



The Best Reward and Recognition Practices Followed by it Companies in Mysore

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ABSTRACT

In any IT company HR department plays a vital role in motivating employees by practicing good HR policies. Good HR policies would definitely contribute in building the positive employee morale, creating contributing employees, facilitate employee retention and ensure employee satisfaction. Employee satisfaction is very important for any IT company as employee satisfaction is directly related to the work effectiveness and also work efficiency. It is very rare that a satisfied employee would be willing to change his organization. The best practices being followed by Human Resource department to provide employee motivation and satisfaction plays a vital role in retaining the employees in the organization. This research paper explores such best HR practices followed in the area of Reward and Recognition by IT companies in Mysore.

KEYWORDS

Best HR Practices, Employee Satisfaction, Reward and Recognition, Employee Retention

Introduction

“An empowered and motivated employee is a great asset to any company”.

Salary is not the only criteria which motivates and keep employees contented. There could be other factors in the form of HR practices and policies that could keep the employees happy and loyal to the company. One such HR policy is Reward and Recognition which gives the sense of achievement to employees.

Reward Management : Reward management is about the development, implementation, maintenance, communication and evaluation of reward processes. Reward systems influence attraction and retention of employees.

Organizations typically rely on reward systems to do following:

- 1) Motivate employees to perform effectively
- 2) Motivate employees to join the organization and
- 3) Motivate employees to come to work

Objectives

Good HR policies and practices can provide help in keeping the employees motivated and satisfied and also help the employees to grow with the organization thus, inspiring employees to continue work in the same organization, thereby helping the organization in retaining its employees.

To accomplish the above said goal, there could be various HR measures in the area of Reward and Recognition undertaken by the companies. This study is conducted to unearth such best HR practices in the area of Reward and Recognition followed by IT companies in Mysore.

Research Methodology

- **Data Sources:** The HR managers, HR executives of various IT companies in Mysore
- **Collection Methods:** The primary data was collected through Mailed questionnaire method , Personal Interview method and Telephonic Interviews

The questionnaire comprised of both closed and open type questions for collection of the primary data.

- **Sampling Method:** The random sampling method was used

Data Analysis and Results

The questionnaires were administered to the Human Resource executives of twenty five (25) IT companies. Out of these the data was collected from twenty one (21) IT companies. Other means of data collection was through websites as well as through telephonic calls to the HR executives of the company.

The data received from the IT companies for Reward and Recognition policy was analyzed using percentage analysis and chi square test which is a non parametric test and the results of the analysis are as detailed below.

Reward and Recognition

- Reward and recognition exists in one form or another like monetary or non monetary in all the companies selected.
- Employee Coverage: Out of 21 companies selected 67% of the companies (i.e 14 companies) cover all its employees including permanent employees, trainees and contractual employees under Reward and Recognition HR Policy whereas, 33% of the companies (i.e 7 companies) cover only its permanent employees. The same has been depicted below in the form of charts in Figure 1 and Figure 2.

