The Impact of Reward Systems on Employee Performance across Different Work Environments – A Management Perspective: A case study on Murugappa Group (TIDC)

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At

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Declaration

I Ajay Shankar Prasanna Kumar, here by declare that this research is my own work and has never been submitted to any other university or college to obtain a degree or diploma. I have also referenced all the sources used to construct this research and this work has been constructed by obeying the Dublin Business school's academic honesty policy.

Signed: _____

Date: _____

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Ajay Shankar Prasanna Kumar

Abstract

Every organizations have rewards and reward system to attract and retain their high performing employees. The key intention of rewards is to motivate employees and increasing their work engagement, which increases the overall performance of employees. This research explores how different rewards increase the overall performance in employees working in different work environment, under a common roof. This research is conducted on an Indian based manufacturing company. This research follows a qualitative method, and takes place at managerial level. As there are many reporting employees at this level. This where there is maximum amount of communication between an employee and employer, regarding rewards and its impact of performance.

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Chapter 1 – Introduction

1.1 Introduction

The major operating costs in modern organization is labor. It is a must that the organization must receive the expected performance from the employers by the employees of the organization. Which helps the organization to run in an effective and productive manner. Motivating individuals or a group of individuals should be able to increase the performance of employees. Organizations use several performance management techniques to fulfill their primary objective, which relates to increase in efficiency and productivity. Organizations practice a several motivating policies and procedures, which involves employees to behave in a manner which is appropriate to the business strategy of the organization and can also meet its objective. (Hume, 1995)

An organization has to strengthen the psychological contract with employees, psychological contract is not a written legal contract which consists a set of terms and conditions of employment, remuneration and certain basic rules but employee's fulling the assigned task by the employer and what they get in return from the employer. An employer has to strengthen his psychological contract with his employees and should maintain a good working environment. (Torrington, 2008)

According to Rousseau (1995) a contract which includes employee beliefs, terms of agreement regarding an exchange between employees and their organization, shaped by the organization is defined as psychological contract. Transactional and relational are the two types psychological contract. A contract which focuses economic exchange, purely materialistic and contracts which are short-term can be defined transactional psychological contract. However, employees and employers limit the usage of transactional contract. A contract which are long-term, involve the exchange of information regarding career growth and in the organization and individual growth between employees and employers and which does not strongly restrict the practice of economic exchange can be defined as relational psychological contract. (KWON, 2018)

If an organization has to achieve its goal, it has to deploy certain planned human resource activities in a structured pattern, which can be defined as strategic human resource management. It consists of all planned human resource activities to achieve the target of the company. Organizations use employees to achieve their goals by means of Human resource strategies and policies. Influencing the behaviors of individuals to formulate and apply strategic

needs of the company by applying all kinds of human resource activities. Seven strategic have been identified and practiced since a long time in strategic human resource, which includes internal career opportunities, formal training system, appraisal measures, profit sharing, employment security, suggestion mechanisms and job description. An organization has to ensure that these factors are included in their reward systems, to achieve their goal and objective. (Yilmaz, 2017)

The process of practicing systematic actions to enhance and improve organizational, individual and team performance can be defined as performance management. The process involves in a clear definition of performance expectation and also creates the base for the development of both individual and organizational capabilities. Performance management of individual and teams involve both financial and non-financial rewards. Performance can be defined as a behavior that brings positive results or outcomes or accomplishment of a particular task. (Armstrong, 2010)

According to Research by Haines and St-Onge (2012) success is eminent in Performance management when, for managers covering performance coaching and constructive feedback, there should be more training on performance management, Emphasize on employee recognition, corporate culture value engagements, positive employee relation climate, Strategic integration of performance management with human resource management with business plans of organization, human capital is valued. (Armstrong, 2017)

A research and experience have proved that effective and timely feedback can be regarded as motivation to increase employee's productivity and is directly related to performance reinforcement. Corporations usually focuses on values and rewards, in accordance with what managers and employees refer to as rewards. Corporations give more importance to these values and direct their behaviours accordingly. Management should focus more on choosing the right people for their organization rather than just focusing to increase their production or service, which increases the corporation's success. (Karami, 2013)

An effective tool for dissatisfied employees to increase performance and change behaviour are rewards. For the whole organizational process to come into life, the important assets of the firm are employees who are the hands and brain of the organization. Therefore, for the job satisfaction and productive behaviour in an employee fair reward system is required. Reward systems must include awards and recognition, reassignments, promotions and other reward programs rather than just salary and bonuses. If an organization has to gain competitive edge,

it is a must that the firm recruits and retains the desired employees. Which can be achieved by reward systems. Workers who work harder and faster were motivated by reward systems and other incentive plans. Reward systems should be aligned with the strategy of organization and should also match the culture of organization. (Mehmood, 2013)

In the recent days most organizations offer performance dependent rewards in addition to wages and salaries. These performance related rewards include esteem rewards, job promotion and job security. (Ceschi, 2017)

Rewarding employees both financially and non-financially, consists of certain policies, strategies, philosophies, plans and process, developed and practiced by the organization. When this process is followed by the organization gives rise to a stable reward system and structure. Based on the contribution given to the organization the employees are rewarded. (Armstrong, 2002)

In this research, the researcher will explore the importance of having an effective reward system and its contribution towards employee performance by using Murugappa group as a case study.

1.2 Background

This research will focus on a single company Murugappa group, it is one on the India's leading business conglomerates. The company was founded in the year 1900. Headquarters is located in Chennai Tamilnadu. Murugappa group has served and market leaders, which includes Abrasives, Auto components, Transmission systems, cycles, sugar farms inputs, fertilisers, plantations, bio-products and nutraceuticals. The group consists of about 35,000 employees and other professionals. However, this research will be focused on the engineering sector of Murugappa group. Engineering sector consists sub departments such as carborundum universal, Murugappa Morgan thermal ceramics, Shanthi gears, Tube investments India and Wendt India. This research primarily focuses on Tube investments India (TIDC). TIDC was established in 1960 they are the leading manufactures of power transmission, fine blanked components and chain conveyors. (murugappa.com, 2018)

Recruitment or replacement of employees is a very costly process. If an organization has to be competitive in the market they operate in, it is a must that it retains its high performing employees, helping the firm to gain competitive advantage. Retention of employees is a process

where employees are motivated to stay in the organization and retention directly relates to how well they are rewarded. (Bibi, 2018)

The researcher has chosen TIDC to carry out the research because TIDC consists of various departments such as Product development, Research & development, quality assurance, Marketing export, Human resource and Manufacturing and supply chain. The reward structure varies from one department to another, for instance an employee working is Research & Development will not be rewarded in the same manner as an employee working in Manufacturing and Supply chain. TIDC has a variety of mixture of employees and the organization as a whole has to keep every employee motivated and satisfied by adopting a strategic reward system.

In an unstable economic climate, financial rewards will be limited. Retention of high performing employees has to be achieved by rewarding them while ensuring that all other employees feel valued. An investigation of these values through total reward approach along with compensation of employees and their effect on employee performance will be included in this research study.

1.3 Research Question

How can reward systems increase employee performance across different work environments?

1.4 Research Aim

To explore how different rewards can increase work performance across diverse work environments.

1.5 Research objective

It is a must that a research project should have a specific research objective, which helps to achieve the overall research aim. Objectives for this research (using Murugappa Group as a case study) are as follows –

- To critically analyse reward systems and their structure in a diverse setting.

- To explore the relationship between reward systems, motivation and employee performance.

- To explore the importance of using total reward systems to motivate employees in different work environments, from a management perspective.

Chapter 2 – Literature Review

2.1 Introduction

The literature review mainly fringes into five areas motivation, performance related pay, team-based rewards, total reward system, intrinsic and extrinsic rewards. However, the literature also analyzes the theories of employee motivation and its influence on organizational behavior which has a close connection with the reward systems, which has an impact on the performance of employees. The literature also describes an employee's attitude towards team-based rewards also referred team reward attitude (TRA). The literature also highlights the importance of considering equity theory as an individual's level of job satisfaction has an impact based on the way they are rewarded. The literature also describes the importance for an organization to incorporate a reward system and structure based on the type of industry they are involved in and its impact on employee performance and motivation.

2.2 Motivation

Motivation is a key factor that facilitates people in achieving certain goals, objectives or work. Mills (1956) defines work as 'Work may be a mere source of livelihood, or the most significant part of one's inner life: it may be experienced as hard graft, or as an exuberant expression of self, as a bounden duty or as a development of man's universal nature. Neither love nor hatred of work is inherent in man, or inherent in any given line of work'. Maslow's and Herzberg's theories are prime examples of powerful, felt right, enduring models that people find useful for explaining individual motivation. Maslow (1954) has grouped motivation into 5 stages - the first two being primary needs and last three being secondary needs. The primary needs are the basic needs to sustain life, only when these primary needs are full filled a person is motivated to achieve the secondary needs. Steers and Porter (1991) have given an improvised version of motivation at workplace namely - psychological factors - good pay, pleasant work conditions, good dining facilities; safety factors - well monitored health & safety, company benefits, job security; social factors - cohesive work group, friendly supervision, professional associations; esteem factors - social recognition, job title, high status job, feedback from job itself; self-actualization factors - challenging job, opportunities for creativity, achievement in work, advancement in the organization. (Weightman, 2004)

The drawback of Maslow's theory is that the motivating factors varies from person to person even though the desires and needs are the same. Alderfer (1972) developed Maslow's motivation theory as it applied to work by suggesting that there were three groups of needs - existence needs, to do with survival; relatedness needs to do with social belonging; growth needs to do with individual development. He called this ERG theory and suggested that where growth is not possible at work the other two needs have to be followed. (The UK@work Report 2003) states the order of preference in this manner - Safety and Security - Continuity of employment; Reward - suitably; Affiliation - with pleasant colleagues; Growth - personal development and developing organisations; Work/life balance - with time to lead a personal life. Herzberg's theory of motivation (1968) describes that the fulfilment of lower order needs will not increase motivation. This theory emphasizes on the way jobs are designed to enhance the quality of life at work. A survey by Leigh and Brown (1996) states people worked harder if the following job features were in place - Psychological safety; Support - to have authority and be backed by one 's boss; Role clarity - what is expected and to what standard is clear; Recognition - praise is given. (Weightman, 2004)

Equity Theory derives from conversation, disagreement, and societal comparisons in creating projections as to how an individual manages his relationships with others. The following four suggestions highlight the aim of the theory:

- The relationships with others are measured by individuals by valuing the ratios of their result and constituents from the relationship against the ratios of the result and constituent of the one to be compared.

- There is the existence of inequity, when the ratio of the outcome/input individual and the other one to be compared is detected to be unequal.

- The individual is unhappy to a greater extent when the inequity is greater. This may be due to over reward or under reward.

- A person is likely to work harder to bring back equity, when the person feel that the distress is greater and this in turn reduces distress. The techniques of restoring equity include changing or cognitively deforming inputs or outcomes, altering or changing the one to be compared or totally ending the relationship. (Huseman, 1987)

The researchers conducted on equity has shown the outcome of equity/inequity to a series of organizational variables quantity and or quality of work, absenteeism and job satisfaction. In an organization, a major significance of equity sensitiveness for equity research is suggested

by developing three further suggestions pertaining to the relationship between equity and job satisfaction for Benevolents, Equity Sensitives and Entitleds. Equity Theory suggests that because of the distress due to over reward or under reward, an inequitably rewarded individual experiences lower levels of job satisfaction compared to the equitably rewarded individual. There are also arguments that the commencement of inequity will probably be higher for overrewarded individuals, who may justify their over reward as "good fortune" without caring for the distressed individual. Hence as per the general equity theory projections, there are assumptions, that the relationship between conceptualization of equity and job satisfaction are overturned and U-shaped as in Equity Sensitives. (Huseman, 1987)

Motivation in context to organization involves a critical issue as it deals with the reason why employees choose to perform or maintain a particular activity for a certain time. There are many different reasons to why an individual will initiate and continue a particular task or activity. Which will have an impact on the quality of individuals such as their attitudes, behavior at work and other behaviors. By analyzing motivation, some individuals are more involved in their work or activity and possess higher performance at work and maintain a higher well-being, according to the clues provided by the researchers for understanding some individuals. Analyzing workers motivation, should also take the variability within individuals over time into account, because motivation as a process involves infinite factors such as personal characteristics and social-contextual variables, which may be changed or maintained over time. (Lopes, 2017)

Deeprose (1994) says that effective reward system can be described as a positive correlation between reward systems and motivation, attracting and retaining high performing employees can be achieved through effective rewards by a company. Employee productivity is increased by employee motivation. James R. Linder (1998) conducted a survey topic "Understanding employee motivation". Pikon research, Extension center and Enterprise center with a sample size of 25 employees, with a response rate 92% (23 employees). Interesting work and good wages are the main factors for highest motivation according to the study. Employees will be more motivated, if the organization designs reward systems effectively in accordance with legal and other requirements. According to Rutherford (2005) identifies several factors that are important for better performance for an organization, but the effective and efficient organization depends upon the employee motivation. Organizations performance and effectiveness of an organization is influenced by motivation. It is very important for an

organizations management to understand how organization influence individual employee's motivation. (Shafiq, 2011)

