

# **THE IMPACT OF REWARD SYSTEMS ON EMPLOYEE MOTIVATION IN THE BPO INDUSTRY**

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## **ABSTRACT:**

Companies need to find and recruit top talent in today's cutthroat global economy. Everyone on staff is highly enthusiastic and driven to make good use of the available resources. Managers in the business process outsourcing (BPO) industry who want to keep their staff motivated need to think outside the box. Dozens of people contributed to the database. The majority of data is collected through questionnaire surveys. The results show that most people are happy with the way the system inspires the employees. What makes the study worthwhile are the insights it provides on how incentive programs work in the workplace. This insight could lead to better strategies for boosting morale and output on the job.

**Keywords :** Reward system , Employee motivation, Attitude, Employee productivity.

## **1.INTRODUCTION**

An indispensable administrative tool for motivating individuals is the incentive system. Essentially, a compensation structure serves two purposes: it incentivizes individuals to join the organization and mitigates the likelihood of employee turnover. It will serve as a catalyst for them to exert effort and produce outstanding outcomes. Employee success is shaped by various factors, such as financial incentives, employment stability, work environment, independence, interpersonal relationships with colleagues, training and growth prospects, recognition of employees, and the organization's principles and policies concerning employee incentives. The significance of employee motivation is heightened when rewards are linked to exceptional performance.

The senior leadership of a company should not only fulfill their responsibilities towards stakeholders, but also cultivate a robust rapport with their employees that caters to their distinct requirements. Employees are required to fulfill their designated tasks in accordance with established benchmarks and adhere to workplace protocols.

Employee motivation refers to the degree of

enthusiasm and exertion exhibited by staff members in attaining the company's objectives. The global phenomenon of motivation is mostly driven by employees' inherently negative objectives. Each individual possesses distinct objectives and passions that they strive to achieve. When these goals and aspirations remain unfulfilled, an individual becomes highly motivated or resolute in their pursuit of achieving their objective.

The level of employee motivation exhibited in the workplace is the key determinant of a company's growth potential. In order to enhance efficiency and establish a gratifying remuneration system, a company must thoroughly examine employee incentive schemes. Utilizing both financial and non-financial incentives can significantly enhance an employee's motivation and dedication to the company. Previous studies have focused on examining the effects of incentive programs, which encompass both financial and non-financial benefits, on employees' performance and motivation.

The primary objective of the study is to analyze and evaluate the efficacy of the BPO compensation plan as a means of motivating

employees. Enhancing employee contentment can be achieved by implementing efficient incentive schemes that facilitate progress and professional growth. The objective of this study is to collect data from employees regarding their perspectives on the system of incentives and the factors that drive their motivation in their respective occupations.

## **2.LITERATURE REVIEWS**

The influence of both internal and external reward systems on employee motivation was investigated in the study by Jayawardena Nirma Sadamali and Jayawardena Darshana (2020). In addition to lowering the employee turnover rate, the study revealed what makes people work for the chosen company by identifying what motivates the current staff.

Walters T. Ngwa investigated the impact of incentive programs on productivity in 2019. This study looks at how profit sharing affects loyalty in the workplace. Given the one-of-a-kind nature of any incentive program, it is worthwhile to study how they affect performance in service-oriented companies first. Workers' tasks do not necessitate much imagination or originality. Teamwork is less common and more replaced by task specialization and differentiation. The best way to compensate service-oriented businesses is an area that needs more investigation. The second point is that a large amount of money goes on paying employees and other workers' salaries.

Because rewards are a powerful tool for recruiting and maintaining quality employees and for continuously inspiring people to reach their full potential, it stands to reason that reward systems should offer attractive incentives.

Employee motivation is a critical issue that impacts every business, according to Belachew Kassahun (2019). Even one- or two-star hotels can benefit from investing in staff motivation if they want to keep their employees happy and achieve their goals. In addition to providing exceptional service, these businesses should work to increase

regional tourism. In terms of compensation, advancement opportunities, acknowledgment, benefits, working conditions, and job security, one- and two-star hotels offer their employees a lot. However, when it comes to the reward programs and staff treatment, these hotels fall short. This shows that hotels with one or two stars did, in fact, offer their staff sufficient intrinsic and extrinsic incentives to motivate them to perform at a high level. Workers at budget hotels have a negative impression of the loyalty schemes. They feel that there is a lack of justice, openness, and sufficient communication in the reward schemes of one- and two-star lodgings. In addition, they thought the incentive structure didn't look competitive from the outside and wasn't good for hotel employees.