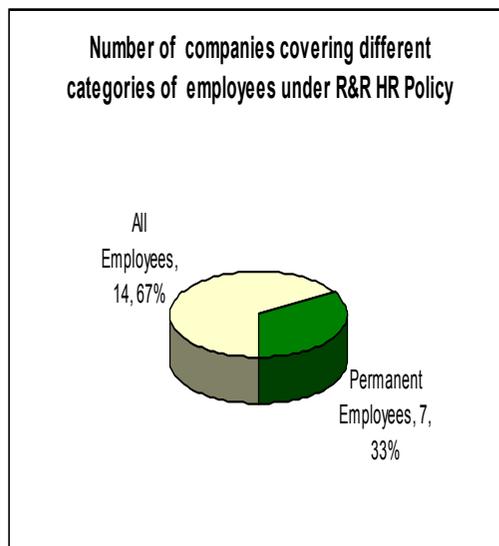


Figure 1: Categories of employees under R & R Policy

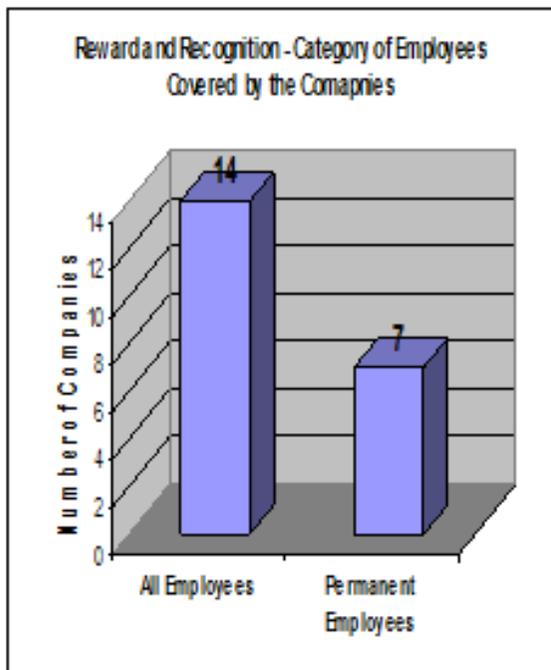


Figure 2: Categories of employees under R & R Policy

• Reward and Recognition Committees : Even though Reward and Recognition policy is practiced by all the companies only 29% of companies have a Reward and Recognition committee or council which keeps track of the employee performance where as 71% of companies practice R&R policy without R&R committee. The same has been depicted below in the form of charts in Figure 3 and Figure 4. In this case, the performance would be monitored by the managers or the department heads of the employees.

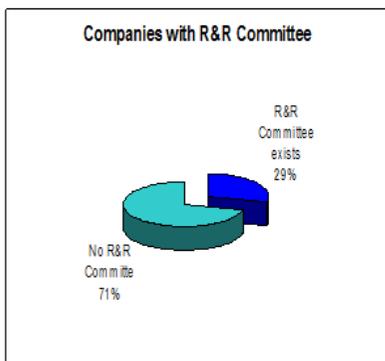


Figure 3: R & R committees

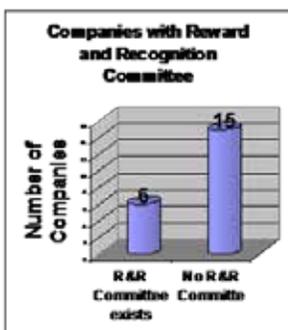


Figure 4: R & R committees

• Type of Reward system: As regards the type of Rewards, monetary awards were given to its employees by 33.3% companies and non monetary awards by 14.3% of companies. 52.4% companies practice both monetary and non monetary rewards. The same has been depicted below in the form of charts in Figure 5 and Figure 6.