Rehman K.U, Zaheer.B & Sufwan. N. (2007) concluded that strategies like promotion, pay and training have a positive influence on employee's job satisfaction, when conducted a research on human resource strategies like promotion, pay and training on job satisfaction. Pay and promotion are given more importance when compared to training by employees. Ali. R and Ahmed M.S (2009) conducted a research on a sample size of 80 employees in Unilever company, shows an effective relationship between employee satisfaction and reward system. Employee satisfaction is highly depended on payment (salary). Lesser reward recognition motivated less employees of Unilever company. There is a positive relation between motivation, satisfaction and reward, recognition. (Shafiq, 2011)

Challenging task for many business organizations today worldwide is work engagement of employees. According to Attridge (2009) fully engaged employees with their jobs around the world are only 14%. An annual cost between $ 300 billion to $ 600 billion is a cost for companies because of disengaged employees in U.S alone. 70% of workforce in America are not engaged, but emotionally disconnected according to a report from Gallup, Inc, a private research-based performance management consultant. Employees are engaged more in their work when job sources such as rewards, job security, job control, decision making participation, review and feedback on performance and social support according to an early study of work engagement. Khan (1990) first proposed work engagement as a concept of motivation that offered positive energy to employees they could devote to their jobs. Positive organizational performance can be a result of positive energy derived from right kind of motivation, contribution of engaged employees for an organization involves going above and beyond their fellow employees. According to Khan (1990) physical, cognitive and emotional tasks are characterized personal engagement behaviors directed into three major channels of job. (Putra, 2017)

According to a research by Gange (2003) examined the antecedents and psychological consequences of need of satisfaction of volunteers working in non-profit animal shelter, she examined that the degree of participants perception of supportive supervisors, a work climate assessment, but also autonomous causality orientations of the participants. People have a general set of individual differences in motivational orientation referred as causality orientation. The autonomy orientation, controlled orientation and impersonal orientation are

the three types of orientation. The degree to which an individual uses the information by using environment as a source for making effective choices, which are motivated autonomously is termed as autonomy orientation. Tendency of people to bind with environment, in a way it pressures them to feel, think and behave in the particular manner, and to be controllingly motivated by external incident, Incidents that are introjected can be stated as controlled orientation. The degree of peoples binding towards environment that they lack intentional behavior and unlovable, according to research this is related with ego, self-esteem integration in personality and positive social relation can be termed as impersonal orientation. (Gagne, 2015)

The perfect usage of intrinsic and extrinsic motivation is a great challenge to managers. Leavitt (2002) has noted the drawbacks of extrinsic motivation in this manner. Unnecessary importance to money, monetary benefits along with rewards, obstruction of teamwork with undue individual recognition, dismissal of issues related to behaviour, a reward's intention is not met over a period of time. Rewards are effective for a shorter period, they fail to achieve the desired results of changes in attitude or behaviour during a long span of time. American Productivity & Quality Centre (APQC, 2011) states that at many primary innovative organizations extrinsic rewards can hinder innovation. It suggests that a time frame must be followed for innovation. Innovation would be a failure if employees do not adhere to the time frame fixed for important work. (Hoarty, 2013)

2.3 Performance related pay

Organizations objective can be achieved by introducing a performance related pay package to the total pay package of employees. Performance pay package will be an addition to the existing salary structure and benefits package for employees. A careful system of performance related pay should be considered and the salary structure and the overall benefits package should be tailored in a way that it meets the objective of both the employees and the organization. Establishment of a correlation between individual employees or group of employees and their level of pay in accordance with their work performance is the basic purpose of performance related pay. With the enhancement in level of pay, higher level of performance can be expected induced by monetary motivation. Payment by result, bonus schemes, profit sharing, profit related pay and merit pay are the main types of performance related pay. (Hume, 1995)

Performance related pay (PRP) is a compensation system that rewards performance on an individual or group basis. In order to raise productivity, Performance related pay (PRP)

motivates employees to work harder by creating a transparent link between performance and financial rewards. Over the past several years western countries have successfully implemented PRP. Japanese's companies have seen the major effects of PRP particularly at the individual employee level, as a source to control costs through higher employee productivity. However, there are some instigations that PRP will erode team spirit and a few cooperation's has underscored organizational success in Japan. A survey on more than 4000 workers was conducted and more than 80% agreed with the rationale underlying PRP. (Lee, 2011)

Since the inception of management science pay is considered an important reward to motivate the behaviour of employees. There are studies and establishment on the linkage of perceptions, pay and performance. High performing employees are motivated, retained and attracted by compensation. The financial returns and tangible services are the forms of compensation benefits employee receive as a part of employment relationship. Financial returns include the base salary of an individual along with the short-term and long-term incentives. Benefits and services such as insurances, paid vacations, sick days, pension plans and employee discounts are tangible rewards. (Singh, 2013)

Heneman et al (2000) points out, the largest component of reward systems is basic pay and refers the modern reward systems are 'Multi-layered'. The major influencing factor can be more than or something other than just performance, which determines individual pay in performance-based pay system. Market relativities such as external and internal (job evaluation) in practice will have a greater impact, when results of low inflation are as low as performance payments. In most of the cases the performance judgements are in individual performance related pay (PRP), a mechanism in which the relevant pay structure includes the achievement of individuals pay progression. Annual percentage pay increase by a small number or a step incremental structure is followed in a narrow band. Line managers Assessment of individual employee's performance of the previous year with current year judge's performance. It can also include a process of comparison of individuals results achieved with the objectives that are set. (Wright, 2004)

The results of the popular belief that organizations are becoming disillusioned with Individual performance related pay (IPRP) scheme in particular, is contrary with the results which strongly suggest that the use of all forms of performance pay is growing. The survey which resulted in 40% of respondents of organizations operated merit pay systems and over half of the companies did so consisted of 1158 organizations covering 1.5 million workers. The

rewarding people according to their level of performance remains a fundamental principal of many organizations reward strategy which is IPRP based and it is according to a more updated survey. To support the aforementioned statement the annual management study by chartered institute of personnel and development (CIPD) (2007) address rewarding the high performers as the second most important reward strategy goal. Where organizations run incentive plans increasingly individual non-consolidated payments are an ease of firm indication by that employers, the main factor on which to base awards with 64% organizations is individual performance, which was 56% last year. Ensuring the companies offering pays for performance was the most common reason cited for operating a reward strategy was found by a survey of 431 organizations by the IRS (2006). (suff, 2017)

"Performance related pay is not dying, but is changing", was quoted by Brown and Armstrong (1999). More current studies bolster this prediction. When it comes to pay progression the number of factors what it terms the 'combination' or 'hybrid' is considered by the majority of the employees 79% when it comes to pay progression, this is indicated by the CIPD annual survey. (suff, 2017)

Employees experience of being controlled, neglect the reasons for poor performance and cause destruction in co-operation, reduces the creativity as it discourages them to take risks, which erodes their intrinsic work interest. Rewards are punishment and pay are not a motivator according to Kohn. As claimed by Fletcher and Williams, identification of a good link between good appraisal systems and performance can be obtained while the measured effectiveness of management initiatives on employee performance is difficult. Employee's harder indices is not considered while measuring terms, rather attitude and commitment is considered. However, job satisfaction and commitment by the employees will be report by themselves. Even clear goals and good feedback is reported. As suggested by the authors, this could bring positive effects on individual performance. It would be reasonable to assume the relationship and between incentive systems and performance. Cultural change can be facilitated in an organization can be suggested through performance related pay, this can be considered as mixed empirical evidence. Unproven casual links between incentives and individual performance and between organizational and individual performance is rested on the PRP case. According to Geary it is concluded that there will be generation of new problems by the adoption of Human resource mechanisms (HRM) of both employee remuneration and appraisal instead of solving the new problems. Well and poor performing of companies Can be equally likely to have PRP system. (Randle, 1997)

Studies have shown the merits of motivation and concluded that incentive schemes have adverse effects on motivation. A few other studies have explored the representation of incentive schemes and evolved positive results. The drawbacks of these studies are that emphasis is made only on performance rather than motivation crowding aspects or the psychological features related to it. Weibel, Rost and Osterloh (2010) concluded that the intrinsic motivation for a particular effort declines, when Performance Related Pay (PRP) is introduced. This study only confirms a total crowding mechanism, but according to Motivation Crowding Theory (MCT) the outcome of the reward system is diversified and is related to the conceptualization of the reward system. Thus, the adverse implications of rewards for intrinsic motivation for resultant such as Organizational Citizenship Behaviour (OCB) should be followed only when the reward system tends to be under control. The summary of the research concluded the expectation as segregation of Decharm's Concept of "Locus of Causality" with the MCT framework. This study reveals that an incentive can cause a psychological dilemma which could adversely affect the choice of intrinsic or extrinsic motivation. The execution of this study depends on one's representation of incentive and only when PRP is realized as comparatively dominant, the importance of intrinsic motivation is sabotaged. Moreover, PRP's emphasis on the instrumental effect on the employee's work effort is expected to lead to a cognitive price effect through the increased importance of the employees' extrinsic motivation. These claims are confirmed/supported by means of trial basis study along with the merits of random experiments and social survey. This design helps in verifying the incentives helpfulness on the employees' thoughts and also enables continuous study of the wage structure, employees' thinking of incentives and motivation. (Jacobsen, 2017)

This article is the foremost trial to include the core mechanisms of MCT. Thus, it can focus on the ways of claiming incentives related to employees' effort willingness. The conclusions of this theory have two important aspects. First, they signify the argument about psychological situation and introduce conceptualization as a main variable related to motivation, OCB. Second a trial is made that checks all the variables related to MCT argument - PRP, extrinsic motivation, intrinsic motivation, perception of the incentive system and this is an important outcome. The results show that PRP incentive schemes creates cognitive price and crowding effects. Precisely, an incentive system of intrinsic motivation to be effective relates to the employees' conceptualization of whether the system is under control. Thereby, when managers are likely to cut down the hidden expenses of cognitive crowding while following PRP incentives, what would be important is the employee's conceptualization of the incentive as

out of control. Thus, these conclusions emphasize the values of thorough knowledge of employee perceptions of incentive schemes. (Jacobsen, 2017)

Garlick (2009) found that performance had very less impact from cash bonuses, employees who receive cash bonuses are slightly satisfied than employees who do not receive any cash bonuses. Employees were happy and satisfied with cash bonuses, but cash bonuses hardly had any impact on performance of employees. A case study on Kenya power and lighting company Ltd concludes that employee performance had no significant impact from cash bonuses. Performance was the same of the employees who received and employees who did not receive any cash bonuses. (Njanja, 2013)

In the last decades a few administrative reforms have undergone in the Italian central government, this research found that link between rewards and performance appraisal is absent, it is advised especially when an organization is going through change, making the most of existing reliable measures for performance could be a solution to the problem. (Azzone, 2011)

Theories shows that the choice of performance-related pay schemes is directly related to the organization of decisions over job. According to surveys by two Norwegian employers, the use of performance-related pay is directly associated to the primary activity unit with relation to processing jobs. In these studies, the positive aspects remain unaltered even after including elaborate command over personnel and organization characteristics. Each worker's self-sufficiency has the optimum positive effect on individual bonuses and performance related assessments. On the contrary there is no presence of worker self-sufficiency having any influence on the incidence of team-bonuses or profit sharing. (Barth, 2008)

Performance related pay (PRP) is based on assumptions

- Performance differences in individuals can be measured accurately and fairly.

- Fair relation between pay differences and performance differences, can be related and seen.

- Performance will be increased by individuals increasing their efforts to gain more rewards.

