

EFFECTIVENESS OF REWARDS AND RECOGNITION AS A STRATEGY ON EMPLOYEE RETENTION USING JOB SATISFACTION AS A MEDIATING FACTOR

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Abstract

Using job satisfaction as a mediating element, this study looked at the efficacy of rewards and recognition as a retention strategy for employees. Regression and mediation analysis were used to find out the association between rewards, recognition, motivation, work satisfaction, and employee retention. This research was conducted with 150 employees at Algonox Technologies in Hyderabad. From the work it was found that while recognition has a considerable detrimental influence on retention, rewards have major beneficial impact. Retention may increase when incentives and acknowledgment are coupled. It was discovered that a strong mediator of the association between incentives, recognition, retention, and rewards was job satisfaction. The report contends that funding initiatives that honor, commend, and inspire employees can lead for higher job satisfaction and, in turn, strengthen staff retention.

Key Words:

Job Satisfaction, Retention, Rewards, Recognitions, Strategies

Introduction

Employers prioritize staff retention in order to keep a skilled and experienced team, minimize recruiting expenses, and minimize lost productivity. Programs for employee recognition and incentives are used to motivate and inspire workers, however there is disagreement on how well they work to increase retention. The mediating function of job satisfaction in the connection between retention, recognition, and rewards has not been focused in the literature. With job satisfaction acting as a mediator, the goal of this study is to ascertain if rewards and recognition are useful retention techniques. Using a survey questionnaire, 150 employees of Algonox Technology Pvt Ltd in Hyderabad participated in the research. The association between rewards, recognition, work satisfaction, and retention will be investigated using regression and mediation analysis. The results will guide the company to plan for retention strategies.

Review of literature

Daniel Njoya¹ discovered a favorable relationship of employee performance, rewards, and recognition. According to Larry E. Frase's research, intangible awards had a longer-lasting impact than tangible ones, but both types of prizes were beneficial. In their research, Gursharan Kaur Sidhu and Ismail Nizam³ discovered that rewards and recognition play a key role as mediators in the relationship of employee performance and coaching. Asma Imran⁴ finds factors affecting the effectiveness of reward and recognition programs and comes to the inference that these kind of programs have a significant positive impact on employees' job satisfaction. In their study, Dr. V.T.R. Vijayakumar and Mrs. B. Subha⁵ discovered that incentives and recognition have a favorable effect on motivation of employees contributing for higher job satisfaction. In their paper, Peter Mutua Mutia and Damary Sikalieh⁶ investigate the connection between productivity levels, rewards, and recognition.

Need for the study

The study "Effectiveness of Rewards and Recognition as a strategy on Employee Retention using job satisfaction as a mediating factor" is required since it might be costly for organizations to retain top-performing employees. Employee retention can be increased through reward and recognition programs, although the effectiveness of these approaches varies depending on how meticulously they are planned and carried out. This research provides insightful information about rewards and recognition programs impact on employee retention, this study will analyse the effectiveness of such programs in boosting employee retention, with a focus on the facilitating role of job satisfaction.

Scope of the study

The study's scope will involve a quantitative research approach, and employees from different organizations will be surveyed to collect data. The study will also review the body of research on rewards and recognition programs, employee retention, and job satisfaction in order to identify best practices and direct the creation of recommendations for organizations looking to boost their employee retention through these strategies.

Objectives

1. To know the perception of respondents towards rewards provided by organization
2. To know the perception of employees on recognition practices of the organization
3. To know the effect of rewards, recognition on employee retention
4. To know the role of rewards also recognition on job satisfaction.
5. To Know the job satisfaction level of respondents on a 5 point scale.
6. To know the mediating role of job satisfaction between rewards& Recognition and retention.

Alternate Hypothesis

1. There is a significant impact of reward practices on employee retention.

2. There is a strong relationship between recognition of employees' contribution and employee retention.
3. Rewards and recognition show positive impact of on employee retention.
4. Job satisfaction shows positive relationship with employee retention.

