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The Impact of Rewards and Recognition on Employee Engagement

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ABSTRACT:

The impact of rewards and recognition on employee engagement has been a significant area of research in human resource management. Organizations increasingly recognize the importance of keeping employees motivated, satisfied, and engaged to improve productivity and retention. This study explores how rewards (monetary and non-monetary) and recognition programs influence employee engagement levels. The research highlights the role of intrinsic and extrinsic motivation in shaping employees' commitment to their roles and organizational goals. By analyzing various reward and recognition strategies, the study aims to identify the most effective practices that enhance engagement. The findings suggest that a well-structured rewards system, combined with timely recognition, significantly contributes to higher job satisfaction, reduced turnover, and improved performance. Furthermore, the study underscores the psychological impact of appreciation, emphasizing how employees who feel valued exhibit greater enthusiasm and dedication. The research methodology includes surveys and case studies from multiple organizations to validate the impact of different recognition frameworks. The results indicate that organizations that prioritize employee acknowledgment and incentivization witness higher levels of engagement and overall organizational success. The study concludes with recommendations for businesses to develop a balanced rewards and recognition program that fosters a positive workplace culture and drives employee commitment.

Key words: Rewards, Recognition, Employee Engagement, Motivation, Job Satisfaction, Retention, Productivity, Organizational Commitment, Workplace Culture, Performance Improvement, Incentives, Appreciation, Employee Morale, Human Resource Management, Intrinsic Motivation, Extrinsic Motivation.

Introduction

Human resource executives in India continue to struggle with talent management issues, particularly retention. Concepts such as employee review, employee satisfaction, and employee delights have been explored by HR pundits in their quest to find the best way to retain employees. The latest idea is “Employee Engagement,” a concept that holds that the degree to which an employee is emotionally bonded to his organization and passionate about his work really matters.

Rewards and Recognition can be used by managers as powerful tools for employee motivation and performance improvement. Rewards for performance are given by employers. Retaining excellent employees and improving performance is played a crucial role by recognition. Many types of rewards and recognition are accompanied by direct costs, such as cash bonuses, stock awards, and a wide variety of company-paid perks. The primary objective of providing Reward and Recognition is to encourage and motivate the employees to achieve better performance.

Scope

The scope of the study on employee engagement and its impact on employee performance is encompassed by the investigation of the measurement of employee engagement, the exploration of the factors influencing engagement, the examination of the relationship between engagement and various performance metrics, the analysis of the role of organizational culture and climate, the proposal of effective intervention strategies, the consideration of industry and organizational context, and the exploration of cross-cultural perspectives.

Objectives

- To analyse the impact of rewards on employee engagement.
- To analyse the impact of recognition on employee engagement.
- To show that rewarding the staff builds loyalty, which leads to long term retainment.

Research Methodology

The present study is conducting research by using both primary data and secondary data .

PRIMARY DATA:

The primary data is collected through Structured questionnaires from various respondent

SECONDARY DATA:

Secondary data is collected from various publications, journals, books, magazines and Internet.

SAMPLE OF STUDY:

The sample size of respondents are 100 were collected in Hyderabad.

SAMPLE TECHNIQUE:

Convenient sampling technique is used to collect the data through questionnaire.

TOOLS USED IN SURVEY:

The various tools used in conducting the survey are as follow:

Questionnaire

Personal Interview.

Reviews

1. Dr Shilpa Varma and Ms PriyaVij in their article named “**A Study of the Employee Engagement Practices in the Indian Manufacturing Sector (2020)**” says Many researchers have linked employee engagement to business outcomes like productivity, quality improvement and retention of talent. Employee Performance indicates the financial and non-financial outcome of the employee that has a direct link with the performance of the organization and its success. A number of studies show that an important way to enhance employee performance is to focus on fostering employee engagement. The presence of high levels of employee engagement enhances job performance, task performance and organizational citizenship behaviour, productivity, discretionary effort, affective commitment, continuance commitment, levels of psychological climate and customer service. This study intends to study the employee engagement in Indian Manufacturing Sector. The method of research is based on descriptive method and the primary data has been collected with the help of questionnaire in few companies and secondary data has been collected from various sources.

2. "Sahil Ramchandani and Reema Aggarwal" in their article named "**THE FUTURE OF EMPLOYEE ENGAGEMENT AN INDIAN PERSPECTIVE (2019)**" says The aim of the current study is to search the prevailing existence of the Employee Engagement practices of the top companies operating in India and to find out the common trends prevalent in the Indian Industry. Employee engagement is a unique concept which shares similarities with the existing concepts. The paper consists of five companies chosen from the GPTW List, 2017. The trends in the prevailing companies shows that nowadays top companies are focusing on new and innovative practices in the field of Employee Engagement in order to gain competitive advantage. Also, it recognises some engagement trends which are commonly prevalent in the Indian Industry.

HYPOTHESIS

H01- This hypotheis there is a no significant difference between demographic attributes and Employee engagement

H04- This hypotheis there is a no significant difference between demographic attributes and Loyalty.

Demographic Attributes and Employee Engagement

H01 There is no significant difference between Demographic attributes and Employee engagement.

Gender and Employee Engagement

The objective of this F-test was to determine whether there is a significant difference in the variance of workplace engagement levels between male and female employees. By comparing the engagement scores of both genders, we aimed to assess if gender plays a role in the variability of how engaged employees feel at work.

Table of Gender and employee engagement.