The pitfall of PRP is it is very difficult to justify the above assumptions. Outcomes cannot be quantified making fair measurement hard in any situations. Pay recommendations are done by line managers, they lack in skills or the power of judgement to maintain consistency and to do

fairly, where the success of PRP highly depends on them. Performance related to pay fairly can be a subject to partiality. (Armstrong, 2007)

2.4 Team Based Rewards

In the recent years, paying and rewarding individuals in a team-based environment is a challenge faced by organizations. Rewarding an individual will not support an organization working with teams. Organizations are increasing the small group or team-based incentives and rewards. Which influences a group of employees to achieve the required target along with increase in performance. Rewarding teams is one of the newest and fast-growing rewarding strategies. One of the major reasons for practicing team-based rewards is because of the interdependency between jobs and tasks due to the change in technology. It makes it difficult for managers to assess the performance of individuals when the task requires interdependency. Findings suggest that the performance is accurately measured when tasks are interdependent. (DeMatteo, 1998)

There are several evidence and research that shows that team-based rewards are highly effective in both these areas. An individual is not strongly motivated, when profit sharing plans are implemented. Where the reward is shared based on the overall performance of the team. However according to the HR manager in a recent Institute of personnel management (IMP) National economic development office (NEDO) study puts that, they were associated with profit performance by "Focusing the attention of employees and increasing their understanding of the business". On a survey done by Wallace Bell on over a 1000 company in the UK, between the year 1978 to 1985 the total investor return was twice with companies that practiced profit-sharing scheme. (Brown, 1995)

The significant aspects in motivating individual employees are reward and recognition, which have been systematically recognized by Organizations and Managers. The types of methods extensively used are 'Employee of the Month' schemes, Profit sharing, monetary payment for higher productivity or commission on sales revenue. It is quite difficult to understand though, as to the usage of a specific monetary benefit in different situations or specific times. Managers are interested in the usage of group incentives, but hesitate to implement the same because group incentives are more complicated and have harmful effect on individual performance. Trigon Blue Cross Blue Shield, a US Health Insurance Company introduced group incentives since 1993 and has since then obtained effective results. The results of group incentives at Trigon is that, the service levels have increased, the administrative costs have come down and

employees have understood the business of the organization better than before. Another company, Motorola has conducted a survey regarding team reward across the world. This company has started following the team reward system based on the survey, which is also of importance to many other companies. A hypothesis with important tools that could be used for group incentives based on the studies of Motorola and experiences of Trigon companies was developed by Coli, 1997. A scheme for designing rewards and recognition of individuals and teams could be used by managers and human resource professionals using these studies. Additional information about implementation and evaluation of reward system is also considered. (Cacioppe, 1999)

An over-view of team effectiveness: Studies have shown that monetary incentives and rewards are also communication and motivation devices and hence these must be considered before implementing any team-based program. Managers or leaders of any organization can inform employees about rewards as being one of the loudest and clearest way they consider important over other means. An employee's behavior is greatly influenced by the way he is considered and rewarded sufficiently. Managers must set performance goals and reward employees as team members, if they want employees to work in teams. The inherent part of teamwork is incentive pay, reward and recognition. Rewards can be of two ways. Firstly, it could be given individually based on individual performance and behavior. Secondly, it could be given based on team performance to the entire team and equally divided among the team members. Such rewards based on team performance given to the whole team or equally sharing the reward between all the team members is known as ''team-based rewards''. According to studies, now-a-days there is a declining relationship between the performance and the rewards which the employees receive. Over the last eight years there has been a decline in this relationship. Hay Management Consultants have conducted a survey of over 500 companies and drawn the following inferences. Middle level management to the extent of 50%, professional and technical employees to the extent of 30% and hourly wage workers to the extent of 20% are of the opinion that their pay does not match their performance. Since 1994 these percentages have declined further by about 5% for middle level management and hourly wage workers. Team based approach is a failure as a result of lack of sufficient team pay according to 20% of employees. According to the study by Gross, 1995, the percentage of people complaining about insufficient team pay being the root cause for the failure of team is higher, the longer the team was in existence. A positive approach towards teams need to be followed by organizations. For the team management to be effective, the organization's business strategies and goals have to

be synchronized with the team development, team roles and team abilities and reward systems. Hence it is very essential to regularly modify and adjust the reward system to match the business strategies and goals keeping in pace with the culture and required competencies. Prior to the introduction of team-based rewards an additional perspective, that is useful has to be considered, that describes the major aspects of team effectiveness. The tool to establish key competencies and nature that are essential to attain team and organizational goals as well as the type of culture and values that the team wants to continue with is thus explained. The entire team model is bonded together by the reward systems and procedures. They are the key factors in motivating the team members in achieving the required goals and vision and they help in strengthening the key roles and behavior that are necessary for a successful team. The enhancement of relationships by encouraging co-operation and working towards common goal is taken care of by rewards and recognition. They also adhere to the encouragement of development and learning by challenging risk taking and exploration of new initiatives. (Cacioppe, 1999)

Monetary incentives effects productivity in a positive way according to ample of evidences. Team performance is comparatively higher when team-based rewards are practiced to when team-based rewards are not practiced, in computer-mediated groups. According to Weinstein and Holzbach (1973) found that team performance increased when the rewards are distributed equitably, when compared to distribution of rewards equally in a stimulated work environment. Computer-mediated groups, have higher communication behaviour in members of the team, when team-based rewards are practiced and according to Barkhi (2005) truthfulness in exchanging information and decision among the members of the teams had a positive impact from incentive structure. Cooperative communication has more impact from rewards distributed equally than rewards distributed equitably. Higher pay satisfaction was led by equality strategies than equity strategies. Motivation including both intrinsic and extrinsic are positively related by team-based rewards. (Rack, 2011)

The conclusions by DeMatteo in relation to the reviews of studies of rewards are as follows: The researches till date has no special content for the design of rewards in team-based work environments and emphasizes several areas where there are remarkable drawbacks in the perceptive. The first and foremost of these has to deal with the method of team reward distribution or to understand better, the level at which group-based rewards should be apportioned on the basis of equality, with all the team members receiving an identical pay-out as against to equity, with members receiving an incentive appropriate to the contribution of

each individual. A study by researcher, Wageman (1995) has extensively found out the consequences of result of goal mutuality for cooperation and functioning by comparison of the resultant unrestricted pay conditional very strictly based on the performance of each individual (there is no scope for group performance) with those of the resultant unrestricted pay conditional very strictly based on the performance of group (there is no scope for individual performance). The disadvantages of the DeMatteo research is that, the consequence of discrepancy in which group-based rewards are apportioned to members of eligible inter-dependent teams has been neglected to a very great extent. There is a confusion regarding the distribution of rewards, whether the same is to be apportioned on the basis of equality or as opposed to equity is not an ordinary subject. According to the observations by Milgrom and Roberts, (1992) the presumed monotonic effect of the level of outcome mutually reliant and helpful to each other may not pertain to only those, who by the moral excellence as a result of mutually reliant on each other inherit in any group-based reward, may be considered with the common interests of their work unit. (Bamberger, 2009)

According to Folger and Cropanzano (1998) studies pertaining to equity/equality "justice holds people together whereas injustice can pull them apart". Kirkman and Shapiro (2000) matching the theory of cooperation, employees are more acceptive to TBRs, when they sensed that they were treated with justice. According to Sridhar N Ramaswami and Jagdip Singh (2003) conceptualization of justice is likely to enhance attitude of job satisfaction due to the attainment of expected rewards. In support of this theory Kandel and Lazear (1992) studies the argument that firms in Japan enjoy team spirit as compensation is directly proportional to overall profitability. Accordingly, an equality rule (team-based compensation) helps team members to carry out their tasks as linked together and thus enhances their motivation to strive harder for a higher group reward. These studies show a favorable relationship between group rewards and satisfaction in receiving pay, since in a team, employees are working towards attainment of goals from the beginning, being team as a whole. Added to this, in case there is justice all over and moral endangerment is least, team-based rewards lead to higher pay satisfaction as employees prove that they work together in a group for the achievement of a common goal, which gets reflected as a common reward to all of them. (Godeanu, 2012)

A research on large public sector organization examines the impact of incentive pay in teams or groups. Productivity of workers increased along with relocation of workers who are efficient towards incentivised tasks by incentive schemes. However according the research, the incentives schemes only lasted for 9 months and the bonus amount paid were not large. Goals

can be achieved through financial incentives for job roles that are 'mission' focus and not 'caring' roles and incentives should not be ruled out for such roles. (Burgess, 2010)

Team based pay or team-based rewards is more effective only when:

- Teams that are self-managed with a considerable extent of autonomy, team pay suits the best.

- Work of the team members must be interdependent, the required results for success will be delivered only if the team and the members of the team are willing to work together and share responsibilities.

- Teams that are stable, the team members working with each other know what the fellow member is expecting from each other and they all stand as one team.

- The team is mature, the team members must be flexible to achieve the targets and deadlines and must make the most use of individuals skills or competencies.

- Teams with clear targets and outputs of the teams can be measured easily and the team stand as one performing unit. (Armstrong, 2007)

2.5 Intrinsic and Extrinsic Rewards

Reward practices are often used by organizations to encourage employee's creativity. According to Fairbank and Williams (2001) to draw attention of employees towards creativity most mangers use extrinsic rewards. Impact of employee's creativity from rewards are not clear, Organizational settings according to studies are lacking. (YOON, 2015)
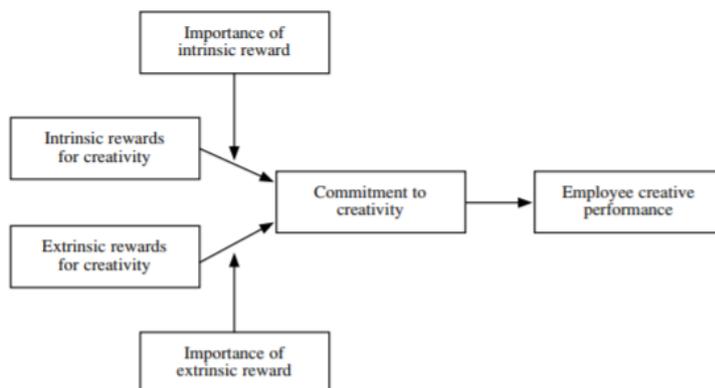

Figure 1. Theoretical framework.

After a critical examination on the effect of employee's creative performance from intrinsic and extrinsic rewards, it is suggested that commitment towards creativity from employees

might be a potential mediating physiological state in relation between creativity and rewards. Employees level of performance can be governed and the situation can be controlled by the employers by offering extrinsic rewards is believed by most individuals. Intrinsic rewards are mostly included in the job, which includes the feeling such as enjoyment, achievement, personal and professional growth, challenge. Rewards that are external of the job, such as salary, benefits, vacations, promotions, remunerations are considered as extrinsic rewards. In-depth task processing and persistence is promoted by intrinsic rewards as motivation to work hard and to produce quality performance by is expected by employees who receive intrinsic rewards. Creative performance is exhibited frequently by employees, when the organization supports and provides incentives for such performance. Employees perform creatively and display as role consistent behaviour, when extrinsic rewards set a role of expectation for employees. (YOON, 2015)

In earlier days, motivation to carry on work is defined and divided as either Intrinsic or Extrinsic. Intrinsic motivation (IM) is exclusively considered as more desirable of the two, and it symbolizes an inclination to get involved in a work, since it is integrally interesting, joyful and or meaningful to the person. In comparison, Extrinsic Motivation (EM) is often considered exclusively as desire to get involved in a work only to attain an external reward such as food or money or to avoid penalty. EM is often considered as unsuitable mode of changes in behaviour techniques and its methods are considered as philosophical theory, dominant and penalizing and does not provide any long lasting or internal benefit to the person. A set of studies by outstanding literates on normal motivation, when carried on at work or learning situations states that usage of tangible rewards under-estimates IM and performance. Furthermore, the literates concluded that "engagement contingent and completion contingent rewards have a substantial and reliable undermining effect on intrinsic motivation". (Silverstein, 2010)

According to the research psychological empowerment of private employees is majorly influenced by extrinsic rewards, which includes financial incentives, promotion, future opportunities and organizational prestige offered by the organization. However psychological empowerment of public employees has impact from social extrinsic rewards such as relations with subordinates, supervisors and peers. When an organization focuses on empowering their human resource department, it becomes crucial that the organization takes sectoral distinction into consideration. Managers must practice and implement different human resource strategies with respect to extrinsic rewards, based on the sector they operate in. (Gkorezis, 2012)

The below stated points were clarified in the analysis conducted in a study: The companies which adopt assessment process on the basis of R & D performance have the more chances of developing new products and services. The introduction of assessment system brings success in coming up with new products using a higher standard of technology in comparison with the time taken by the competitors to develop the same type of products or services. The hindrance to the development of new products and services and superiority in technology is the concept of monetary compensation. There is no remarkable relationship between extrinsic rewards and profitability, in relation to income from new products and services to complete sales. According to analysis, the operation-based assessment process boosts innovation activities with a superiority in high level technology, in the case of small and medium sized companies. Performance based monetary compensation, does not have any major changes in any type of companies. (Kanama, 2017)

In case of large-scale companies, they develop more new products and services, when they follow an assessment system. In large companies, monetary benefits have an adverse effect on the development of varied products, services and technological improvements, when compared to small and medium sized companies. Pfeffer and Langton (1993) have noted that employees in large scale companies have a tendency of considering the allotment of extrinsic rewards as a useless idea and lack motivation to cooperate with their colleagues, since the financial sources are limited. In contrary to this, employees of the other companies, consider evaluation as a useful tool. Haftel and Martin (1993) and Lerner and Wulf (2007) have shown that the number of patent applications is on the rise when monetary compensation is followed. Alternatively, in the previous studies, it is shown that, in large company's monetary compensation has an adverse effect on the introduction of new products and services and creation of products which are technologically superior, but there are no changes in small and medium sized companies. The impact of evaluation system is higher in the production of superior technology than monetary system. The result of the analysis stated in the article has the bells ringing regarding the introduction of compensation system particularly in large companies. It is therefore recommendable to introduce an evaluation system that indicates research programs, instead of a compensation system, in order to increase the motivation of R & D for creating new products and services and increased technological superiority. Tests are conducted to ascertain the relationship between evaluation and introduction of profitable new products. In all types of companies, evaluation system and monetary compensation system has no influence on the profitability of the company. (Kanama, 2017)