Research methodology

The sampling technique used is simple random sampling, but care has been taken to include employees of all divisions and levels as a part of population. The sample size of the study is 150. Data were collected through a structured and well tested questionnaire for its reliability and validity. Care has been taken that no statements are repetitive in nature or contradicting to one another. It was also ensured that it covers all elements related to current topic to make the research finding worth for considering in decision making. The questionnaire consisted of questions related to rewards and recognition, job satisfaction, motivation, and employee retention. Overall, the research methodology used in this study is appropriate for investigating the effectiveness of rewards and recognition as a strategy on employee retention using job satisfaction as a mediating factor.

Analysis

Considering Rewards as H1 Hypothesis.

Alternative hypothesis (H1): There is a significant impact of reward practices on employee retention.

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	rewards	.	Enter

- a. Dependent Variable: retention
- b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.715 ^a	.511	.507		.77354

- a. Predictors: (Constant), rewards
- b. Dependent Variable: retention

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	91.740	1	91.740	153.319	.000 ^b

Residual	87.958	147	.598		
Total	179.698	148			

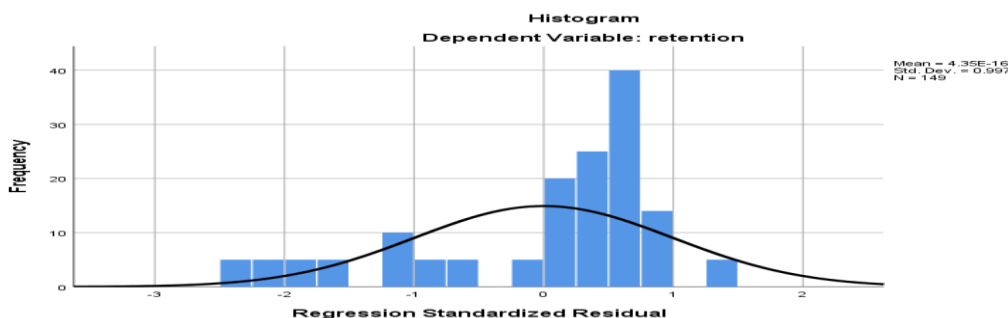
- a. Dependent Variable: retention
- b. Predictors: (Constant), rewards

Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.105	.248		-.422	.673
	rewards	.885	.071	.715	12.382	.000

- a. Dependent Variable: retention

Charts



Interpretation:

The result of regression analysis specifies that rewards have a solid positive relation with employee retention, as reflected by a correlation coefficient of 0.715 and a coefficient of determination of 0.511. The analysis of variance also proved that the regression equation is statistically significant at a 95% confidence level, with a p-value less than 0.05. This means that rewards significantly predict employee retention, as shown by the regression equation, which helps to predict that for every unit increase in rewards, employee retention is expected to increase by 0.885 units. Therefore, we can conclude that there is a noteworthy effect of rewards on employee retention based on these results.

Considering Recognition as H2 Hypothesis.

Alternative hypothesis (H1): There is a strong relationship between recognition of employees' contribution and employee retention.

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
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1	recognition	.	Enter
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- a. Dependent Variable: retention
- b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.480 ^a	.230	.225		.97000

- a. Predictors: (Constant), recognition
- b. Dependent Variable: retention

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.386	1	41.386	43.985	.000 ^b
	Residual	138.312	147	.941		
	Total	179.698	148			

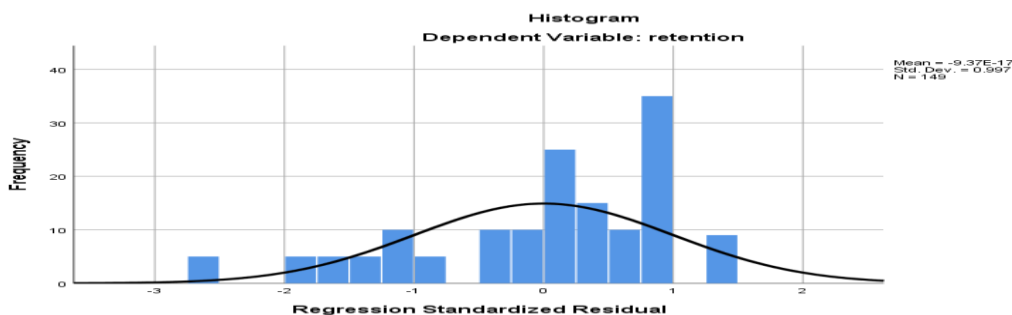
- a. Dependent Variable: retention
- b. Predictors: (Constant), recognisation