An efficient way to coordinate NPD efforts was found in 2019 by Aibin Li, Zhen Zhang, and Lianying Zhang: incentive systems. But what constitutes fair payment for NPD collaboration is still a mystery to us. The purpose of this research is to examine the effect of reward reliance and non-monetary incentives on collaboration in NPD. We also look at how team size and deep-level heterogeneity moderate the impacts.

The fact that everyone pays for illegal dumping makes it a non-cooperative conduct, in contrast to legal treatment, which might be seen as cooperative. In 2018, researchers Yoko Kitakaji and Susumu Ohnuma looked into the effects of using rewards and punishments to see if it improved motivation or decreased compliance.

Sworn in as According to Juma Al Darmak (2017), incentives have been the subject of a lot of theoretical and practical discussion over how to best encourage innovation. It is well-known that incentives encourage original thought. This link is complicated, though, because different kinds of incentives work better for different kinds of creativity and different stages of invention. Also, there's another school of thought that questions whether or not incentives really work to inspire originality. According to studies, incentives are a powerful tool for improving employee motivation

and engagement, which in turn fosters a more creative work environment. The connection between incentives and innovation, however, is more complex than it first seems. The focus of this research is on the ways in which different types of rewards affect innovation, taking into account the breadth and depth of innovation. The extensive literature review carried out for this study also shows that different kinds of incentives correlate with different stages of innovation, which is useful given the abundance of incentive systems.

Employee performance is examined in a direct correlational fashion with a number of independent factors by Abasili and Bambale (2017). These variables include salary, bonus, incentive, promotion, recognition, pension, and gratuity. Performance is the dependent variable that they use in their analysis. There is a clear correlation between the compensation plans and incentive systems of a business and the level of dedication, contentment, and performance of its employees. Without a proper compensation strategy, incentive program, and motivational techniques, the company's performance and employee dedication are likely to be negatively impacted. Every employer-employee relationship revolves around reward, and it's a topic that both parties care deeply about.

The most striking finding of the study, according to Ofelia Robescu and Alina-Georgiana Iancu (2016), is that a large percentage of employees believe that praise motivates and affects effort. In conclusion, incentives have the potential to be an effective tool for motivating workers. Workers want it, and they get better results as a result. It has been argued that social advantages, including praise, can have the same impact on productivity as monetary pay.

Employee satisfaction and extrinsic rewards are positively correlated, according to Abdifatah Abdilahi Ali (2015). Incentives encourage top performers to keep pushing themselves to improve and urge lower performers to compete for bigger prizes. Employee happiness and morale are

influenced by whether they are part of a performance-based remuneration system and whether they receive performance-based perks. The findings suggest that, unlike a fixed wage income, an employee's perception of the attractiveness of an extrinsic incentive shouldn't affect the reward's appeal. This means that a worker who values fixed pay more than performance-based pay is just as driven by material incentives as they are by abstract ones. However, research has also shown that offering employees intangible perks has a substantial impact on their happiness on the job.

It was 2014 that she was named Ayesha Binte Safiullah. This study suggests that there are other factors that impact employee motivation. As an example, financial incentives aren't the only thing that matters here; employees' physiological needs also play a role. Employees need to feel intrinsically connected to their work for this to be successful. Put simply, in order to keep employees from being bored, it is essential for all types of organizations to offer them continuous chances to learn new things. They need to be inspired to put what they've learned into practice in their careers. Businesses should provide their workers with opportunities that test their limits. Employers should provide benefits like on-site child care and flexible scheduling to their employees in addition to stressing the need of work-life balance. They need to be involved in decision-making and given difficult jobs. The staff would be incredibly grateful and enthusiastic about these endeavors. Pay for performance should be connected because it becomes a powerful motivation when employees understand what they are being compensated for.

when they are about to receive something in exchange for doing something, and when they think that something good will come out of it.