According to a research on Turkish manufacturing industry for an organization to create a Total quality management (TQM) and to see it long-lasting improvements, can be achieved by increasing the bond between organizational performance and intrinsic rewards. Employees must be rewarded for their work towards improvement of quality through certificates, letters of appreciation or merchandise and the decision of a promotion, rewards other than money or pay-related invoke a feeling in employees of accomplishment, self-worth. A significant positive effect on employee's performance are found on the practice of intrinsic rewards, there are no significant results in performance of employee on practicing extrinsic rewards. However, this is practiced only when an organization is implementing TQM. (Özutkua, 2012)

According to a research on nursing industry, nurses have various level of satisfaction with intrinsic rewards of nursing. A huge impact on dissatisfaction with extrinsic rewards is translated from a minor difference in intrinsic rewards. Strong dissatisfaction with extrinsic factors such as financial rewards, specific pay, job security and fringe benefits are led from minor dissatisfaction from intrinsic rewards. Hospitals can invest less on financial such as pay and other benefits and can keep the nurses satisfied by improving their intrinsic motivation. Promotions and other benefits provided by the organization will be valued less with lower intrinsic motivation. 72% of nurses were primarily motivated only through the intrinsic rewards offered by the organization. (Dave, 2011)

Intrinsic rewards are those which enhance the morale of the employees. They are positive or psychological work-related rewards that an employee experience from their work or working atmosphere. Extrinsic rewards are tangible, whereas intrinsic rewards are intangible, they cannot be felt, seen or touched. But they are basically integral part of the job. According to study, rewards motivate and strengthen the behavior of employees, any intrinsic component that motivates with the work environment and boosts employee morale, is considered as intrinsic reward. Researchers have projected intrinsic rewards in a slightly different manner. Pink (2009) explains that there are three important intrinsic rewards which leads to motivation at work and they are autonomy, mastery and purpose. Another researcher Houkes (2002) states an informal outcome between task importance, self-reliance, feedback, task variety and intrinsic motivation. Hence intrinsically rewarding work is that type of work which provides an experience of excitement, ambition, meaningfulness, enjoyment, contentment and has varied and progressive opportunities as well as that which provides a positive feedback. The reason for this is, it helps the employees to feel capable, responsible and self-reliant, which in turn enhances intrinsic work motivation of employees. Hackman and Lawler (1971) confirms

that Job Characteristics Theory, work and a working atmosphere can provide emotional consequence, defined earlier promotes personal satisfaction and individual growth. Researcher Thomas's (2009) study on intrinsic reward is given importance. He explains intrinsic rewards earned from work as of four types - meaningfulness, choice, competence and progress. These provide emotional energy in a positive way, which in turn results in positive feelings and motivation. He further explains meaningfulness as the involvement of the feeling that a person's job is worthy and a feeling of contentment that he is a part of something great. Pink (2009) explains meaningfulness as the thorough knowledge of employees of why they do, what they do and knowing that the job they do daily is a part of the contribution in some way or the other to the total organization and that they are playing an important part in the success of the organization. Thomas (2009c) states that working for a worthy cause is rewarding and satisfying for employees and hence motivation can be carried on for a longer term. (Jacobs, 2014)

Intrinsic rewards have been the key factor to many significant results in organization. The above mentioned four intrinsic rewards are found to be significantly related to job satisfaction and progress in profession. They are also found to be related to creativity in a positive manner, whereas extrinsic rewards are related to creativity in a negative manner. It is found that employees who receive higher intrinsic rewards experience a very high level of job satisfaction, lower stress, positive feeling of wellness and intrinsic motivation. In addition to this there is also an increase in development professionally. According to Nujjoo &Meyer (2012) with reference to South Africa Intrinsic rewards have been found to be connected emotional and intrinsic motivation. Pink (2009) states that intrinsic rewards in the long term creates sustainable motivation as ability or mastery of tasks is a long-term process. Further, the usage of intrinsic rewards requires minimal supervision and middle level management, since the employees are motivated by themselves and always move in the right direction. Towers Perrin (2005) studies shows the following: Organizations have come to know that 'throwing money' at employees is not of much use regarding work engagement and hence are now diverted towards ways of enabling intrinsic rewards. A series of studies are conducted which shows the relationship between intrinsic rewards and sources of intrinsic rewards to work engagement. Gibbons (2006), Purcell (2003) states that sources of intrinsic rewards namely job challenges, participation in decision making and chances of development are related to work in a positive way. (Jacobs, 2014)

2.6 Total Reward Systems

Organizations are finding new ways to motivate its employees, in the current economic context to increase the level of employee engagement. Organizations are increasing their employee engagement and motivating them by implementing total reward packages. According to HaysGroup (2015) engagement is an exchange program. Where employees want to feel appreciated and valued for their extra efforts, hard work and working for extra hours. Employees expect to see a direct correlation to what they give and what they receive from the organization. Individuals want to be rewarded based on the value they add to the organization and it very clear that they do not believe in traditional reward systems and are insufficient. This primarily focus on intrinsic or extrinsic rewards to a total reward approach, which includes many other factors seen as rewards. Total reward system can be defined as the sum of total rewards and other services that an employee views that are important for the job. Reilly and Brown (2008) define total reward system as "A firm's entire employee value proposition, including direct and indirect financial rewards, positive characteristics of the work itself, career opportunities in the firm, social activities associated with the workplace, and a variety of other conveniences and service provided by the employer". According to worldatwork (2010) recognition, incentives and intangible rewards had a stronger a relationship to encouraging work engagement than pay and benefits. Recognition, growth and development and opportunity to perform are factors are the rewards are acknowledged over and above monetary rewards and were also found as the factors that had a positive impact on work engagement. (Hoole, 2016)

Total reward system should have a reward strategy and the strategy should be based and contribute to the corporate strategy. For example, the world leader of the pharmaceutical industry Glaxo-Wellcome has a reward strategy and pays its employees at the upper quartile level to attract, retain and develop its employees. Burger king the world-wide known food joint announced that improving pay and other benefits for its staffs helped them to become "The preferred Employer" in the industry. Further improvement of reward strategy can be achieved by the development of competencies, to compete against its competitor's organisations have specific competencies. Alignment of employee's behaviour and performance with organisational generic competencies is very essential. (stredwick, 2000)

According to Balkin and Gomez Mejia (1987), Hambrick and Snow (1989), Lawler (1986), Lawler (1986), Ulrich and Lake, (1990), Waldman, (1994) there is a very strong set of

theoretical literature and this connects organizational strategy, Human Resources (HR) practices and performance. This theory states that in an organization, human resource practices should be followed in such a way that it supports and goes well together with the organization strategy. Galbraith (1973), Kilmann (1989), Nadler and Tushman (1988) are more specific and explains the requirement of reward system in this way. A reward system should aim at motivating employee performance and it should be uniform with the organization's strategy. It should attract and also retain employees who are able, skillful and knowledgeable. who are required by the organization to fulfil the goals and create a supportive culture and structure. In addition to this, the literature argues that an organization can be successful only when the reward system runs parallel to the organizational strategies. The literature by Becker & Gerhart (1996) is reviewed as, one which connects organizational strategy and Human Resource policies. According to this review Human Resource system has got a special feature of being in a superior position, especially when it consists of a high level of internal and external planning. Gomez Mejia and Balkin (1992) are of the opinion that primitive type of competition is of not much use in today's organization structure. This was pay based and in relation to job examination, descriptions, statements and bifurcations. With respect to the above reviews, it is concluded that an organization to achieve maximum levels of performance, both individually and wholly, the organization must follow reward system practices in line with their organizational strategies. (Allen, 2001)

Elements of Total Rewards

Pay	Benefits	Career
• Base pay	• Retirement	• Buy/build strategy
• Overtime pay	— Defined benefit	• Skills enhancement training/development
• Short-term incentives	— Defined contribution	• Career opportunities
• Other lump sums	• Health care	• Employment stability
• Cash profit sharing	— Medical	• Nature of work
• Long-term incentives	— Dental	
— Performance plans	— Vision	
— Equity	• Paid time off	
	• Income protection	
	• Death benefits	
	• Work/life programs	
	• Nontraditional benefits	
	• Other human resource policies	

Source: Mercer Human Resource Consulting.

According to a survey conducted by Mercer human resource consulting on employees of United States in the year 2002 and 2003. In the year 2002, 21% of employees defined rewards as "Benefits, pay and career" and 46% of employees defined rewards as just "Pay and Benefits". In the year 2003 29% of employees define rewards as "Pay, benefits and career" and just

35% of employees defined rewards as "Pay and benefits". It is a must that the total reward package brings all the elements in a strategic and holistic manner, as rewards is more than a competitive pay in modern days. Total reward system that is effective and strategic must include the following:

- Creates affordable and sustainable costs – An effective reward strategy makes sure that the cost involved in the total reward package of the organization is managed better.

- To create a high performing culture, the reward strategy should connect to the business strategy.

- Organization invest a lot of money on reward programmes, the total reward system must include a reward strategy that generates maximum profits from the reward programmes offered.

- Employee behaviour must be influenced in a positive manner by the total reward package. (Gross, 2004)

A survey conducted by Mercer (2008) on more than 1000 multinationals and more than 50% of the participants agreed that total rewards are more than compensation and benefits. An integrated total rewards approach was failed to implement by compensation professionals and the main reason for the failure of this approach was their focus on central alignment of reward plan with business plan, whereas the needs of employee's attention was limited on the alignment of reward alignment. This failure made them to concentrate on employees and also to know more about what employees' value can also be the main reason for implementation issues and failure percentage of numerous total rewards strategies. (Akhtara, 2015)

Worldatwork (2007) evolved a total rewards model which comprises of a combination of five significant elements that attracts, motivates and retains the talented employees and helps in achieving the desired organizational goals which in turn leads to the satisfaction of job and involvement. This model comprises of the following elements:

- Remuneration: Monetary benefit received by an employee for the services rendered to an employer

- Benefits remuneration: Method used by an employer in lieu of cash benefits to be given to an employee which fulfills protection needs.

- Work life balance: A perfect balance by the employee between personal life and work. This is obtained by the employee through the support of the organization by specific policies, practices and programs as well as beliefs.

- Performance and recognition: Performance involves placement and consequent appraisal of the organization as a whole, as a team and as well as individual efforts in attaining business goals and the success of an organization. Recognition is giving the deserved attention through rewards, to an employee for his positive actions, hard work, well-manners and performance.

- Development and career opportunities: It consists of experiences by learning which are designed to improve the skill of employees and abilities. Career opportunities consists of plans which helps the employees to achieve their career goals. These are relative needs where the employees are bound to the organization in an effective manner to achieve their individual needs namely personal development and satisfaction. (Pregnolato, 2017)

According to Bussin, Nicholls and Nienaber (2016) pay also known as compensation or remuneration is one of the commonly used elements of reward to retain employees in an organization. Bussin (2012) states that however, in reality pay has been found to be the fifth most common reason for an employee in leaving an organization. Bussin & Toerien (2015), Kinnear & Sutherland (2000) are of the opinion that financial rewards, recognition and developmental opportunities were the most important rewards that helped in the retention of talent employees in the field of science, technology, financial services and information technology. These opinions were substantiated by De Vos and Meganck (2008), Horwitz, Heng and Quazi (2003), Horwitz (2006) as well as Sutherland and Jordaan (2004). Horwitz (2006) in his study of employees in South Africa and Singapore has found that employees were retained most effectively when they were given ambitious assignments and satisfying work in addition to incentives and performance bonuses. Sutherland & Jordaan (2004), Van Rooy & Bussin (2014) are of the opinion that rewards relating to personal comforts such as medical benefits, social relations at work, pension and agreements did not help in retaining employees. Birt, Wallis and Wintermitz (2004) are of the opinion that the traditional retention policies such as work-life balance practice namely extra vacation time, childcare benefits or team building exercises are not valued. (Pregnolato, 2017)

A study conducted by Towers Perrin (2003) states the following: Employees aged between 18 and 24 years give preference to base salary, variable pay and company shares whereas medical aid, base salary and deferred remuneration is preferred by employees of ages between 30 and 44. On the other hand 45 to 54 years aged employees viewed base salary, deferred remuneration and retirement funding as important. 55 years and above aged employees were of the opinion that retirement funding, base salary and also medical benefits are equally important. (Pregnolato, 2017)

The total reward system or reward structure of an organization has to strategically fit within the overall organizational management style and must support desired behaviours and culture. It is very important that the organization is well aware of the behaviours, culture and norms that the firm is rewarding for. Total reward systems have an intense impact of managing performance, the elements of reward systems include base pay, contingent pay, employee-benefits and non-financial rewards. These elements will have an impact on performance and with decide the expected behaviour, culture and norms of the organization. (Yiamiis, 2009)

Advantages of total reward systems are:

- Greater impact: Combination of different types of rewards will motivate employees to a greater extent, which lasts longer.