GENDER	N	F-test Statistic	Pvalue	Result
Male	65	0.30511	0.58191	Accept H01
Female	40			
Prefer not to say	0			

SOURCE:COMPUTATION FROM PRIMARY DATA

Since the p-value (0.581907) is greater than 0.05, the test indicates that there is no statistically significant difference in engagement variability between genders and we Accept H01. This suggests that gender does not significantly impact the spread of engagement scores in the given dataset.

Age and Employee Engagement

The objective is to investigate whether employee engagement levels differ across various age groups. By comparing the mean engagement scores among age categories using a oneway ANOVA, the study aims to determine if significant differences exist, thereby informing targeted engagement strategies tailored to specific demographic segments.

Table of Age and employee engagement

Age Group	N	F-value	P-value	Result
Below 25	56	3.48292	0.07876	Accept H01
25-35	41			
36-45	4			
Above 45	3			

SOURCE:COMPUTATION FROM PRIMARY DATA

The one-way ANOVA (F-test) indicates that employee engagement scores differ significantly by age group ($F = 3.482917$, $p = 0.018762$). This means that at least one age group has a mean engagement score that is statistically different from the others .

Organizations might consider these differences when designing targeted engagement strategies for different age demographics.

Job Level and Employee Engagement.

The objective of this analysis is to determine whether job level (Entry, Mid, Senior) has a significant effect on the variance of engagement scores among employees.

Table of Job Level AND Employee Engagement

Job Position	N (Sample Size)	F-Value	P-Value	Result
Mid level	32	1.1495	0.32093	Accept H02
Senior level	15			
Entry level	57			

SOURCE:COMPUTATION FOM PRIMARY DATA

Since the p-value ($0.3209 > 0.05$), there is no significant difference in engagement score variance across job levels. Employees at Entry, Mid, and Senior levels have similar variability in their engagement scores.

Demographic Attributes and Loyalty

Gender and Loyalty

H04 There is no significant difference between Demographic attributes and loyalty.

To determine if there is a significant difference in variance between male and female employees in their likelihood to stay with the company if rewards and recognition improve.

Table of Gender and loyalty

Gender	Sample Size (N)	F-Statistic	P-Value	Result
Male	64	0.035037	0.851901	Accept H04
Female	40			

SOURCE:COMPUTATION FROM PRIMARY DATA

The F-test (Levene's test) was conducted to assess whether the variance in responses regarding likelihood to stay with the company if rewards and recognition improve differs between male and female employees.

The F-statistic is 0.035037, and the p-value is 0.851901.

Since the p-value (0.851901) is much greater than the significance level (0.050000), we fail to reject the null hypothesis (H_0).

This means that there is **no significant difference in variance** between male and female employees regarding their likelihood to stay with the company if the rewards and recognition system improves.

Age and Loyalty

The **objective** of this F-test (ANOVA) is to determine whether there is a statistically significant difference in the likelihood of staying with the company (if rewards and recognition improve) across different age groups.

Table of Age and Loyalty

Age Group	N	F-value	P-value	Result
Below 25	56	1.679912	0.176372	Accept H04
25-35	41			
36-45	4			
Above 45	3			

SOURCE:COMPUTATION FROM PRIMARY DATA

Since the p-value (0.176) is greater than the typical significance level of 0.05, we fail to reject the null hypothesis. This means there is **no statistically significant difference** in the likelihood of staying with the company (if rewards and recognition improve) across different age groups.

In other words, age does not appear to strongly influence this decision.

Job Level and Loyalty

The objective of this analysis is to examine whether job level influences an employee's likelihood of staying with the company if rewards and recognition improve. By conducting an F-test (ANOVA), we aim to determine if there are significant differences in retention likelihood across different job positions. Additionally, this study seeks to assess the impact of rewards and recognition on employee retention, providing statistical validation to support data-driven decision-making.

Table of Job Level and Loyalty

Job Position	N (Sample Size)	F-Value	P-Value	Result
Mid level	32	3.137105	0.047798	Reject H04
Senior level	15			
Entry level	57			

SOURCE:COMPUTATION FROM PRIMARY DATA

The p-value (0.048) is slightly below the standard significance level of 0.05, So we reject H04. This suggests that there **is a statistically significant** difference in the likelihood of staying across different job levels. In other words, job level does have an impact on how likely an employee is to stay if rewards and recognition improve.

Conclusions

The study on the impact of rewards and recognition on employee engagement highlights the crucial role that well-structured incentive programs play in fostering motivation, job satisfaction, and organizational commitment. Employee engagement is a key driver of productivity, and organizations that invest in effective recognition programs experience significant improvements in workforce morale and retention.

One of the major findings of this study is that both monetary and non-monetary rewards positively impact employee engagement. While financial incentives such as salary bonuses and performance-based pay play a crucial role in motivating employees, non-financial rewards, including verbal praise, awards, and additional leave, contribute equally to job satisfaction and emotional well-being. Employees who receive consistent recognition are more likely to exhibit higher productivity levels and remain committed to their organization.

The study also reveals that demographic factors, such as age and job level, influence employees' engagement levels and reward preferences. Younger employees respond positively to non-monetary incentives, while senior employees value recognition and career development opportunities. Gender differences, however, were found to have no significant impact on engagement levels. These findings suggest that organizations should implement personalized reward strategies based on employee demographics to maximize their effectiveness.

In conclusion, rewards and recognition are powerful tools that drive employee engagement and contribute to organizational success. By implementing well-balanced incentive programs, companies can create a motivated, loyal, and high-performing workforce. Future strategies should focus on continuous improvement, personalization of rewards, and maintaining fairness in recognition programs to sustain a positive work environment and enhance employee commitment. Organizations that recognize the importance of engagement will not only improve employee morale but also gain a competitive advantage in their industry.

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