

Exploring the Impact of Customized Rewards System on Employee Motivation And Retention Rate In Starup

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ABSTRACT

Understanding and optimizing employee's retention and motivation becomes more important as entrepreneurs navigate the constantly evolving terrain of modern business. This study investigates the effect of customized reward systems on three essential elements of startup organizations. While previous literature emphasises the significance of employee engagement and retention, the particular setting of startups necessitates a more concentrated examination

The findings of the research are intended to provide significant insights in the theoretical and practical spheres. Furthermore, the study adds to the theoretical foundation for motivation and retention in organizational psychology, offering an alternative perspective on startup dynamics.

This study aims to provide an outline for startups looking to improve their organizational culture, promote employee engagement, and ultimately thrive in a competitive business landscape by unravelling the complexities of customized reward systems and their impact on employee motivation and retention.

KEYWORDS: Employee recognition, Motivation and Retention

I. INTRODUCTION

As employees constitutes the core of any business and ultimately employees are the main focus of human resource management, with numerous changes occurring in the world today, especially in terms of technology and innovation, there is a need for companies to reassess the manner in which they communicate to their employees. This would improve their morale and serve as a catalyst for a more integrated workforce. Thus, in addition to financial compensations, there are other ways to reward employees, such as the praise that employees can receive from their superiors, the opportunity to work on important projects or tasks, and even leadership attention, which helps them climb Maslow's pyramid of needs to achieve motivation for better performance.

Employee recognition is an assessment of a worker's contribution to the work process, as well as devotion and motivation. It also entails assessing and acknowledging the outcomes of this labour. In summary, it considers each employee's unique contribution and emphasises the importance of his or her professional knowledge and experience. Employee engagement improves when a culture of appreciation is established. Engaged employees are happy, loyal, and productive. Everyday there is a opportunity to recognize someone for their service without spending a lot of money. Informal rewards are the icing on the cake that keeps employees motivated, engaged, and coming back for more. But it is also essential to study and understand the extent to which the above mentioned factors have a impact on the Consider all of the good and negative consequences that appreciations have on individual and organisational progress in the workplace.

Employee Motivation and Retention Statistics

- A 5% increase in the employee recognition rate can increase profitability by 25% to 85%.
- 42% of employees consider rewards and incentives when looking for employment
- 81% of employees consider quitting their jobs for better offers because of no proper rewards
- Study found that 48% of respondents agreed that rewarded employees show high-performance consistency

According to 2023 survey report of corporate report 97% of employees want to be recognized and rewarded for their work

1.2 LITERATURE REVIEW

Hendricks (2019) The South African government is experiencing high demand for personnel with rare talents, making it challenging to find suitable candidates. When these categories: As more personnel are hired, it becomes increasingly challenging for the government to keep them. Retaining highly competent people is

challenging for many industries, not just the government. Private sector managers report difficulty in retaining important staff.

Litheko, (2020) Employees often shift to other firms, bringing their knowledge and trade secrets with them. Employers, thereby creating an even more precarious scenario for the latter.

Stovel and Bontis (2022) Research indicates that employees typically move companies every six years. In this case, management needs to, identify the reason(s) behind employees' frequent job changes. After identifying the reason(s), management may develop retention tactics to maintain key staff for extended periods of time.

Abassi and Hollman (2023) Dysfunctional turnover, when strong performers depart and bad performers stay, can negatively impact a company. Lower innovation, delayed services, poor implementation of new initiatives, and lower productivity. In today's competitive market, businesses that engage in such activities may struggle to keep the proper people, hindering their success.

Ramlall (2021) Employee turnover costs are estimated to be 150% of an individual's yearly income. The expense can be significant, particularly for high-profile staff. A large number of employees are participating.

Porter et al (2019) providing large rewards increases employee happiness and reduces turnover. Employees that are content with their occupations are more likely to stay with their existing organisation. The researcher therefore attempts to evaluate the effectiveness of incentives schemes in increasing work satisfaction. Rewarding employees leads to improved organisational performance and productivity. The researcher investigates the correlation between incentives and employee work satisfaction.