- Enhancing the employment relationship: The total reward system or structure will appeal more individual employees, thereby strengthening the relationship between the employee and the employer.

- Attraction and retention: A better reward system delivers a positive psychological contract with the employees, making the organization the best place to work and also attracting new employees and retaining the existing high performers. (Armstrong, 2007)

2.7 Conclusion on literature review

In the literature review, the researcher has explored main themes and other contributing factors relating to reward systems and its impact of employee performance. The literature review is extracted by making use of sources such as journals, books and other relevant websites.

Employees performance determines the success of an organization. However, organizations use different strategies to keep all of their employees motivated and satisfied. Building an effective reward system to keep the employees satisfied, motivated and developing a culture towards efficiency, quality and improvement within an organization can be achieved only when, an organization practices various different strategy as there is no "single strategy" that fits all reward systems. Organizations have to change their reward structure and system in accordance with employee's behaviour and their value towards rewards. Which helps the organizations to control cost and also helps in the enhancement in performance of employees. Organizations have to strength intrinsic rewards and must include them in their total reward systems. According Armstrong (2017) extrinsic rewards will wear down intrinsic motivation in employees. Towers Perrin (2005) states that throwing money for employees' productivity will result in lesser work engagement. Pink (2009) states that intrinsic rewards in the long term creates sustainable motivation as ability or mastery of tasks is a long-term process. Organizations must practice a perfect balance between both intrinsic and extrinsic rewards and must include them in their total reward system.

Chapter 3 -Research Methodology

3.1 Introduction

This part of the research clearly explains the methodology the researcher has adopted to carry out the research. This chapter of the research explains how the data required to carry out the research is collected, which addresses the research question and the objective set for the research. The researcher has chosen in-depth semi structured interviews with targeted mangers of each department in Murugappa group (TIDC) to collect the essential data required, this will be discussed in detail in this chapter. This chapter also explores the appropriate research philosophy chosen, research approach and research strategy in detail. The ethical issues and limitations related to the methods of research will also be explored in detail. According to (Saunders, 2016) development and nature of knowledge is depended on critical examination of research philosophy, which also helps in understanding the research methodology. All the layers in the research onion will be explained in this chapter.

3.2 Research Design

The success of the research study is highly depended on the way or a path the researcher has chosen to collect his data to address his research question, to achieve this the researcher has to design the questionnaires, which demands the researcher to have knowledge regarding the issues and other problems associated with the research. (Saunders, 2012) has identified different layers of research process, which looks similar to layers of an onion. However, each layer has its own vital role and impact of the research study. There are five layers and they are listed below:

- Research Philosophy

- Research Approach

- Research Strategy

- Data collection

- Time horizon
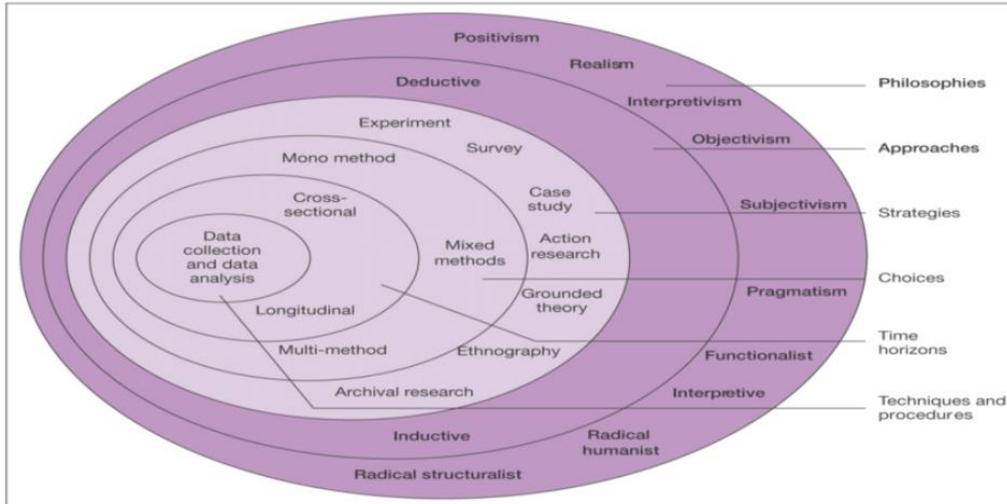
The research 'onion' (Source: Saunders et al., 2007)

3.3 Research Philosophy: Epistemology Realism

Research philosophy can be defined as a set of beliefs and assumptions, which helps in enhancement in developing knowledge in a particular field or area or a specific issue (Saunders, 2016). The assumption made by which the world is seen by the researcher reflects on the research philosophy chosen to carry out the research. However, the assumption made will support the research strategy and methods used for collection of data chosen by the researcher as a part of that strategy. However, there are four research philosophies namely positivism, realism, interpretivism and pragmatism. Positivism is a research philosophical process, where knowledge is obtained by investigating the social world or reality through observing the facts. Realism is a research philosophical process, where it shares both the principles of positivism and interpretivism research philosophy. However, realism philosophy accepts the reality though the existence of human behaviours and beliefs. Interpretivism is a philosophical process, where ideas are inducted by observing the social world, which helps in the development of knowledge. However, the people build and give meaning to the social world and the researcher is a part of what is being observed. Pragmatism is a research philosophical process, where actions that are backed up is supported and believed (Saunders, 2012).

The researcher believes Realism research philosophy is appropriate for this research as the research involves behaviour of employees and their work performance, which has an impact based on the rewards received by the employees, the research adopts an outlook of 'Realism Approach'. However, the data is collected and analysed from the researcher is by semi-structured interviews with senior managers perspective, who possess extensive experience in

the company and the research topic is fluid characteristic or measurement, the research adapts an epistemology realism philosophy.

3.4 Research Approach: Inductive Approach

A research has a few crucial components and a research approach is one, independent of research topic and field of research (Maxwell, 2005). Inductive and deductive are the two approaches for a research (Saunders, 2012). Deductive approach is a process of arriving to a conclusion based on the logic, this process is also known as a logical process. Inductive approach is a process of arriving to conclusion based on observation, past experience or evidence (Ghauri, 2005). However, both inductive and deductive approach can be used in the research which has more advantage (Saunders, 2012). However, according to (Saunders, 2012) an inductive approach is used when a researcher is trying to gain an understanding of the meaning's human attachments to events. As the research progresses induction process is more flexible structure to permit changes of research.

This research follows an inductive approach as the researcher conducts interviews with the senior managers of Murugappa group to collect the required primary data to carry out the research as this process appears in inductive research approach. However, the data gathered by conducting interviews is compared with the literature review, which can be considered as a small additional example for deductive research approach. In this research the researcher makes an attempt to gain a clear understanding of employee's attachment towards rewards and how performance is affected by this. However, according to (Eriksson, 2008) when a researcher chooses an inductive approach to carry out the research study, the development of the research process starts from the empirical material and not from theoretical propositions.

3.5 Research strategy: Explanatory- Case Study: Interviews

A researcher must make sure that the research design chosen to carry out the research must be an appropriate one by taking its core specific purpose into account, the depth and the quality of the research study depends on this. Research design is segmented into three types namely exploratory, descriptive and explanatory (Sekaran, 2003). An exploratory research design is chosen when the researcher wants to discover more information about the research topic that is not clearly understood. A descriptive research design is chosen when a research is mainly designed to construct an exact representation of an event, person or a situation. An explanatory

research design is adopted when the research focuses on explaining a relationship between to elements in a particular problem or a situation (Saunders, 2012).

According to (Saunders, 2012) the different research strategies to carry out the research are:

- Case study

- Experiments

- Survey

- Action theory

- Grounded theory

- Ethnography

- Archival Research

This research follows an explanatory research design, as the researcher finds out the relationship of employees with respect to rewards and its systems, and how this relationship has an effect on performance in employees. As this research concentrates on the reward systems and its structure in accordance with employee performance on one organisation, the strategy used for the research is a case study along with qualitative approach using semi-structured individual interviews, which is used for gathering the primary data. (Saunders, 2012). Semi-structured interviews allow the researcher to gain more knowledge around the research question and to gain high feedback, when coupled with an inductive approach. However, the researcher must review the interview questions or the topic in a way it answers the research question and the questions framed must be easily understood by the interviewee (Bryman, 2011).

3.6 Research Method: Qualitative Method

There are two methods used to collect data qualitative and quantitative method. Qualitative method involves two approaches to gather the data, namely observation and interviews. Observation technique is used when the research objective is to study the behaviour of people or events. Interview technique is used when the researcher wants to know why certain things happen. Quantitative method involves in gathering large number of numerical data by surveys. However, qualitative method gives the researcher a deeper knowledge and understanding by discovering the unrevealed values. Where as quantitative method is more used for testing or

useful is tracking trends, measurement of things which are represented numerically to represent a characteristic is referred to quantitative method (Jr., 2011).

This research follows a qualitative method, along with individual semi-structured interviews with the senior managers of different departments of Murugappa group, this section is explained in detail in the data collection chapter.

3.7 Time Horizon: Cross-Sectional

The data collected from the participants usually on more than one case to carry out the research study is collected at only one particular period of time then the research follows a cross-sectional time horizon. If the research study on a particular topic last for a longer duration it is a longitudinal study. However, the main advantage of adopting a longitudinal study is the ability to study the changes and development involved in the research over time (Bryman, 2011).

This research is carried out as a part of my MBA course, the course structure has allotted a certain period of time to complete my thesis making the research to adopt a cross-sectional time horizon.

3.8 Data Collection

Data collection is a very important part of the research process, collection of both primary and secondary in a systematic manner by identifying the sources is very crucial. Primary and secondary data collected should be in sufficient quality and quantity, which makes it easier for the researcher to carry out the research project. Insufficient and inappropriate data will fail to meet the objective and aim of the research. (Hart, 2005)

The researcher collects the primary data by conducting semi-structured interviews and the secondary data is collected by the literature review.

Primary Data: Interviews

The data collected by the researcher that are relevant to the researcher problem, when the secondary data available for the researcher is limited. This particular data is called as primary data. The researcher has many means for collecting primary data, which includes the following (Ghauri, 2005).

- Surveys

- Observations

- Experiments

- Interviews

According to (Ghauri, 2005) advantages of using primary data:

- Primary data are more consistent with research objective and research question.

- Information or data related to behaviour of people can be collected.

- Researcher will have greater control on the research project.

According to (Ghauri, 2005) disadvantages of using secondary data:

- Collection of primary data can consume a lot of time.

- It is not easy to have easy access to respondents.

- Collection of primary data can be expensive.

The researcher collects the necessary primary data by conducting semi-structured interviews with each Senior Managers of all the departments of Murugappa group TIDC. However, the departments of TIDC are Product development, Research and development, Manufacturing and supply chain, Marketing Export, Human resource department and Quality Assurance.

The researcher has framed 15 general questions and 3 specific different questions to each department based on the type of work the employees are involved in that particular department. Questions framed by the researcher is based on the data gathered from the literature. These questions aim to establish to what extent certain reward systems affect employees and they also address the research question and objective of the research.

Secondary Data: Online Resource, Published Journals and Published Books

Collection of secondary data helps the researcher to understand and gain better knowledge and also helps in solving the research problem. However, the data gathered by the researcher has to compiled as the data is not available from one particular source. Researchers have to be very cautious upon selection of secondary as the data selected may look relevant to their research

topic initially but upon closer scrutiny they will be vary from the objective set for the research, the researcher should also check if the data collected is valid and reliable (Saunders, 2016).

According to (Saunders, 2016) advantages of using secondary data:

- Data can be assessed easily by the researcher.

- The cost involved in collection of data is less.

- Analysing the data can start immediately, as the data is available.

According to (Saunders, 2016) disadvantages of using secondary data:

- The data collected may be insufficient to address the research problem.

- The data collected may not be exact to what the researcher is looking for.

- The data collected may not be timely.

The researcher has used sources such as published journals, published books and other online resource. All the sources used for gathering the secondary data are all relevant to the research topic and its objective. According to (Cameron, 2009) researchers who collect secondary data only based on research, follow a research with exercise to intellectual rather than providing proposals that are practical.

The researcher has collected both primary and secondary data. However, the primary data gathered gives the research an outlook of what the organization practices in real in accordance to the topic in the questions, making the research balance between theoretical and practical.