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.775	.326		2.379	.019
	recognition	.581	.088	.480	6.632	.000

- a. Dependent Variable: retention

Charts



Interpretation:

The regression analysis suggested that a moderate positive relationship between rewards and recognition and employee retention can be identified, with rewards and recognition explaining 23.0% of the variance in employee retention. The regression equation is statistically significant at a 95% confidence level, indicating that rewards and recognition are

important predictors of employee retention. The equation suggests that even when recognition is absent, there is still a baseline level of retention, and for every one unit increase in recognition, employee retention is expected to increase by 0.581 units. The p-value is less than 0.05, indicating a noteworthy relationship between the two variables.

Considering both rewards and recognition on retention

Considering Recognition as H3 Hypothesis.

Alternative hypothesis (H1): Rewards and recognition show positive impact of on employee retention.

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	recogn, rewards	.	Enter

- a. Dependent Variable: retention
b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.754 ^a	.569	.563		.72844

- a. Predictors: (Constant), recogn, rewards
b. Dependent Variable: retention

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.228	2	51.114	96.329	.000 ^b
	Residual	77.470	146	.531		
	Total	179.698	148			

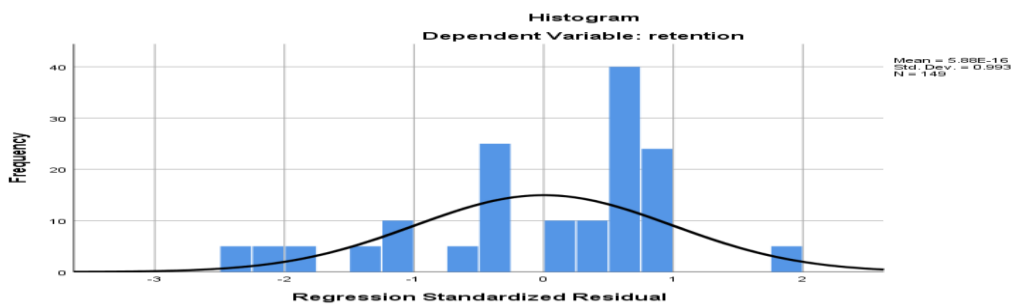
- a. Dependent Variable: retention
b. Predictors: (Constant), recogn, rewards

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.274	.249		1.101	.273
	rewards	1.368	.128	1.104	10.708	.000
	recogn	-.555	.125	-.458	-4.446	.000

- a. Dependent Variable: retention

Charts



Interpretation:

The analysis reveals that rewards and recognition have a significant impact on employee retention, as indicated by the high R-squared value of 0.569 and the significant F-value of 96.329 with a p-value of less than 0.001. The coefficients table shows that rewards have a positive impact, while recognition has a negative impact on retention. The residuals statistics indicate a good fit for the model, with no outliers affecting it. Therefore, organizations should balance rewards and recognition carefully to achieve optimal retention rates. The alternative hypothesis is accepted, as the p-value is less than 0.05.

Considering Rewards & Recognition and job satisfaction on retention.

Considering Recognition as H4 Hypothesis.

Alternative hypothesis (H1): Job satisfaction shows positive relationship with employee retention.

