

A Study on Rewards and Recognition at Doctor Reddy's Laboratories

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ABSTRACT

The general objective of the research was to study the impact of rewards and recognition on employee motivation. And the specific objectives were to identify the most effective means of rewards and recognition, to study the behavioral differences between appreciated and non-appreciated employees, to understand the extent to which motivation enhances employee's performance, to identify if the motivation has an effect on individual and organizational growth and to study if rewards and recognition results in emotional conflicts between employees. The descriptive research design was adopted for this study. Various employees from the companies were the respondents. It is evident from the study that a variety of factors influence employee motivation and satisfaction. It was also significant to discover that there is a direct and positive relationship between rewards and recognition and job satisfaction and motivation. Hence, if rewards and recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. The direct translation of this could be that the better the rewards and recognition, the higher the levels of motivation and satisfaction, and possibly therefore, the greater the levels of performance and productivity. In the event of major inconsistencies, especially for emotional conflicts between performers and non performers, the organization should make an effort to reassess and rectify this situation. In the event that the organization does not reassess this situation, it could have a resultant negative impact on job performance and productivity as well as on the retention of minorities. In accordance with Maslow's

hierarchy of needs, the lower level needs such as salary and benefits must first be met before the higher level needs, which impacts motivation can be satisfied. The research study has shown that managers can employ different strategies to motivate employees, but that it is important that managers keep in mind that different strategies would have a different motivational impact on different people. To get optimum results from a motivational strategy, the manager has to realize and understand issues, which requires recognition of each individual's unique values, beliefs and practices.

INTRODUCTION

Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocate of compensation and benefits to employees in exchange for their contribution to the organization. In order for an organization to meet its obligations to share holders, employees and society, its top management must develop a relationship between the organization and employees that will fulfill the continually changing needs of both parties. At a minimum the organization expects employees to perform reliably the tasks assigned to them and at the standards set for them, and to follow the rules that have been established to govern the workplace. Management often expects more: that employees take initiative, supervise themselves, continue to learn new skills, and be responsive to business needs. At a minimum, employees expect their organization to provide fair pay, safe working conditions, and fair treatment. Like management, employees often expect more, depending on the strength of their needs for security, status, involvement, challenge, power, and responsibility. Just how ambitious the expectations of each party are, vary from organization to organization. For organizations to address these expectations an understanding of employee motivation is required (Beer, Specter, Lawrence, Mills, & Walton, 1984).

NEED OF THE STUDY

Increasingly, organizations are realizing that they have to establish an equitable balance between the employee's contribution to the organization and the

organization's contribution to the employee. Establishing this balance is one of the main reasons to reward employees. Organizations that follow a strategic approach to creating this balance focus on the three main components of a reward system, which includes, compensation, benefits and recognition. Studies that have been conducted on the topic indicates that the most common problem in organizations today is that they miss the important component of Reward, which is the low-cost, high-return ingredient to a well-balanced reward system. A key focus of recognition is to make employees feel appreciated and valued. Research has proven that employees who get recognized tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative.

OBJECTIVES OF THE STUDY

- To measure employee satisfaction with Reward system programs.
- To know the employees personal intention regarding rewards and recognition
- To appraise the nature of reward system
- To appraise the nature of employee motivation
- To determine the effect of reward system on the motivational level of employees
- To determine the effect of reward system on the motivational level of employees of selected investment companies in DR REDDYS.
- The study shall project the importance of reward system on the motivational level of employees and shall serve as a source of information for managers, human resource experts, etc.

RESEARCH METHODOLOGY

Research design

In this study "A case study on the factors influencing the employees attitude" the design chosen for the study is descriptive in nature. The reason for using this design was to acquire knowledge in a detailed manner. This study basically aims at portraying the characteristics of individuals and firms in a detailed manner. To find out the root cause analysis for the

employee attitude and development in creating knowledge skills for the employees.

Sources of data collection

Primary Data

For the purpose of present study, the primary data were collected from respondents by contacting them personally through administering to the employees of DR REDDYS. Primary data was collected through well-designed and approved questionnaire.

Secondary Data

Secondary data is the information, which is attained indirectly. It's not attained directly from the employees. The secondary source of information was collected through internet. The study utilized the records, journals given by DR REDDYS.