3.9 Interview Selection: Semi-Structured Interviews

The researcher conducts interviews with each Managers of different department in Murugappa group TIDC, each interview with the managers will last for about 35 to 40 minutes. According to (Saunders, 2016) there are various way to carry out an interview. However, the interviews conducted should be based on the objective of the research, purpose of the research, the time required to carry out the interview and the strategy of the research. According to (Saunders, 2016) interviews can be:

- Structured Interviews

- Semi-Structured Interviews

- In-depth Interviews

The researcher has chosen semi-structured interviews to collect his primary data as mentioned earlier. The interview questions framed by the researcher is based on the themes of the research. The interview conducted is an individual audio telephonic interview and the interviews are recorded, the data recorded are transferred into text format by the researcher. According to (al, 2001) states that "In qualitative research, the interview involves questioning the subject while maintaining an empathetic demeanor: that is, accepting the subjects frame of reference, weather in terms of feeling or relevance".

3.10 Data Analysis

The data collected by the researcher to carry out the research follows a qualitative method. The data gathered has to be valid and reliable, which helps in maintaining the quality of data. The data should provide strong evidence, when the researcher draws conclusion from the data gathered. According to (Saunders, 2012) "analysis and data collection in qualitative research are often conducted in an interactive way, where collected data is analysed, initiating new questions and initiating further data collection". According to (Cameron, 2009) the amount of trust a researcher puts on his secondary data to draw conclusion for the research, shows the rate quality of the secondary data gathered by the researcher. However, the researcher has to be very careful while gathering the required primary data to carry out his research. The researcher has framed semi-structured interview questions to collect his primary data, which covers all the relevant topics of the research making the data highly valid.

According (al, 2001) to reliability of qualitative data mainly depends upon:

- The researcher's involvement and interaction between the field which is being observed.

- Researchers ability and honesty, especially in describing the research process.

The researcher has taken all measures into account to ensure the data gathered is reliable, during the research construction phase.

Interview Preparation

If the primary data gathered by the researcher has to be reliable, then it is crucial that the researcher schedules the interview process with the participants in advance, for successful

outcomes it is a must that the researcher plans before. Which increases the validity of the data gathered. All the participants were informed and fully aware of the interview process. The researcher informed all the participants regarding the confidentiality agreement that will be maintained. However, the participants were fine in disclosing their name, designation and years of experience in the organization. The text notes from the interview is uploaded as a separate document on Moodle.

According to (Fisher, 2004) the major steps for planning an interview are:

- Listing the areas of questioning.

- Prioritising the questions.

- Methods used for analysing the questions.

- Deciding on the questions that will be asked in the beginning and at the end of the interview.

- Sequencing of questions.

- Checking if the framed questions are relevant to the research topic.

The researcher has framed the questions upon critical review on the literature, which increases the reliability with the participants. The researcher has framed the questions on different topics related to research, which helps the researcher to bring out maximum response and information for each question framed by the researcher from the interviewees.

The researcher has chosen each manager from different departments of Murugappa group TIDC, as these managers have decades of experience in bringing out maximum performance from both blue-collared and white-collared employees, who work under the department they operate in. The nature of work involved in each department is very different from one and other, effectively increasing the work engagement in employees of different departments can be achieved by the mangers of that particular department.

3.11 Ethical Issues

According to (Cooper, 2008) to safeguard the participants of the research, the researcher has to follow up on guidelines such as:

- Explain the benefits of the study.

- Explaining the rights and protection of the participants.

- Obtain informed consent.

According to (Cooper, 2008) "ethics study of right behaviour and address the question of how to conduct research in a moral and responsible way." However, the researcher did not come across any major ethical issue, while carrying out the interviews for gathering the primary data. The researcher has disclosed the nature and the purpose of the research study with all the participants and also obtained their consent for using the findings and the data generated by the interviews will be kept confidential. The researcher has included all of this in the email, which requests for an appointment to carry out an interview. The researcher has also referred all the previous work that is included to carry out this research. Though the researcher explained regarding the anonymity that the will be maintained in the research study, the participants were fine in disclosing their identity. Throughout the whole process of the research study, the researcher has made sure that the participants involved in this research did not under go any pain, discomfort, physical harm, embarrassed or loss of privacy, the researcher also kept a level of honesty and integrity.

3.12 Research Limitation

The researcher has taken several measures to ensure that the research study is valid and reliable to a greater extent. However, the methods used to carry out the research could involve some limitations. The number of participant's the researcher has access, for the gathering the primary data is a small size. Which can limit the amount of primary data.

The research mainly focuses on interviewing the mangers and they might limit the amount of information shared on reward systems and their structure within the firm. The results from my research would not hold good for other companies and business, as it is bounded to only one particular organisation. This research brings out the benefits of having a reward system in-line with the organizational goal. However, it lacks a deeper analysis on the process of alignment. The needs in form of rewards of each employee varies with one another, the research lacks an in-depth analysis of construction of a reward system which suits every individual employee and is motivated to perform better.

Chapter 4 - Findings Analysis and Discussion

4.1 Introduction

The crucial part of a research is the analysis and findings, which plays a vital role of bringing the importance of findings collected by the researcher into light. The researcher will explain the links and also validate the data gathered from the primary research. However, the presentation of findings from the primary research conducted by the researcher will be the main aim of this chapter. Interpretation of findings with respect to literature and theories will be discussed in the later chapter.

4.2 Profile of Interview participants

The researcher has conducted 6 interviews with each Managers of different departments, to gather his primary data. The managers of each department were reporting to the General managers of TIDC Murugappa group. However, each manager has project teams and individual project leaders reporting to them and they posses ample of years of experience in managing employees including supervisory staff, executives and floor production staffs. The participants of the interview are referred as P1, P2, P3, P4, P5 and P6. The interview conducted by the researcher lasted for an average of 35 to 40 minutes and each interview was audio recorded for future reference. The gender of participants of the all interviewees are male.

Number of Participant	Department	Role	Years of Experience	Number of Employees	Nature of work
P1	Manufacturing and supply chain	General Manager	32	200	Production, Inspection, Maintenance, Planning & Control
P2	Research and Development	Deputy General Manager	14	5	Process Design and delivering the new process to the production team.
P3	Quality Assurance	Senior General Manager	22	26	Assurance of product and process quality. Total quality Management(TQM)

P4	Product Development	Deputy General Manager	20	21	Product design, Testing the design
P5	Human Resource	Regional HR Head	13	5	Recruitment & selection, screening, payroll, training, co-ordination with other departments.
P6	Marketing Export	Senior General Manager	25	3	Operations, planning, international business, sales, logistics.

4.3 Presentation

In the section below in the form of motivation, performance-related pay, team-based rewards, intrinsic and extrinsic rewards and total reward system the researcher has presented the findings from the primary data by conducting interviews with the participants.

Motivation

This particular section of the research discusses the connection between rewards, motivation and performance of employees.

For question 1(How effective is the reward system in increasing the motivation of staff in your area?)

Participant P3 the reward system in increasing the motivation of staff is effective. However, according to participant P3 focus of rewards must not just be monetary, but also non-monetary rewards such as giving them well done cards, recognizing employee's effort and even feedback. Which includes a negative feedback given at the right time and put in a particular manner motivates an employee to a greater extent. Like participant P3, even participant P5 and P2 agree that reward system is effective in increasing staff motivation, but according participant P2 rewards in terms of monetary and recognition is effective, which increases motivation of staff. According to participant P4 the needs of each employee varies with other employees, so we cannot be for sure that the reward system is very effective in increasing the motivation of staff. However, if rewards are given immediately the productivity of employees increases

thereby increasing the motivation of staff. According to P1 the reward system is different with the employees who are involved in Blue-collared employees, supervisory staffs and management employees, making it quite hard to quantify. According to participant P6, the current reward system is effective in increasing staff motivation as the organization has a culture of employee involvement process. There are different motivational schemes, starting with employee engagement through kaizen, cross-functional teams, small group activities and having a very structured review mechanism process. A system which also rewards an employee on the spot also termed as spot award for his work is practiced, making this quite effective reward system.

For question 2 (From your experience, do you think motivation of employees depend on the type of work they are involved in?)

Participant P3 and P5 did not agree to motivation of employees depends on the type of work they are involved in. According to participant P3 every work an employee is involved requires some level of motivation. However, an employee might feel stressed and his productivity might reduce it is the responsibility of the manager to remind them about their responsibilities and recognizing their previous work. Which helps them produce quality of work. According to participant P4 agrees that motivation of employees depends on the type of work they are involved in, as the nature of every job is different from one department to another department, based on which the role the employee is involved in motivation varies. Participants P1, P2 strongly agree to question 2. According to participant P1, Managers level employees, supervisory level employees and even functional level employees require different type of motivation. According to participant P2 an employee working in Research and Development requires a different set of motivation as the work involved in it is very different from an employee working in any other department. Participant P6 states that irrespective of what work an employee does, to produce maximum output, motivation is a must.

For question 3(How significant is the level of staff motivation to the overall performance of your department?)

Participant P1 says the level of staff motivation to the overall performance is quite significant. However, employees' posses some level of distraction due to monotonous work they are involved in, so it is crucial that as managers we must recognize and appreciate their achievements. So, a better output in terms of overall performance can be expected. According to participant P2 it is very difficult to quantify. Participant P3 states that most companies have

very good rewarding system and structure. However, employees are quite aware regarding the reward structure and system practiced and over a period of time it becomes monotonous. Rewarding an employee on the spot and at the right time, even a small reward has a large impact on performance of employees, which in turn has a positive impact on employee motivation. The company practices different rewarding system including well-done cards, good cards, spot awards, cash awards, group activities and many more to ensure the level of staff motivation is inline to the overall performance of the department. Participant P4 agrees that the level of staff motivation will have an impact on the overall performance and believes that by motivating a team-member is as good as motivating the whole team. Which increases the quality of work produced. According to participant P5 the level of staff motivation is very significant as a satifactional and motivational survey conducted on the group states that nearly 70% of its employees are motivated. According to participant P6 100% of employees are involved in TQM (Total Quality Management) process and all the employees are eligible and volunteers. Employees involved in this process must be fully motivated and as they are working towards quality, the overall performance is inline with the expectation.

The specific question was asked to specific participants based on the department they are involved in and the nature and type of work the employees engage themselves in the department. For instance, Research and Development is a very challenging and innovative department, employees working in research and development might require a slightly modified reward structure than employee working in another department. These specific questions explore the slightly modified reward area of the research.

Specific question (To what extent challenging jobs, motivate employees?) only asked for Participant P4 and P2. However, according to both the participants P2 and P4 strongly agree that challenging jobs do motivate employees. According to participant P2, employees working in department such as research and development have no solutions and that's quite challenging, which motivates them to complete their tasks.

Specific question (Does recognising employees performance lead to more motivation in employees?) only asked for participant P3. According to participant P3 recognition of employee's performance is a must to motivate them.

Specific question (Does appreciating employees performance lead to more motivation in employees?) only asked for participant P6. Participant P6 strongly agrees that appreciating motivates employees.

Motivation of employees in terms of monetary rewards is quite effective, but it is quite difficult to motivate every individual as the need of each employee varies. Motivation of employees depends on the type of work the employee is involved in. Motivation is significant to the overall performance of the department. However, effectiveness can be increased by ensuring that the rewards are given on a timely basis. Challenging job, recognition and appreciating employee's effort motivates employees to greater extent.

Performance Related Pay

This particular section explores (PRP) one of the characteristics of reward system in detail.

For question 4 (Does PRP operate in your system? If so, how well does it work? If not to what extent do you believe it would motivate your staff?)

All participants agree that the PRP operates in their department. However, according to participant P2 and P4 the organization follows KRA (key result area) system. Where the employees work in that particular area is reviewed half-yearly and yearly and every employee is graded based on the result. The employee is classified into different categories of performance based on the result obtained, the pay structure is fixed depending on the categories. Participant P2 states that what makes an employee motivated is the feeling, weather he contributed to the organization or not. Which has a great impact on employee motivation. According to participant P1 the PRP scheme is different for workmen employees, whereas it is the same for management and supervisory employees. Percentage increment for both management and supervisory employees is followed based on the result. However, for workmen appraisal system is based on the years of experience, their capability to accommodate change, their attitude. Participant P2 completely agrees that PRP motivates employees. However, according to P2 PRP system is more effective when awarded without any bias and this particular factor motivates an employee to a much greater extent. According to participant P5 the company follows incentive method to reward the employees involved in blue-collared jobs. Whereas for the employees involved in white-collared jobs, balanced score cards are used and if any key parameters of the business are achieved. The employees will receive more than 100% of incentives. Participant P6 states that the company has a very good PRP structure and for it to work well they also have a very good measurement system in place.

Specific Question (Form your experience, what is the best way to measure an employee work performance?) only asked for participant P5. According to the participant a simple and the

method that works well, is by dividing the key responsibilities to the employees and reviewing them half yearly or yearly and giving their results a particular rating or score and paying them accordingly.

