



# A Study On Effectiveness Of Reward System On Motivational Level Of It Employees

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**Abstract:** The study explores the impact of reward systems on the motivation levels of employees in the IT sector. This research delves into the balance between intrinsic rewards like recognition and extrinsic rewards such as monetary benefits. Employing both qualitative and quantitative methodologies, the study identifies key strategies that organizations can use to enhance employee motivation. The findings emphasize the importance of personalized reward mechanisms tailored to individual and organizational goals. Insights gained aim to guide IT companies in fostering a motivated workforce, reducing turnover, and boosting productivity.

**Keyword:** Reward system, motivation, IT employees, intrinsic rewards, extrinsic rewards, employee engagement.

## I. INTRODUCTION

Motivation is a driving force behind employee performance and organizational success. In the ever-evolving IT industry, where innovation and adaptability are paramount, keeping employees motivated is a critical challenge. Companies often rely on reward systems, which include monetary incentives, recognition, and career advancement opportunities, to encourage productivity and loyalty. The IT sector's dynamic nature and high demand for skilled talent make it imperative to retain employees through effective motivational strategies. Traditional methods of motivation often fall short, necessitating a deeper understanding of how reward systems influence employee behavior. This study seeks to explore the intricacies of these systems and their role in shaping workplace culture. The primary focus is on identifying how intrinsic rewards, like personal growth and recognition, compare to extrinsic rewards, such as salary and bonuses, in motivating IT employees. Additionally, the study examines the challenges organizations face in implementing effective reward programs and provides actionable insights for HR professionals and managers. By understanding these dynamics, organizations can better align their strategies with employee expectations, fostering a more engaged and motivated workforce. Through a comprehensive review of existing literature and empirical research, this study aims to contribute to the growing discourse on employee motivation in the IT sector. It provides a framework for understanding the nuanced relationship between rewards and motivation, emphasizing the need for a balanced approach that addresses both individual and organizational goals.

## Problem Statement

Despite extensive use of reward systems, organizations often face challenges in aligning them with employee expectations and motivational drivers. Many IT firms report high turnover rates and declining engagement levels, indicating a gap in understanding the effectiveness of their reward mechanisms. This study seeks to bridge this gap by examining the relationship between reward systems and employee motivation.

## Need for the Study

With rapid technological advancements and a competitive labor market, IT companies must continuously refine their strategies to attract, retain, and motivate talent. This study is essential for identifying reward practices that enhance motivation, reduce turnover, and improve organizational performance.

## Objectives

1. To evaluate the impact of intrinsic and extrinsic rewards on IT employees' motivation.
2. To identify the key factors that make reward systems effective.
3. To assess the correlation between employee satisfaction and reward systems.
4. To provide actionable recommendations for improving reward strategies in IT firms.

## II. LITERATURE REVIEW

Numerous theories and studies underscore the importance of rewards in influencing employee motivation. Herzberg's Two-Factor Theory categorizes motivators into intrinsic factors, such as achievement and recognition, and hygiene factors, including salary and job security. While hygiene factors prevent dissatisfaction, intrinsic motivators are crucial for long-term engagement. Maslow's Hierarchy of Needs also provides a foundation for understanding motivational drivers. It highlights the progression from basic needs, like financial security, to higher-order needs, such as self-actualization and personal growth. In the context of IT employees, who often seek challenging and meaningful work, aligning rewards with these higher-order needs is essential. Vroom's Expectancy Theory suggests that motivation is influenced by the perceived likelihood of achieving desired outcomes through specific actions. This aligns with findings that employees respond positively to reward systems that are transparent and performance-based. Similarly, Deci and Ryan's Self-Determination Theory emphasizes the role of intrinsic motivation, driven by autonomy, competence, and relatedness, in fostering sustained engagement. Empirical research in the IT sector has revealed a preference for non-monetary rewards, such as flexible work arrangements and professional development opportunities. Studies indicate that while financial incentives are effective in the short term, they often fail to address the deeper motivational needs of employees. The literature also highlights the challenges of implementing effective reward systems. These include aligning rewards with diverse employee preferences, maintaining fairness, and ensuring that rewards support organizational goals. Personalized approaches that consider individual aspirations and cultural factors have been shown to enhance the effectiveness of reward programs. Despite the wealth of research, gaps remain in understanding the specific mechanisms through which rewards impact motivation in the IT sector. This study aims to address these gaps by providing empirical evidence and practical recommendations for designing and implementing effective reward systems.

