to need of management's help as a motivating factor. According to the study, managers play a pivotal role on the employee's perception for an organisation. They should lay emphasis on a respectful and trustful way of treatment, creating opportunities for employee development, ways of promoting companionship and team work, fairness in decision involving promotion and rewards.
- According to this paper (Patricia Milne, 2007) incentive packages can definitely affect motivation level of an individual, his performance, and also his interest in an organisation. The paper also laid emphasis on knowledge sharing and further mentioned that reward and recognition programs can also help in knowledge sharing and development.
- According to the study (Padmini J, 2016), there is a significant association between the gender of an employee and the overall satisfaction derived from the rewards and recognition programs of the organisation. It means that there is a difference between the perceiving levels of both the genders. Likewise, there was a noteworthy relationship between experience of an employee and satisfaction which he derived from the monetary benefits of the organisation.

### 3.0 Need of the study

The three elements of the study i.e. reward, recognition and motivation of employees, are the key elements of a company. This study aims to find out the effectiveness of rewards and recognition on the motivational level of employees. Recognition can help the employees not only to be motivated but also to attain a better position in the organisation. Motivation will help in reaching the goal quickly. This study will help in knowing the essential rewards in the reward system which motivates an employee the maximum as rewarding and recognising employees is beneficial for both the parties. There are benefits of both i.e. recognising employees can be cost beneficial for the organisation and at the same time the employees tend to get an instant boost of motivation whereas, rewards will enhance them in monetary terms. Further it will help the employees also in understanding the requirements of the organisation.

### 4.0 Research Objectives

The objectives of the study is to assess the various factors related to rewards and recognition and to evaluate the relationship between the rewards and recognition and motivation.

- To examine the various rewards and recognition factors employed by the organisation to achieve motivation
- To establish a relationship between rewards and recognition towards achieving motivation

### 5.0 Research Methodology

Sample frame included employees of the select FMCG organization in Himachal Pradesh with knowledge of HR processes. The unit of analysis were seventy five (75) based on the experience they possessed which enabled them to have proper understanding of rewards and recognition system. The primary data was collected for a period of 3 months through structured questionnaire. The employees with knowledge of HR processes are taken as sample frame.

### 6.0 Research Findings and Discussion

It is difficult to measure the motivation of any person and no one can be 100% motivated all the time, for the purpose of this study a motivation is the encouragement which an employee feels after receiving a reward and recognition. Hence, most of the employees feel motivated to a great extent after receiving reward and recognition. Most of the employees felt recognising at personal level motivates them as it inculcates a feeling that superior is happy with his work. Written notes and electronic message can also motivate them for the same reason while publicly recognising an employee will add a point to his self-respect also. Some of the major findings of the study are:

- **Rewards and Recognition factors employed by the organization**  
**Contribution of the employee:** 66.7% of the respondents agree to the fact that there is relevance between reward and recognition as well as the contribution of an employee. Such relevance inculcates a desire in the employee to work better in order to get a higher value reward.
- **Age/Seniority:** As most of the respondents agreed it means that there is a strong relation between R&R as well as age/ seniority of employees. Wipro recognises the seniority plays an important factor for the reward and recognition.



- **Educational Qualification:** It has been indicated from the study that improved educational qualification or continuous education is considered a factor to reward and recognise employees.
- **Relation between rewards and recognition factors towards motivation**  
As per the respondents there is not one better motivator between rewards and recognition both are equally required in order to get motivated. Though some of the respondents mentioned (12%) that only rewards can motivate them, but also said that the rewards will be given by the superior and hence recognition will also be a part of it. While the others who chose recognition were the respondents who were young and a pat on the back could help them learn and perform better.

According to the study majority of the respondents (52.6% of the respondents) mentioned that rewards and recognition (R&R) contribute about 70-90% in their motivation which indicated a good relationship between R&R and motivation. However, there were many factors such as respect, working conditions, relations with the superior as well as the peers, salary; fringe benefits etc. are the motivational factors for the employees.

- **Rewards and recognition factors vary with the organization**  
There is a difference between the answers which the employees have marked though regarding the fairness of rewards and recognition in the same organisation. Such difference is because they are members of different teams and it depends on the team leader how frequently they conduct competitions. The rewards and recognition programs which are common to all are conducted once in every six-month.

**Better Equation with Superior:** If the employees are at the same level in the appraisal or while doing a task the employee who has a better relation with the superior will definitely succeed in the race. It shows the positive trait of an employee that he knows how to maintain a healthy relation with his superior. On the other hand some employees might feel that the manager is favouring others. Around 53% of the respondents agree to the fact that a competitor might get a reward or recognition only because he shares a better equation with the superior, while 15% disagreed.

The next question was how to maintain the motivation in competition. Among all the respondents a whopping 80% were of the opinion that if the competitor succeeds this time they will prepare themselves for the next time and 20% chose to talk with the superior.

**Fairness of opportunity:** Even though a lot of factors contribute to fairness of opportunity, a whopping 95% of the respondents agreed on the question of fair opportunity for all to compete in order to win a reward or recognition. The remaining respondents were neutral on the issue which indicates that the organization provides adequate opportunity to its employees and sets an example as almost all the employees have the same opinion.

## 7.0 Recommendations

The following are some of the important measures suggested for enhancing the motivational level of employees:

- The bases to give away rewards and recognition must be stronger. Though work performance is given the first priority yet attributes like honesty, loyalty, and dedication towards work must also be considered.
- Every organisation must provide monetary as well as non-monetary rewards and recognition, as the company must maintain a balance in its budget also.
- The organisation must conduct award giving programs frequently to keep the employees motivated. Frequency should be increased so that the effect of all the reward or recognition can stay for a longer period.
- The same reward and recognition will not keep the employee motivated for a longer period of time; hence reward and recognition should be given according to the employees need and the company must keep changing them to facilitate the changing needs of its employees.
- Rewards and recognition should be such that all employees will compete with each other to achieve it and at the same time be motivated by achieving it.
- There should be not be any bias while giving away any kind of rewards and recognition, as this might create a feeling of demotivation and the employees will also lose interest in their superior among the employees.
- The rewards and recognition should be given in a manner that an employee doesn't lose his faith in the system.

## 8.0 Conclusions

It was found out that there are employees in the organisation who are not fully motivated and moreover a part of these employees do not get motivated only by receiving rewards and recognition. Hence, it can be concluded that in order to



motivate these employees there must be continuous change in rewards and recognition. In addition to this, other motivating factors such as working conditions, fringe benefits, autonomy to work, share of responsibility, chance to showcase talent must be emphasised.

### **9.0 Scope for Further Research**

The study is basically done on a FMCG industry in Himachal Pradesh in India. The methodology can be applied to other parts of India as well , In the present study, only a few reward and recognition factors have been utilized. For more effectiveness, further studies can make use of other factors contributing to rewards and recognition.

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