PRP operates in every department, but the PRP scheme followed is different for workmen employees and management level employees. PRP is more effective, when rewarded without any bias. A good and an effective performance measurement system could make PRP work to a better extent. However, a simple and easy method to review performance is by dividing the key responsibilities to the employees and reviewing them half yearly or yearly.

Team-based Rewards

This particular section explores (team-based rewards) one of the characteristics of reward system in detail.

For question 5 (To what extent do team-based rewards influence the performance of employees working in teams in your department?)

Participant P1, P3 and P6 agree that team-based rewards influence the performance of employees working in teams. However, according to participant P3 every team has many team members with different skills and a long-term objective can be achieved. If the effort of every individual in the team is recognised that motivates the team and the team members to a much greater extent and helps them to achieve their long-term objective. According to participant P4 the effort of every team member varies, but the reward is dived fairly among all the team members. The members of the team value team-based rewards and it does have an influence on performance, but in comparison with individual rewards they have less influence on performance. According to participant P6 performance have two parameters individual and team performance. Participant P6 also states that they have a method to analyse individual performance in a team and is working inline to the goal of the organization. Participant P2 and P5 state that team-based reward is not operated in their department. However, according to participant P5 when a common problem arises a group of people work together for the solution and this group is rewarded significantly.

For question 6(Does team-based pay unite or tear the group apart?)

Participant P1 and P4 agree that team-based pay unites the group. However, participant P1 states that no industry can do much jobs if they do not work as team. Finding solutions to problems faster can only be achieved, when the company has a team working culture. According to participant P4 new targets can be met and new projects can be under taken only when the employees in the company unite together as a team. Participant P2 and P5 believe that team-based reward tears the group apart. According to the experience of participant P2 team-based reward creates a competition environment within the team, which restricts the team members from sharing of information and working together. According to participant P3 and P6 team based rewards neither unites nor tears the group apart. However, according to participant P6 if team-based rewards have to work well, it is very essential that the answer to these questions must be obtained. Who are the team members? What is their objective? What will each individual team member contribute? What are the measurement criteria? What is the timeline? And along with that proper communication within the team and monitoring system helps the team-based reward to be more effective and the objective of the reward can be met.

For question 7(How do you ensure that team-based effort is rewarded fairly?)

Participant P1, P3, P5 and P6 ensure that team-based effort is rewarded fairly. According to participant P3 all the efforts of individuals in the teams are recognized. All the members of the team receive equal monetary and non-monetary benefits. According to participant P5 cross-functional teams work on a single project, when the project succeeds the team will receive 15% of the project savings. The 15% of project savings is equally divided among the members of the team. According to participant P2 and P4 they are unsure if team-based rewards are rewarded fairly as participant P2 states that team-based reward system is not practiced in their department. However, according to participant P4 though the reward is divided is equally among the team members, there is no clear understanding between the contribution of individuals in the team.

Specific questions (Form your experience, is incentives the best way to reward a highly performing team?) only asked for participant P6. According participant P6 incentives is one of the best ways to reward a highly performing team, as it will boost their experience to a greater extent.

Every individual in the team is equipped with different skills and each skill contributes to the overall performance of the team, which helps in achieving the long-term objective. Team-based pay unites the group only if the communication and co-ordination among the team is very

effective. However, an organization at the end has to work together as a team to achieve its objective. The monetary rewards are divided equally among team-members. However, there is no mechanism to measure individual contribution in the team, which makes the team-based pay slightly unfair. Incentives is a best way to boost up the performance of a highly performing team.

Extrinsic and Intrinsic Rewards

This section explores the importance of both monetary and non-monetary benefits given by to employees to suit diverse work environment.

For question 8(Which reward motivates an employee to a greater extent, monetary reward (extrinsic rewards) or non-monetary reward (intrinsic rewards)?)

Participant P5 and P6 agree that extrinsic rewards motivate employees to a greater extent when compared to intrinsic rewards, but participant P5 says that if a company can provide a very good career path which can be considered as an intrinsic reward along with monetary benefits, it motivates and as well influences the employee to a greater extent. However, a company has to ensure a fine balance between both rewards. According to participant P6 blue-collared employees value extrinsic rewards more whereas, white-collared employees value intrinsic rewards and as well as extrinsic rewards. According to participant P4 and P1 it is highly individualistic based on his/her situation. However, according to participant P1 it could involve individuals from both blue-collared and as well as white-collared jobs. According to participant P3, both extrinsic and intrinsic rewards are required but what motivates an employee to a greater extent is timely recognition of their effort through monetary or non-monetary reward is a must and is very necessary. According to participant P2, it depends on the department the employee is working for. For example (if an employee is working is R&D department intrinsic rewards motivate him whereas, for an employee working in other department would value extrinsic rewards to a greater extent.)

For question 9(What extrinsic and intrinsic rewards are used in your department?)

All the participants agree that they have both intrinsic and extrinsic rewards. However, all the participants stated that the have many extrinsic rewards such as cash awards, spot awards, improvement awards, cross-functional team awards and incentives for white-collared employees if they achieve balance-score card over and above the expectation. However, according to all the participants stated that they have a good intrinsic reward which includes,

well done cards, good cards, encouragement in teams, training and development, sponsoring their vacations. According to participant P4, giving an employee a promotion along with leadership in a particular area can also be treated as an intrinsic reward.

For question 10(Do employees working in innovative department need more intrinsic rewards?)

Participant P1, P2 and P5 agree that employees working in innovative department need more intrinsic rewards. According to participant P5, the employees involved in innovative department are more involved into to achievement. Psychologically non-monetary rewards motivate them to a greater extent. Participant P3 and P4 disagree to extrinsic rewards is more needed to employees working in innovative department. According to participant P3 intrinsic rewards is needed by everyone and it is not necessary that an employee working in innovative department has to be innovative. Participant P4 said that employees working in innovative department value extrinsic rewards more than intrinsic rewards. However, according to participant P6 innovation has to be rewarded through both extrinsic and intrinsic rewards.

Specific question (What is the best way to reward an employee's skill that contribute to overall performance of the organization?) asked only for participant P5. P5 said that according to him paying the employee reasonably, treating him fairly and having a good career growth roadmap is the best way to reward the employee and it also helps in retention of highly skilled employees.

Specific question (From your experience, is being flexible treated as a reward? If yes, does it increase the work engagement in employees?) only asked for participant P6. According to the participant, flexibility can be treated as a reward only when it is awarded to employees who are co-operative and it definitely increases their work engagement.

Specific question (Do you follow a different reward pattern or structure for employees who work for Blue-collared jobs?) only asked for participant P1. P1 agrees that they have a different reward system and structure for employees working for blue-collared jobs, they have promotions, annual spot award. They have annual celebration and many events where even the family members of the employees can be a part.

Specific question (Does rewarding a specific behaviour causes a difference to your department? If it does to what extent?) only asked for participant P1. P1 agrees that rewarding a specific

behaviour does causes a huge difference in the department. If the reward is in terms of training and development of that particular employee, it is a long-term investment to the company.

Specific question (To what extent, does giving feedback on work produced by the staff has an impact on their overall performance?) only asked for participant P4. According to P4, giving feedback is working towards betterment. However, when a feedback is given for a on going project the employees will ensure that he responds to them and giving feedback to a completed project, the employee will ensure that same mistakes are not repeated in the future. Which in turn impacts the overall performance of the employee.

Specific question (When employees are given the authority to make their own decisions related to work, to what extent does it affect their work engagement?) only asked to participant P4. P4 said that though the employees are given the authority to make their own decision, they might take a wrong decision and this could demotivate an employee to an extent, which will have an impact on work engagement. However, it cannot be true in all situations.

Specific question (From your experience, what type of rewards do employees who are creative value the most?) asked only for participant P2. P2 said that creative employees value certain level of independence in their job, genuinely appreciating their contribution and knowledge are the forms of rewards they value the most.

Specific question (Does building a healthy relationship with the employees of the department increases work engagement in them?) asked only for participant P2. P2 agrees that building a healthy relationship increases work engagement as employees must work together as a team.

A fine balance of both intrinsic and extrinsic and intrinsic rewards motivates an employee to perform better. However, a good career path can motivate an employee to a greater extent. Blue-collared employees are highly motivated through monetary benefits. Well-done cards, good cards, encouragements in teams and training & development are some intrinsic rewards practiced. Cash award, spot award, improvement awards are some extrinsic rewards practiced. Employees working in innovative department need more intrinsic rewards, when compared to other employees.

Total-reward system

This section explores the importance of reward systems as a whole.

For question 11(How effective do you think it is to apply a single reward system to all the employees working in different departments?)

Participants P1, P2 and P3 agree that applying a single reward system to employees working in different departments can be quite effective. P1 and P2 state that rewards have to be equal and non-partial to employees working in all the departments and currently single reward system is practiced across all the departments in the company and is working well. According to participant P3, apart from having a single reward system to different departments for it to be more effective, it is a must that the employees are fully aware of the reward structure and system, the reward system should be placed in a way that it can accommodate change according to the need of the employee. Participants P4, P5 and P6 do not agree to having a single reward system increases the effectiveness. According to P4 and P6 the nature of work of employees differs from department to department, so the reward system must be based on the nature of work the employees are involved in. P6 also stated that "A specific function-based approach strategy". P5 said that applying a single monetary reward system to the employees of different department may lead to failure of reward strategy.

For question 12(What should an ideal total reward system package consist of?)

Participant P2, P4, P5 and P6 state that an ideal total reward package must consist of a combination of both intrinsic and extrinsic rewards. However, according to participant P5 along with intrinsic and extrinsic reward it is a must that the organization gives an employee some cross-functional roles which makes the employee more responsible. According to participant P1 Extrinsic rewards is a must. However, the total reward package must also consist of promotion, give the employees a feel of elevated feel at work. According to participant P3 the main factor that is a must in total reward system is that the rewards must be timely, recognition and rewarding employees must be done in a timely manner.

For question 13(Should intrinsic rewards be a part of total reward system?)

All the participants agree to should intrinsic rewards be a part of total reward system. According to participant P3 extrinsic reward system is standardized into the total reward package. However, standardizing intrinsic rewards into the package will motivate an employee to a greater extent and will make him feel a part of the organization. Participant P5 said that the

amount of intrinsic reward received by an employee is tracked and once an employee has too much of intrinsic rewards, they recognise his effort and he is again rewarded with an extrinsic reward.

For question 14(Do the current reward systems meet or exceeds the expectation of the managers?)

All the participants agree that the current reward system meet the expectation of the managers. Participant P2 said that the extrinsic rewards are self-sufficient in meeting the expectation of the managers. However, intrinsic rewards must be improved as recognition for employee's contribution lack in the participants department. According to participant P6 the current reward system is sufficient in meeting the expectation of the managers. However, it will be more effective when the requirement is communicated to employees through standard operating procedures (SOP).

For question 15(What could be done to make the reward system in your department more effective?)

Participants response to what could be done to make rewards more effective was, according to participant P1 is as there is no structured approach or review mechanism. So P5 suggests a fully-fledged review mechanism must be included and both participant P2 and P1 recommend to improve their recognition system. According to participant P3 the irrespective of the reward awarded to the employee, it has to be timely. The reward given to the employee should bring in a feeling of pride and satisfaction. P4 said that it becomes crucial that the reward system must be visible to the employees, so they are fully aware of the benefits the company provides for their effort. P5 said that the current reward system that is practiced in the company is self-sufficient and is very effective. Participant P6 stated that making their monitory system more effective to measure productivity can contribute to the overall improvement and can increase the effectiveness of current reward system.

Specific question (To what extent do employees see promotions as a form of reward?) only asked for participant P5. According to P5 employees do value promotion only when the promotion is just not a designation change, but also the roles and responsibilities are added to it.

Specific question (From your experience, do employees value career growth more than monetary rewards?) only asked for participant P1. According to P1, career growth for blue-collared employees is very limited. However, all employees do value career growth.

Specific question (From your experience, to what extent do employees see training and development as a form of rewards?) only asked for participant P3. According to P3, employees must always feel that they are contributing to the organization and for that training and development is a must and employees do value training and development as a form of reward.

Specific question (Is the current training and development program in your department sufficient to meet the expectations of the managers?) only asked for participant P3. P3 said that the company has a special department to train its employees and it is meeting the expectation of the managers. However, the P5 suggests to improve their training and development department.

Applying a single reward system to all the department will not increase the effectiveness as the nature of work involved is very different from one department to another. Effectiveness of total reward system is increased when intrinsic rewards are a part of rewards. Total rewards currently practiced meets the expectation of the managers. However, an improvement in intrinsic rewards and a proper structured review mechanism will increase the effectiveness to a greater extent.

4.4 Analysis and Discussion

4.5 Introduction

In this particular section of the research, the researcher will relate the main areas and theories of the literature review to the findings of primary research. The main areas of literature review such as motivation, performance-related pay, team-based reward, total reward system and intrinsic & extrinsic rewards are discussed with respect to how the overall performance in employees is affected. The objective of the research is discussed in reference with the literature review and from the findings of the primary research.