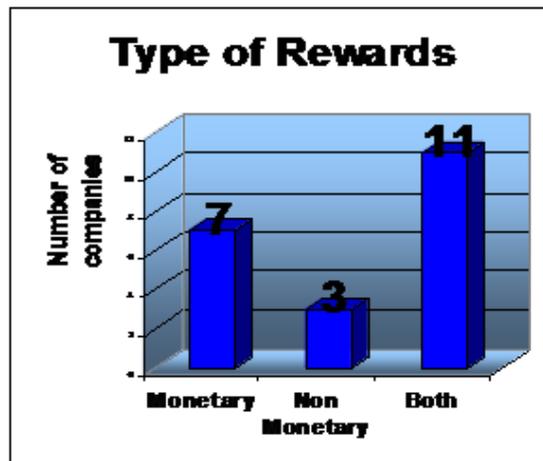


Figure 5: Type of Rewards

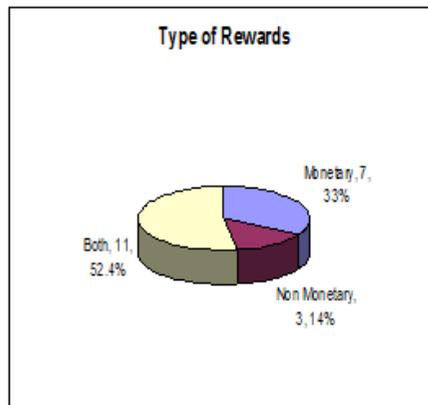


Figure 6: Type of Rewards

• Type of Benefit to the company: HR executives of IT companies were of the opinion that the companies would be benefited from the Reward and Recognition policy in terms of improved performance of the employees and reduced absenteeism. The analysis indicates that 42.9% of companies were benefited in terms of improved performance of the employees, 47.6% of companies view the benefit in terms of reduced absenteeism and remaining 9.5% of companies have benefited in other forms. The same has been depicted below in the form of charts in Figure 7 and Figure 8.

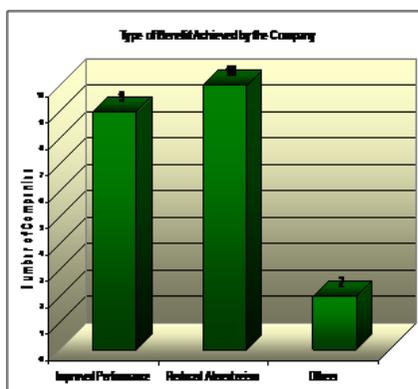


Figure 7: Type of Benefit to companies

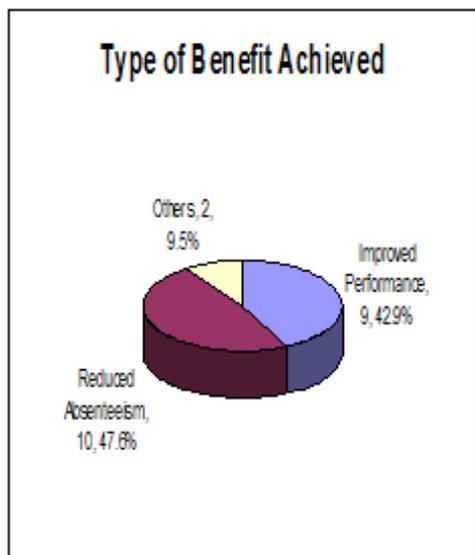


Figure 8: Type of Benefit to companies

Non Parametric Test (Chi Square Test):

Hypothesis for the type of benefit received by the company: The HR executives of different companies view different type of benefit that the company is getting from the Reward and Recognition policy. HR executives of 9 companies said that the company has benefited from Improved performance. HR executives of 10 companies said that the company has benefited from Reduced absenteeism and HR executives of 2 companies opined that they received other type of benefit. Based on this the NULL hypothesis is given below.

Null Hypothesis:

H₀ : There is no particular preference for the type of benefit from Reward and Recognition Policy

Observed and expected values for the Type of Benefit to the company through Reward and Recognition Policy:

Table 1: Chi Square table

Preference	Improved performance	Reduced absenteeism	Others
Expected (E _i)	7	7	7
Observed (O _i)	9	10	2
(O _i - E _i)	2	3	-5
(O _i - E _i) ² / E _i	0.57	1.29	3.57

Chi Square Value is given by

$$X^2 = \sum_{i=1}^k \frac{(O_i - E_i)^2}{E_i}$$

Result:

The calculated value of Chi Square is 5.43 From the Chi Square distribution table the critical value at 5% level of significance and degree of freedom = 2 is 5.99.

Since the calculated value 5.43 is well within the critical value 5.99 the Null Hypothesis is not rejected.

Thus the survey indicates that there is no preference for the type of benefit the company gets through the Reward and Recognition Policy.

Findings

- Only 29% of the companies have Reward and Recognition Committee or Council. Companies therefore should realize the importance of R&R council for tracking the performance of the employees.
- Through Chi Square Test It was also found that there is no preference for the type of benefit the company gets through Reward and Recognition Policy.

Conclusion

The study on the "The Best Reward and Recognition Practices Followed by IT Companies in Mysore" has helped in bringing out the analysis on different parameters in the area Reward and Recognition.

In summary, the study has been successful in unearthing the best Reward and Recognition practices of IT companies in Mysore.

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