Armstrong (2022) Reward systems are part of reward management and offer recommendations for handling both financial and non-financial incentives. These systems evaluate work sizes, measure individual performance, and ensure the compensation system is efficient, flexible, and offers value for money.

Armstrong (2021) Research suggests that reward systems enhance job quality, culture, values, and management. It is suggested to avoid incentive initiatives that do not benefit the organisation as a whole. Reward systems in most circumstances Use vertical alignment. The incentive strategy aligns with the company plan and is clearly defined to contribute to its success. However, there are some issues with vertical alignment.

Robbins (2023) Job happiness depends on four basic variables. The first factor associated with job satisfaction is incentives, such as money and advancement. Employees who feel Because they are rewarding fairly, their experience with pleasure improves. The second determinant is a supportive work environment, followed by cognitively difficult job, and finally, supporting coworkers.

Adams (2019) Equity theory suggests that feeling treated fairly can lead to increased satisfaction and motivation. The procedural fairness aspect of how awards are ,The interpretation runs deep in terms of performance and motivation.

RESEARCH GAP

- ❖ In recent years, Startups now play a crucial role in the Indian commercial landscape. Startups play a significant role in our economy. Their impact on the business climate, economic growth, job creation, and innovation has been significant. The academic community has completely overlooked one of the most significant issues faced by startups in India's economy: attracting and retaining qualified people. Few studies provide ways for entrepreneurs, particularly in India, to address this issue.
- ❖ There is a scarcity of study on employees' perceptions of incentive systems based on work accomplished in the organisation. The study examines how employees interpret motivation through the incentive system.

OBJECTIVES OF THE STUDY

- The research purpose is to offer a specific and definitive summary of the influence of the reward management system on employee motivation and retention in start-up companies.
- Learn about the importance of overall compensation in organisations, particularly for attracting and retaining talent. Retention of workers

1.3 RESEARCH METHODOLOGY

It refers to a broader research plan. The plan for doing research is known as research design. The conceptual framework is the research design. Descriptive research has been implemented. This study makes use of descriptive research to help in the finding of facts through surveys and inquiries. A structured questionnaire approach is used to collect information from a primary source. Secondary data was gathered from websites, periodicals, journals, articles, newspapers, and books.

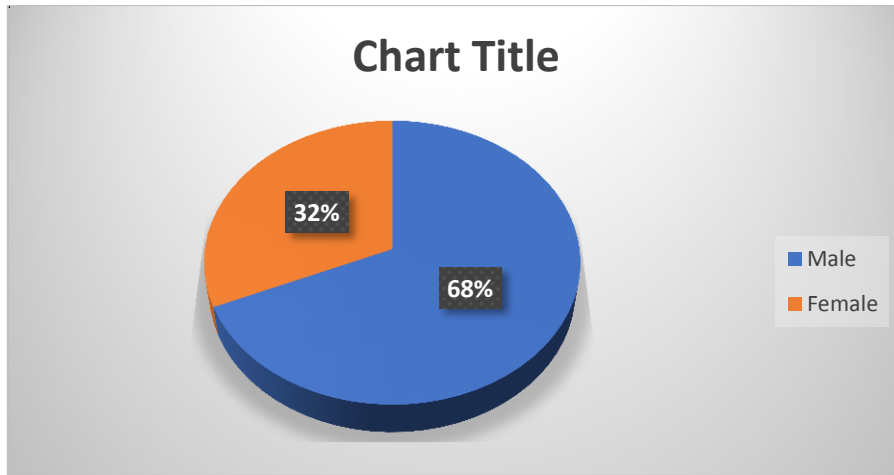
Data Sources There are two types of data sources: primary and secondary.