LIMITATIONS

- During the research methodology process/time, it was difficult to collect information because of the busy schedule for their work.
- Due to heavy workforce, it was really difficult for me to collect information from each and every worker.
- There was scope of biased response. Employee could be biased regarding opinions towards certain factors while answering the questionnaire.
- The data used for the study relies on what organizations have shared. It is assumed that companies have provided accurate data for the purpose of the study.
- Data & inferences are based only on the information collected from the companies that have participated.

REVIEW OF LITERATURE

Bassett-Jones and Lloyd, (2005) tried to test the validity of Herzberg's study after fifty years of its emergence, found it to be relevant even though the organization's context had changed from rigid hierarchies to flatter organizations with increased autonomy at work to individuals. The authors however contested the placement of recognition as a motivator with the argument that with changes in the work environment, recognition at work determined the climate at work and as such was a major hygiene factor than a motivator. That is, through recognition managers could set the organizational climate which otherwise would serve as a

dissatisfied. It was found in the study that recognition from line managers was not an important factor in motivating desired behavior; it was the employees.

Alderfer's ERG theory, (1972) also points out the role of recognition in context of an individual's need for relatedness.

Ambrose and Kulik,(1999) assert that after thirty years of inception, there is a decline in the research on expectancy theory, which indicates that the basic concerns regarding the theory have been examined and that the theory has matured.

Vroom, an individual's work motivation is a process governed by the 'valence' (preference for an outcome) and 'expectancy' (belief that an act will be followed by the outcome). Vroom defines motivation as a force which is the algebraic sum of the products of valences and expectancies. People tend to maximize their best interests by choosing those acts which have the strongest positive or the weakest negative force. An implication of this theory could be that managers can impact an employee's motivation to work by enhancing the value of reward that the employee receives. The present study thus assumed that enhancing the value of recognition for employees will lead to better motivation for performance.

UCEA, (2013) Performance-related pay can relate to a broad range of reward practices which distribute variable amounts of money to employees, based on individual, team and organizational performance.

WERS, (2011) Performance-related pay is the most popular pay approach in the private sector in the UK and long established.

Gerhart&Rynes, (2003) Motivating staff to increase performance (although only evidenced in roles with easily measurable output).

Frey and Jegen, (1999) presented empirical evidences from a wide variety of areas of the economy and society and concluded that external interventions in the form of monetary incentives or punishments undermine intrinsic motivation. The study rejects any criticism of Deci's theory and presents compelling evidence for the existence of crowding out and crowding in effects.

Crino and White, (1982) examined the effect of feedback on intrinsic motivation to perform a task. The study supported the work done by suggesting a negative impact of feedback on motivation to do an interesting task. Authors suggested that feedback may have a positive

effect only up to a point; increasing frequency of feedback shifts the receiver's attention from the task itself to the feedback provided.

DeckopandCirka, (2000) investigated the influence of merit pay on intrinsic motivation on employees of a non-profit organization. Results indicated a decline in intrinsic motivation of employees after the introduction of a merit pay plan.

Cameron and Pierce, (1994) did a meta-analysis of ninety-six experimental researches on intrinsic motivation and suggested that rewards do not undermine intrinsic motivation. This paper provoked many debates among researchers (See Ryan and Deci1996) and is perhaps the most cited article in the debate on role of reward as motivator.

Leigh, (2013) found new teachers more open to performance pay than experienced

Podgursky and Springer's, (2007) overarching lesson was that trial and error was required to formulate right set of performance incentives as the literature is not robust enough to say which design works.

Morgan, (1984) reviewed literature in the field of classroom learning and intrinsic motivation and concluded that undermining and enhancing effect of rewards depends on circumstances and that the effect does not necessarily lead to decrement in performance. It was suggested that recipient's perspective of reward was important in determining the effect of reward and that the reward size and type did not matter. The study disapproves of 'blanket condemnation of concrete rewards' as proposed by the over justification theory.

Latham & Locke, (1979).The underpinning theory which informs objective setting is goal theory. Goals are used to: direct attention to priorities; stimulate effort and, encourage people to utilize their skills and knowledge to increase likelihood of success.

Ordonez et al. (2009) caution that negative effects have been largely overlooked, citing narrow focus neglecting non-goal areas, a rise in unethical behavior, distorted risk preferences and reduced intrinsic motivation, as seen also with measures. They advise careful application, consideration of the noted side effects and close supervision.

Franco Santos et al, (2014) Agency theory places more emphasis on extrinsic motivation. This approach has been criticized.