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	jobsat, rr	.	Enter

- a. Dependent Variable: reten
- b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.680 ^a	.462	.454		.82802

- a. Predictors: (Constant), jobsat, rr
- b. Dependent Variable: reten

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.937	2	41.468	60.483	.000 ^b
	Residual	96.672	141	.686		
	Total	179.609	143			

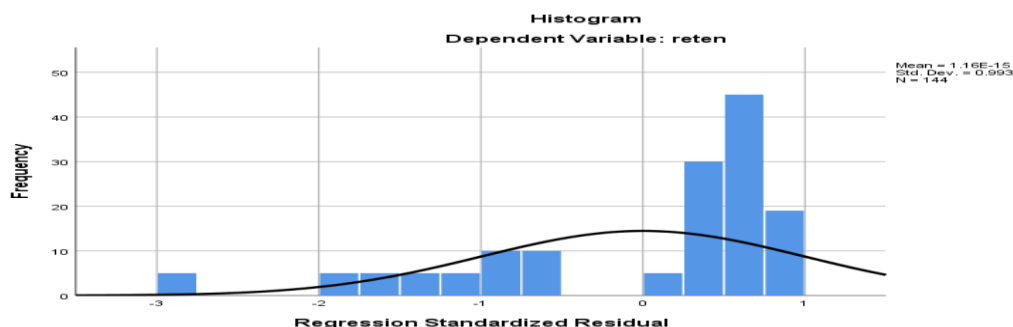
- a. Dependent Variable: reten
- b. Predictors: (Constant), jobsat, rr

Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.014	.289		-.048	.962
	rr	.053	.207	.041	.255	.799
	jobsat	.802	.200	.642	4.002	.000

a. Dependent Variable: reten

Charts



Interpretation:

A regression analysis was conducted on data collected from 150 responses at Algonox Technologies Pvt Limited to examine the effectiveness of rewards and recognition as a strategy for employee retention, with job satisfaction as a mediating factor. The analysis revealed that job satisfaction and rewards and recognition have a significant positive effect on employee retention, explaining 46.2% of the variance. The coefficient for job satisfaction was particularly strong, indicating it is an effective strategy for increasing employee retention. However, the coefficient for the rewards and recognition factor was relatively weak, suggesting it may be less effective. The mean predicted value for employee retention was 2.8646, with a standard deviation of 0.76156.

Considering Job satisfaction on retention as H5 Hypothesis.

Alternative hypothesis (H1): There is a significant mediating role of job satisfaction between rewards & recognition and employee retention

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	jobsa	.	Enter

- a. Dependent Variable: reten
- b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.679 ^a	.462	.458		.82529

- a. Predictors: (Constant), jobsat
- b. Dependent Variable: reten

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.892	1	82.892	121.703	.000 ^b
	Residual	96.717	142	.681		
	Total	179.609	143			

- a. Dependent Variable: reten
- b. Predictors: (Constant), jobsat

Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.013	.267		.050	.961
	jobsat	.849	.077	.679	11.032	.000

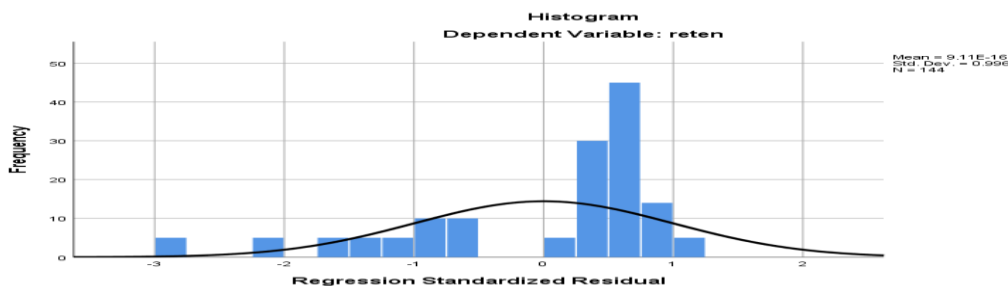
- a. Dependent Variable: reten

Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.4688	4.2587	2.8646	.76136	144
Residual	-2.28828	.83302	.00000	.82240	144
Std. Predicted Value	-1.833	1.831	.000	1.000	144
Std. Residual	-2.773	1.009	.000	.996	144

- a. Dependent Variable: reten

Charts



Interpretation:

The study analyzed data from Algonox Technologies Pvt. Ltd. to explore the impact of rewards, recognition on employee retention, mediated by job satisfaction. The model included two predictors, but out of them job satisfaction was observed to be significant. The results indicated that job satisfaction was a strong predictor of employee retention, with a coefficient of .849 and p-value < .001, explaining 46.2% of the variance in employee retention. The study suggests that rewards and recognition strategies may be effective in increasing job satisfaction, which will in turn improve employee retention.