## III. METHODOLOGY

The study employs a mixed-methods approach to explore the effectiveness of reward systems on IT employees' motivation. This methodology combines quantitative surveys with qualitative interviews to provide a comprehensive understanding of the research problem.

### 3.1 Research Design:

The study adopts an explanatory sequential design, beginning with quantitative data collection and analysis, followed by qualitative exploration to interpret the results in depth. This approach ensures a balanced perspective and robust conclusions.

### 3.2 Sample:

The sample comprises 150 IT employees from mid-sized and large organizations across diverse roles, including software development, project management, and IT support. Participants were selected using stratified random sampling to ensure representation across different demographics, job roles, and experience levels.

### 3.3 Data Collection Methods:

#### 3.3.1 Surveys:

- A structured questionnaire was designed to measure employee perceptions of reward systems and their impact on motivation. The survey included both closed-ended and Likert-scale questions to quantify responses.
- Key areas of focus included satisfaction with current reward systems, the perceived importance of intrinsic and extrinsic rewards, and their overall effect on motivation levels.

#### 3.3.2 Interviews:

- Semi-structured interviews were conducted with a subset of 30 participants to gain deeper insights into their experiences with reward systems.
- The interviews explored themes such as the alignment of rewards with personal and professional goals, perceptions of fairness, and suggestions for improvement.

### 3.4 Data Analysis Techniques:

#### 3.4.1 Quantitative Analysis:

- Descriptive statistics were used to summarize survey data, providing an overview of employee preferences and satisfaction levels.
- Inferential statistics, including correlation and regression analysis, were applied to examine relationships between variables and identify significant predictors of motivation.

#### 3.4.2 Qualitative Analysis:

- Thematic analysis was employed to analyze interview transcripts, identifying recurring themes and patterns related to reward systems and motivation.
- Coding techniques were used to categorize responses and draw meaningful insights.

### 3.5 Ethical Considerations:

- Informed consent was obtained from all participants, ensuring their voluntary participation and confidentiality.
- Data was anonymized to protect the identities of respondents and organizations.

By integrating quantitative and qualitative data, the study provides a holistic view of the effectiveness of reward systems in motivating IT employees. This methodology ensures the reliability and validity of findings, offering valuable insights for both academia and industry.

## IV. RESULTS

The study revealed several key findings:

- Intrinsic rewards, such as recognition and career development opportunities, have a stronger impact on long-term motivation compared to extrinsic rewards.
- Monetary rewards are effective for initial engagement but diminish in influence without supplementary intrinsic motivators.
- Customization of reward systems to align with individual preferences significantly enhances their effectiveness.
- Transparent communication regarding rewards and performance expectations fosters trust and motivation among employees.
- Employees prioritize rewards that contribute to their personal growth and align with organizational objectives.

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## VI. CONCLUSION

The research highlights the significant role of reward systems in enhancing motivation among IT employees. While monetary incentives are important, intrinsic rewards such as recognition and opportunities for personal growth are more effective in sustaining motivation over time. The findings underscore the need for organizations to adopt a balanced and personalized approach to rewards. By aligning rewards with employee preferences and organizational goals, companies can foster a motivated and engaged workforce. Transparent communication and regular feedback mechanisms further enhance the effectiveness of reward systems. This study provides actionable insights for managers and HR professionals, contributing to the broader discourse on employee motivation. In conclusion, effective reward systems are a cornerstone of organizational success in the IT sector, enabling firms to attract, retain, and inspire top talent.

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