Doolin, (2002) found that employees were likely to resist control practices that challenged their professional autonomy.

Saari& Judge, (2004).Employee attitude' describes the actions of employees towards their objectives and goals.

through more effort, greater participation in work and organizational commitment.

Furham, (2009) stated that reward mechanism 19 plays an important role in motivating employees to exert considerable effort to meet organizational goals, and to maintain membership in both private and public sectors.

Allen and Helms, (2001) tried to identify the determinants of organizational performance with reward practices as the independent variable. Four reward practices were found to be statistically significant predictors of organization performance: ESOPs individual based performance system, regular expression of appreciation by managers/leaders to employees and customer satisfaction monitoring tied to rewards.

Arnold S. Tannenbaum and Walter J. Kuleck, Jr. (1978) did a study of 1750 employees across five countries to test the effect of discrepancy between perceived and preferred rewards on employee's job satisfaction. It was asserted that an individual's job satisfaction decreases with an increase in the discrepancy between the reward (authority and influence or opportunities at work) that one perceives to have received and the reward that one expects or wants. It was also found that reward which exceeded an individual's expectations was equally dissatisfying as the reward which did not match expectation. Authors conclude that those who get what they want are not the ones who are the most satisfied. Rather individuals who expect a lot and get fairly what they expected are the most satisfied. "In fact persons who experience some discrepancy between perceived and preferred reward while having a very high level of preference may be more satisfied than those who experience no discrepancy at all under conditions of a low level of preference.

FINDINGS

- Employees know about the company is having a **recognition** and reward policy program, but are not much aware about various monetary and non- monetary schemes. As 35% of employees disagreed that they are unaware about various monetary and non- monetary schemes of Dr.Reddy's laboratories.

- Dr.Reddy’s laboratories are providing most of its rewards in the form of monetary compensation as 60% of employees agree.
- 40% of employees chosen reward with certificates as type of reward system.
- The best part of receiving rewards is, the recognition- receiving the praise to which 40% of employees agree.
- 40% of employees agree that they are aware about the basic criteria on which rewards are based.
- 60% of employees are satisfied with the existing **recognition** and reward policy.
- 25% strongly disagreed, that rewards are not given as per criteria.
- 50% of employees would like to prefer experimental gift of their choice as reward.
- 45% of employees would like to receive rewards publicly in front of peers.
- Good performances are appreciated and recognized by top management as 40% of employees agree.
- 40% of employees agree that deserved people are rewarded at Dr.Reddy’s laboratories.
- Favoritism is not prevailing in the company while giving away of rewards as 30% of employees strongly disagreed regarding favoritism.
- Performance linked monetary rewards are reasonable in the company representing 35% where performances are examined and rewarded accordingly.
- 40% of employees rated company as good at providing promotions and reward policy.

CONCLUSION

Rewards and Recognition are equally important when trying to promote performance and morale amongst employees. The above methods can be used to motivate employees. Since all the methods may not be applicable to the same organization, the organizations should make sure that they choose the best rewards that suit the organization.

The most effective ways to motivate employees to achieve the desired goals of the organization include creating an environment with strong, respectful and supportive relationships between the organization's managers/supervisors and employees and a focus on genuine expressions of appreciation for specific employee achievements, service milestones and a day -to- day acknowledgement of performance excellence . In a nutshell, a positive employee reward and recognition strategy can be summed up by the following: nothing is better than a sincere "thank you for a job well done.

SUGGESTIONS

- For effective implementation of rewards system organizations should determine who will be eligible for each type of reward.
- Ensure that the new system has the support and ownership at all relevant levels, particularly among people managers who have to spearhead the implementation.
- Establish the reliability and the validity of the performance data that is gathered to determine who gets rewarded and how much.
- All the standards and instructions for their rewards program are lucidly documented with clearly defined objectives and evaluation parameters and published through intranet, dashboard newsletters, etc.
- Develop standardized quality tools to measure cross -functional team and manager performance.
- Organizations must understand that recognition should not be limited to achievements only. Thus, they have devised mechanisms and provide employees with a platform to praise efforts.
- In addition to rewarding the permanent employees, organizations also reward its contractors and vendors.

- Organizations must ensure that the rewards are individualized. They understand that these rewards will be valued by the employees most when they cater to their personal needs/styles.
- Organizations also involve family members and significant others at the time of recognition to add personal touch and provide the family or partners a sense of belongingness.

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WEB SITES:

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