A study conducted in 2014 by Dr. Baskar and Prakash Rajkumar, K. R. found that there are multiple factors that impact employee motivation and satisfaction. Noteworthy was the finding of a positive and direct association between incentives,

motivation, and job satisfaction with recognition. Therefore, if changes were made to the recognition and reward programs offered to employees, workplace motivation and satisfaction would also change. Here is the literal translation of this statement: Happiness and drive are positively associated with more frequent and substantial praise and compensation. The company should reevaluate and fix the problem if there are significant differences, especially if there are emotional disputes between high achievers and low performers. If the organization does not

examine this scenario, it could have a detrimental influence on minority retention, productivity, and job performance. Maslow proposed a hierarchy of needs and desires, with the satisfaction of basic requirements (such income and benefits) coming first, and desires (like intrinsic motivation) coming after.

### **RESEARCH METHODOLOGY**

I used a self-designed structured questionnaire as primary data in order to meet the research needs. Crucial information is provided by employees and is derived from their direct experience and interactions. An effective technique for gathering information was to engage in direct communication with high officials. Corporate brochures, journals, manuals, articles, websites, annual reports, and other published resources were also consulted.

### **OBJECTIVES OF THE STUDY**

- In order to learn about the present compensation plan of the department.
- The goal is to find out how much of an effect the incentive program had on the workers' drive.
- In order to find out how incentives affect employee motivation.
- To be well-versed in the methods used to inspire employees within the company.
- Developing fresh approaches to inspiring staff

### **RESEARCH DESIGN**

The inquiry is constructed according to the research design. An outline for conducting research is called a research design. With this methodology, research can be planned and directed in a methodical and intentional manner. Applied descriptive research, also referred to as statistical research, provides information about the traits and figures of the population or phenomenon under study

### **.TOOLS AND TECHNIQUES OF ANALYSIS**

An organized interview questionnaire was created for the staff of the organization. The SPSS statistics program employs many statistical techniques to analyze the collected data.

### **SAMPLING METHOD**

The survey was conducted using a convenience sampling approach.

### **SAMPLE SIZE:**

The current study utilized a sample size of one hundred participants. All one hundred and fifty laborers who were given questionnaires replied.

## **3.DATA ANALYSIS AND INTERPRETATIONS**

**Table 1**

**Correlations between Reward System and Employee Motivation**

		Reward System	Employee Motivation
Reward System	Pearson CorrelationSig. (2-tailed)	1	.627**
	N		.000
Employee Motivation	Pearson CorrelationSig. (2-tailed)	100	100
	N	.627**	1
		.000	
		100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results of the correlation study showed a strong and statistically significant relationship between employee motivation and the reward system ( $r = .627$ ). If the positive correlation hypothesis is correct, then increasing the incentive program's effectiveness ought to motivate employees to put in more effort. Increasing pay rates is a reliable strategy to improve employee morale.

**Table 2**

**ANOVA**

Employee Motivation

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	949.401	23	41.278	3.726	.000
Within Groups	842.039	76	11.079		
Total	1791.440	99			

The findings of the analysis of variance indicate that there is a positive correlation between employee motivation and the incentive system ( $F = 3.726$ ). The study's findings indicate a strong relationship between the variables, indicating that the incentives program has a big impact on workers' motivation. It is evident that changes made to the compensation system impact employee motivation.

**4.FINDINGS**

Most employees are happy with the perks provided by the BPO industry. Staff turnover has been successfully reduced by some firms through the implementation of effective incentive systems. Furthermore, the study will enable the business to obtain more productivity out of its staff. If the organization wishes to achieve its goals in a more effective and cost-effective way, it would be prudent to give priority to building a strong and confident workforce. Providing attractive incentives is the best method to retain staff.

**CONCLUSION**

Finally, the study shows a relationship between employee performance and business process outsourcing in relation to pay, bonuses, commissions, and working conditions. Employee compensation and incentives are combined. Offering incentives is mostly done to increase worker morale and, consequently, productivity.

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