4.6 Discussion of Subheads

The common perception of all participants towards motivation is that reward system increases the motivation in employees to perform better. It also depends on the effectiveness of the reward and it is a must that the reward system consists of both monetary and non-monetary rewards, which motivates an employee to a greater extent. However, the needs of an individual vary from person to person. This was also the case with (Shafiq, 2011) where he found a positive correlation with effective reward system and motivation in employees. This is further validated by a survey conducted by Pikon research to understand employee motivation, where 93% of employees found that the highest reason for motivation is having good wages and an interesting work environment. The performance of an organization is highly influenced by individual motivation. A survey conducted on Unilever company states that lesser the reward and recognition motivated lesser employees. From findings, it is evident that the type of work an employee is involved in motivates an employee to a greater extent. This is also the case with (Weightman, 2004) as motivation at workplace include challenging job, opportunity for creativity, achievement in work, friendly supervision, job security, professional associations, feedback from job, job title cohesive work group. This is validated further by (Putra, 2017) employees are engaged more in their work, when the job offers sources such as rewards, job security, job control, participation in decision making, feedback on performance. However, a concept states that work engagement is closely linked with motivation and this offered employees to perform better in their jobs. Challenging jobs motivate employees and the participants involved in a challenging based work-environment agreed to it and is also true with (Weightman, 2004) as every employee has a few factors for motivation and under self-actualization factor, challenging job motivates employee at work place. (Shafiq, 2011) stresses that there is a positive correlation between motivation, satisfaction, reward and recognition. A survey conducted on Unilever company states that lesser the reward and recognition motivated lesser employees. Participant agrees that recognition motivates employee to a greater extent.

All the participants agreed that Performance-related pay (PRP) operate in their department and it does motivate their employees to a certain extent. This is further discussed by (Hume, 1995) introducing PRP package to the total pay package of employees helps the organization to achieve its objective. The PRP package will be an additional to the existing salary structure and benefits package of employees. The PRP package should be tailored in way that it should meet the objectives of both the employees and the organization. However, this is disagreed by (Randle, 1997) PRP schemes reduces the creativity of employees as it discourages them to take

risks, which also erodes their intrinsic work motivation, as employees experience of being controlled and neglect the reasons for poor performance. From the findings, PRP system is followed through a Key result area (KRA) system for each employee and performance progression in that area leads to better PRP to individual employees. This is further validated by (suff, 2017) PRP system is not dying, but changing by using a 'combination' or 'hybrid' approach. Employees are more likely to be assessed primarily basis on their performance rather than performance of other employees. PRP incentives is one of the most effective way to practice PRP in increasing both the performance and motivation in employees. (Jacobsen, 2017) concludes that PRP incentive scheme creates cognitive price and crowding effects. However, an incentive system of intrinsic motivation to be effective relates to the employee's conceptualization of weather the system is under control. From findings, the best way to measure performance is dividing the work among employees and measuring the performance and paying the employees accordingly. (Armstrong, 2007) validated this as measurement of performance is highly dependent by line managers and they lack the skill or the power to measure performance fairly, where the success of PRP is highly depended on them.

Most of the participants agree that team-based rewards influence the performance of employees working in teams. This is confirmed by (DeMatteo, 1998) as organizations are increasing the practice of small group activities and team-based rewards, which influences a group of employees to achieve the required target along with increase in performance. Organizations practice more of team-based reward system due to the interdependency between jobs and technology. This is confirmed by (Brown, 1995) according to a survey conducted on over more than 1000 companies in the UK, the total investor return was twice with companies that practiced profit-sharing scheme. This validated by (Cacioppe, 1999) U.S health insurance company introduced group incentives in the year 1993 and since then obtained effective results. Motorola after a positive response from a survey on team rewards, the company started following team-based rewards based on the results obtained from the survey. Team-based rewards unite employees working in team is confirmed by findings. However, it is a must that the managers ensure that the communication among teams is maximum for the success of team-based pay. This is confirmed by (Cacioppe, 1999) managers of any organization must set performance goals and reward employees as team members, if they want employees to work in teams. From findings, most of the participants agree that the team-based rewards are rewarded fairly, as both monetary and non-monetary rewards are rewarded fairly across the members of the team. This is further validated by (Godeanu, 2012) justice holds people

together, whereas injustice pulls people apart by a study on equity/equality. Equality rule (team-based compensation) helps team members to carry out their tasks as linked together and thus enhances their motivation to strive harder for a higher group reward. From interview it is confirmed that team incentives are one of the best methods to reward a high performing team. This is further validated by (Rack, 2011) Monetary incentives effects productivity in a positive manner, Truthfulness in exchanging information and decision making among team members had a positive impact from incentives structure.

(YOON, 2015) found that most managers use extrinsic rewards to draw attention of employees towards creativity. Employees perform creatively and display as role consistent behaviour, when extrinsic rewards set a role of expectation for employees. However, after a critical examination, it is suggested that commitment towards creativity from employees might be a potential mediating physiological state in relation between creativity and rewards. From findings most participants agreed that extrinsic rewards motivate an employee to perform better. However, the employees also value intrinsic rewards to some extent. Most participants agreed that employees working towards innovation need more intrinsic rewards, but it is also necessary for other employees. This is also the case with (Kanama, 2017) from an analysis from all the R&D companies performance based monetary compensation does not have any major changes in any the company or the employees of the company. It is therefore recommendable to introduce an evaluation system that indicates research programs, instead of a compensation system, in order to increase the motivation of R&D for creating new products and service. Rewarding a specific behaviour causes a significant difference to the department. This is further validated by (Özutkua, 2012) employees must be rewarded for their work towards improvement of quality. Which helps the organization to see long-lasting improvements and to create a total quality management (TQM) environment in the organization.

Applying a single reward system to all the departments can be quite effective, but the reward strategy must be 'specific function-based approach strategy'. This is further validated (stredwick, 2000) improvement of reward strategy can be achieved by development of competencies and alignment of employee's behaviour and performance with organisational generic competencies is very essential. All the participants agree that a fine balance of both intrinsic and extrinsic rewards should be included for an ideal total reward system. (Pregnolato, 2017) found that an effective total reward system must comprise significant elements that attract, motivate and retain the talented employees and helps in achieving the desired

organizational goals and which in turn leads to the satisfaction of job and involvement. The total reward model must comprise remuneration, work life balance, performance and recognition and development and career opportunities.

All the participants agree that the current reward system practiced is very effective and is quite significant in meeting the expectations of the managers. However, improvising the reviewing and monitoring mechanism and making sure that the employees are rewarded timely for their efforts along with recognition can make the current reward system more effective.

Chapter 5 - Conclusion and recommendation

5.1 Conclusion

The main aim of this research is to explore the characteristics, which include the Performance related pay (PRP), team-based rewards, intrinsic and extrinsic rewards and total reward system. That makes a reward system more effective and its impact or influence on motivation and performance of employees working in a different setting across a large diverse organization.

In chapter 2, we have witnessed the importance of performance related pay (PRP) and it is reflected on the primary data. PRP motivates an employee to work harder by creating a transparent link between performance and financial rewards. From literature review many western companies have seen positive results by implementing PRP schemes. The effectiveness of PRP schemes is completely depended on what mechanism or methodology the organizations are using to review performance, based on which employees are rewarded. The managers must ensure that the measurement or reviewing of performance is done in a fair manner or this could lead to dissatisfaction in employees or even employees will disengage from their jobs resulting in reduction in performance and productivity. From the data gathered by the interviews, one of the simple methods to review performance is by dividing the business goal or plan into (Key result area) KRA and reviewing the progress of individual employees in these areas and rating their performance in those particular area, which makes justice to PRP scheme to a certain extent.

Team-based rewards is a very controversial topic, both from the primary data and from the literature review the result obtained is a mixture of opinions. Organizations practice team-based rewards due to the interdependency between jobs and tasks due to change in technology. However, an individual employee performs better for different factors such as promotion, career growth, incentives and other different reasons. As motivating individual employees to perform better for different reason working in a single team, through team-based rewards is a challenging task. Organizations must tailor their team-based reward systems in a way that it meets the need of every individual employee working in team and also support the team working environment. From primary research, the team-based rewards have to be distributed depending on the level of contribution from individual employee working in teams. However, there is a slight risk that competition among team members can build-up and restrict individual employees working in team from sharing of information and knowledge.

A fine balance of both intrinsic and extrinsic rewards is a must for an organization to motivate its employees to perform better. From both primary data and literature review it is evident that employees working in innovation department need more intrinsic department as they are the individuals who are inclined towards innovation and it becomes a must for a manger to provide these employees more intrinsic rewards to motivate them to a higher extent. However, both intrinsic and extrinsic rewards are a must. A total reward system should consist of both intrinsic and extrinsic rewards and should be more than just a compensation and benefit-based system. The total reward system has to strategically fit within the overall organizational management style and must support desired behaviour and culture, which helps the organization to meet the desired needs. The business strategy should be inline with the reward strategy, which makes the organization to perform better.

Managing rewards and maintaining a reward system that motivates and drives employee towards productivity is a very challenging task, especially when the organization has both blue-collared and white-collared employees working under a common roof. What rewards mean to these employees and what value they give to rewards is very different from one to another. This is evident from the primary data gathered and its impact on motivation and performance of individuals is also witnessed in the research. However, from primary data for any reward system or structure to last long and have positive results, there should be a transparency in the reward structure and system where every employee is completely aware of the system practiced and its benefits. It is also evident that irrespective of blue-collared or white-collared employee, it is a must that the rewards are rewarded on a timely manner either monetary or non-monetary. Which motivates an employee to a higher extent to perform better.

5.2 Recommendation

The recommendations that the researcher has gathered from the result of this research are:

- Rewards are rewarded to individual or teams based on their performance. An organization has to critically analyse weather investing their time and money on evaluating the performance of a particular team or individual is worthwhile.

- Irrelevant methods and criteria are used to manage and measure performance. These criteria can be unfair, which may lead to unfair reward system which could dissatisfy or demotivate employees. A further research on how the reward system should

strategically fit with organizational or business strategy is needed as the current information available is limited.

- The primary intention of rewards is to recognize an employee's effort and to reward his effort. An organization has to make sure that an employee has been rewarded at the right time for his effort, which causes a greater positive impact on employees and motivates them to work towards betterment.

- When an organization has both blue-collared and white-collared employees working under a common roof, it becomes crucial that the organization identifies the needs of both the categories of employees.

Chapter 6

6.1 Reflection on Learning

I always had a dream to pursue my masters in a different country. Learning about the 1-year MBA program in Dublin Business school. I was very interested to take up the course and so I started my visa procedures the minute I got an offer letter from the institution. The initial days in semester 1 was more of adapting to the structure and aligning myself to Ireland education system. As I am a mechanical engineering graduate from India, education system in India was more of exam based rather than assignments. Assignments was something that I was quite unfamiliar with, but within the limited time I managed to learn about every aspect of it. I have learned to manage my time very well, if we take a quick look at my assignment submission dates all of my assignments were submitted at least three or two days before deadlines. Time management is something that I have mastered after engaging with the MBA program. However, we run a family CNC machine start-up in India. I always had a dream to take over our company to new heights and to do so I believe managing people, time, money, stress, projects, product and so on management skill sets is a must. DBS has equipped me with different skill sets along with the betterment in decision making to achieve my dream.

I have never involved myself in any research till date and I thought that a research thesis is just more like a bigger assignment. Which made me neglect the work load and the time that research demanded. However, learning so I started off working on my thesis which helped me to complete it before my deadline. Through this process I learnt that irrespective of what work I do, it requires some effort and time and it should not be neglected. This attitude of mine will reflect in my professional career and will help me achieve new heights in my professional life.

While pursuing my course I had a few group assignments and I am a person who always took the initiatives to start off working on the assignments and due to this attitude of mine, I gained a position of leader. For a master's student dissertation plays a vital role as it allows the student to involve himself in a particular topic where he is keen in gaining more knowledge. I choose this topic because I was very keen in learning deep understanding to what motivates an employee to maintain a particular behaviour and to perform better. As in the future I have a dream to take over my family business, it becomes crucial that I gain a knowledge and understanding to maintain a relationship with my employees in a way that they are always motivated and engaged towards their work.

During my research proposal phase I was really unsure about how I would be carrying out my research. I would like to thank all my supervisors for guiding me in the right direction and making it possible for me to carry out the research in a topic I am interested in. I was nervous when I got schedule to take interviews with managers of the organization of different departments with intense experience in their field. However, after conducting a few interviews I was confident and conducted the rest of them in a professional manner. This research has helped me to enhance my researching skills, which will help me in the future both in my personal and professional life. Finally, I would like to thank DBS for giving me this opportunity to work on my research and also inclining me towards researching attitude.

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