



A STUDY ON “INNOVATIVE METHODS OF REWARDS AND COMPENSATION IN CORPORATE SECTOR”.

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ABSTRACT :

This study explored the impact of reward and compensation systems on employee loyalty and performance within corporate firms in Baroda. A descriptive survey research design was employed, and data were collected from a randomly selected sample of 55 employees across these organizations. The data were analyzed using descriptive statistics. Findings from the study revealed that compensation programs significantly influence employee performance. Furthermore, a fair and transparent reward system was found to enhance employee loyalty. The quality of compensation offered, along with a positive and supportive working environment, also had a notable effect on performance levels. It was concluded that there is a critical need for management in corporate firms to implement fair, transparent, and well-structured compensation strategies. The study recommends that organizations enhance both their monetary and non-monetary incentive schemes to ensure that employee motivation is effectively addressed across all levels. This approach is essential for fostering employee loyalty, job satisfaction, and sustained high performance. Additionally, the management should incorporate innovative and flexible elements into company policies related to employee motivation. Strengthening relationships between management and employees—as well as among employees themselves—will further contribute to a healthier, more productive work environment.

Keywords: Reward and Compensation System, Employees Satisfaction, Employee Loyalty, Motivation, Organisational Performance.

INTRODUCTION

Introduction on Rewards and Compensation

In any corporate organization, establishing and sustaining an effective reward and compensation system is crucial to meeting the needs and expectations of its workforce. These systems can take various forms—monetary or non-monetary, tangible or intangible, and even physical or psychological—and are provided as recognition for employees' productivity and contributions (Carruth & Handlogten, 2001).

A well-structured and formalized reward system in the corporate sector plays a pivotal role in attracting skilled and competent professionals to fill key positions within the organization. Moreover, such systems help reduce employee turnover by enhancing job satisfaction and encouraging long-term commitment. An efficient reward framework also serves as a powerful motivational tool, inspiring employees to perform at their highest potential (Caruth & Handlogten, 2001).

As the saying goes, “money makes the mare go,” which holds true in the business world where every stakeholder expects a fair share of the organization's success. Corporate employee reward and recognition programs are widely adopted to encourage desirable work behaviors and align employees' efforts with organizational goals. Typically, full-time managerial employees begin receiving top-up rewards soon after joining, while part-time employees become eligible after completing a specified tenure—often one year. Non-management staff may receive performance-based incentives, contributing to a culture of commitment, satisfaction, and low attrition. In organizations where hiring practices are robust and thoughtful, employee retention remains strong, with departures often limited to retirements.

According to Milkovich & Newman (2005), compensation is a multi-faceted concept. From a societal perspective, it represents a measure of fairness and equity. In the corporate world, executive compensation is frequently linked to company performance as a means to align leadership efforts with shareholder value. For managers, compensation is both a cost to manage and a strategic tool to drive employee behavior and enhance organizational effectiveness. From the employee's viewpoint, compensation provides financial security, recognition for performance, and serves as a return on their investment of time and skills. The most effective corporate compensation structures operate as holistic total rewards systems, integrating direct pay, indirect benefits, and non-financial rewards to foster satisfaction and performance across the workforce.

Objective of the study:

1. To Study what are the innovative methods for reward and compensation are use organizations.
2. To know about views of employees and satisfactory measures regarding the rewards and compensation system.
3. To know about the rewards and compensation system which fulfils employees' goals as well as the organizational goals.
4. To study the procedure and on what basis employees are marked for rewards and compensation.
5. To know about the what are the other measures took by the management to satisfy and motivate the employees to do a good job for the employees.

Sample and Sampling Methods

- **Universe / Population**

The first step in developing any sample design is to clearly define the set of objectives, technically called the universe. The universe for this study consists of Corporate firms in Vadodara city.

- **Sample**

The sample is the universe's representative. Using a straightforward random sample technique, the researcher chose 55 randomly chosen respondents from Baroda City's corporate firms.

Tool of data collection

1. Primary Data : Google Forms
2. Secondary Data : Books , Journals , News papers , Internet

FINDINGS

- Most respondents (93%) fall within the age group of 21 to 30 years.
- A majority of respondents (55%) are female.
- Most respondents (89%) have work experience of 0 to 5 years.
- The majority (46%) reported that both monetary and non-monetary reward systems are implemented in their organization.
- Incentives are the most commonly used form of employee rewards, as indicated by 29% of respondents.
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- Yearly rewards are the most prevalent, as stated by 44% of the respondents.
- A large majority (93%) believe that the reward system is properly communicated to all employees.
- Most respondents (71%) feel that they are regularly encouraged to contribute new ideas and be creative.
- The highest number of respondents (45%) agree that rewards are based on a combination of innovation, productivity, and customer satisfaction.
- Most respondents (69%) believe that management is involved in the decision-making process.
- The highest percentage (42%) of respondents are highly satisfied with the support provided by the HR Department.
- A majority (71%) agree that the compensation given under salary is fair.
- Most respondents (47%) strongly agree with the leave policy offered by the organization.
- The highest number of respondents (47%) agree that flexible working hours are provided.
- A majority (36%) agree with the overtime policy implemented in the organization.
- Most respondents (38%) agree with the insurance benefits provided by the organization.
- A significant number (42%) agree that medical facilities are offered by the organization.
- Most respondents (43%) strongly agree that there are career advancement opportunities available.
- A majority (42%) agree with the leave travel and holiday home benefits provided.
- Most respondents (36%) strongly agree that travel allowances are provided in the organization.
- The highest percentage (40%) strongly agree that incentives are provided.
- Most respondents (42%) strongly agree that bonuses are offered by the organization.
- A majority (35%) agree that house rent allowance is given.
- Most respondents (80%) indicate that a monetary compensation policy is followed in the organization.
- The highest number (47%) strongly agree that they are satisfied with increases in compensation.
- Most respondents (40%) agree that their salary is fair based on their work and experience.
- A majority (42%) agree that the compensation system is efficient.
- Most respondents (72%) either strongly agree or agree that compensation aligns with job responsibilities.

SUGGESTION

From my personal experience I would like to share my views and suggestions:

- Discuss how innovative compensation methods enhance employee engagement, job satisfaction, and productivity.
- Provide real-life examples of companies that have successfully implemented new-age reward strategies.
- Analyses the shift from conventional salary-based compensation to performance-linked rewards, flexible benefits, and recognition programs.
- Study the role of AI, block chain, and digital wallets in modern compensation systems.
- Conduct surveys to understand what kind of rewards employees value the most.
- Ensure that innovative methods are in line with labor laws and corporate regulations.

CONCLUSION

The study was carried out to explore the reward and compensation methods that are currently in use as well as innovative ones that are being used in the corporate sector. It concludes that monetary compensation is the most widely used method by organizations. However, an effective reward system Demands a mix of financial and non-financial benefits. In current competitive scenario, business growth is not easy, but management is constantly trying to introduce innovative reward and compensation strategies.

Motivated employees greatly contribute to the overall success of a company. The analysis of the primary data indicates that a well-structured reward and compensation system, incorporating both financial and non-financial motivational factors, has a positive influence on employee performance. The data helped assess the extent to which monetary and non-monetary policies impact employee outcomes. Survey responses revealed that the majority of staff members are satisfied with the current rewards and compensation practices and are well-informed about the related policies. The existing system has effectively encouraged employees to contribute actively and remain motivated. The organization offers commendable non-monetary benefits and is making consistent efforts to introduce innovative approaches in its reward and compensation strategies. Employees appear open to new initiatives and expressed no significant concerns regarding the existing policy.

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