1.4 DATA ANALYSIS AND INTERPRETATION

Demographics of Respondents: Whether sex (male or female), especially when social and cultural differences are emphasised rather than biological ones. The phrase is also used to denote to a diverse spectrum of identities that do not fit into traditional concepts of male and female.

Table No: 1

Gender	Frequency	%
Male	137	68.5
Female	63	31.5
Total	200	100

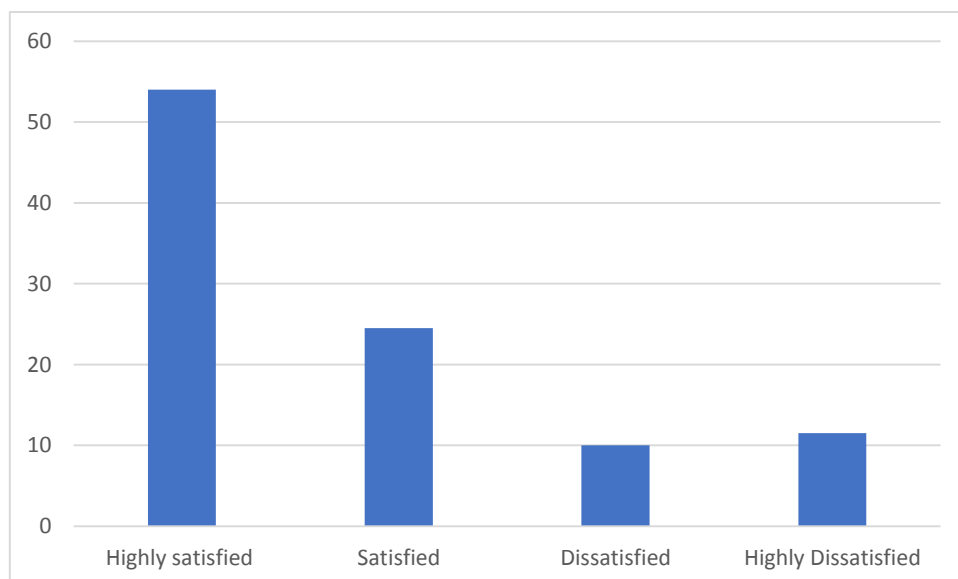


Inference: According to the preceding statistics, 68.5 percent of respondents are male and 31.5 percent are female in the organisation. The majority of responders are male.

Reward & Recognition: An organisation employs incentives and recognition to motivate employees and demonstrate how much they are appreciated. Employees that carry out the tasks outlined in their job descriptions and meet their objectives are regularly rewarded and recognised with increased pay.

Table No: 2

Rewards& Recognition	Frequency	%
Highly satisfied	108	54.0
Satisfied	49	24.5
Dissatisfied	20	10.0
Highly Dissatisfied	23	11.5
Total	200	100



Inference: According to the table above, 54% of respondents are highly happy with Rewards & Recognition, while 24.5 percent are content, 10% are dissatisfied, and 11.5% are extremely dissatisfied. The great majority of responders are very delighted.

1.5 FINDINGS:

68.5 percent of responders are men, and 54 percent are very happy with the company's reward and recognition strategy. The Pearson correlation value is 0.089, which ranges between 0 and +1. Therefore, this study suggests that there is a favourable association between incentives and recognition and it assists in career advancement.

1.6 CONCLUSION

Every organisational design should contain a fair incentive system. The degree to which they integrate with the rest of the organization's systems has a major impact on the organization's effectiveness and employee well-being. HR managers have been paying significant attention to retention as a key idea. The greater emphasis on retention is warranted for a number of reasons.

The primary goal of the study was to explore the influence of awards on the motivational level of employees. The questionnaire study revealed that employees believe the incentive system promotes, inspires, and boosts their productivity. The outcomes from the data collected revealed that most participants preferred Highly satisfied when they give rewards and recognition.

As a consequence, management receives consistent signals that motivating events can increase employee performance. As a result, there is an association between rewards and employee motivation and employee retention. The purpose of awards is to encourage employees to enhance the organization's performance.

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