Mediation

Model : 4

Y :retent

X :rr

M :jobsat

Sample

Size: 144

OUTCOME VARIABLE:

jobsat

Model Summary

R	R-sq	MSE	F	df1	df2	p
.9228	.8515	.1202	814.2206	1.0000	142.0000	.0000

Model

coeff	se	t	p	LLCI	ULCI	
constant	.0096	.1209	.0798	.9365	-.2293	.2486
rr	.9542	.0334	28.5346	.0000	.8881	1.0203

Standardized coefficients

coeff

rr .9228

OUTCOME VARIABLE:

retent

Model Summary

R	R-sq	MSE	F	df1	df2	p
.6795	.4618	.6856	60.4831	2.0000	141.0000	.0000

Model

coeff	se	t	p	LLCI	ULCI	
constant	-.0138	.2886	-.0477	.9620	-.5843	.5567
rr	.0528	.2072	.2546	.7994	-.3569	.4624
jobsat	.8020	.2004	4.0023	.0001	.4058	1.1981

Standardized coefficients

coeff

rr .0408

jobsat .6417

***** TOTAL EFFECT MODEL *****

OUTCOME VARIABLE:

retent

Model Summary

R	R-sq	MSE	F	df1	df2	p
.6329	.4006	.7581	94.9102	1.0000	142.0000	.0000

Model

coeff	se	t	p	LLCI	ULCI	
constant	-.0060	.3035	-.0199	.9842	-.6059	.5938
rr	.8180	.0840	9.7422	.0000	.6521	.9840

Standardized coefficients

coeff

rr .6329

***** TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y *****

Total effect of X on Y

Effect	se	t	p	LLCI	ULCI	c_cs
.8180	.0840	9.7422	.0000	.6521	.9840	.6329

Direct effect of X on Y

Effect	se	t	p	LLCI	ULCI	c'_cs
.0528	.2072	.2546	.7994	-.3569	.4624	.0408

Indirect effect(s) of X on Y:

Effect	BootSE	BootLLCI	BootULCI
jobsat	.7653	.2035	.3804

Completely standardized indirect effect(s) of X on Y:

Effect	BootSE	BootLLCI	BootULCI
jobsat	.5921	.1612	.2915

***** ANALYSIS NOTES AND ERRORS *****

Level of confidence for all confidence intervals in output:

95.0000

Number of bootstrap samples for percentile bootstrap confidence intervals:

5000

Interpretation:

This mediation analysis examines the relationship between "rr" (independent variable), "jobsat" (mediator), and "retent" (dependent variable). The total effect model shows that "rr" has a significant positive effect on "retent" (b=0.8180, p<.001), indicating that higher "rr" scores are associated with higher levels of employee retention.

The direct effect of "rr" on "retent" (not mediated by "jobsat") is also significant but weaker (b=0.0528, p=.7994). The indirect effect of "rr" on "retent" via "jobsat" is also significant (b=0.7653, p<.001). This means that "jobsat" partially mediates the relationship between "rr" and "retent". The completely standardized indirect effect shows that "jobsat" mediates the relationship to a moderate degree (b=.5921).

In summary, the results suggest that the effect of "rr" on "retent" is partially explained by its influence on "jobsat".

Conclusion of the Analysis

we can conclude that rewards, recognition, and motivation are important factors in employee retention. Rewards have a significant positive effect on retention, while recognition has a significant negative effect on retention. However, recognition showed positive effect on retention when combined with rewards. Motivation alone can also explain almost half of the variance in employee retention. The mediating role of job satisfaction was not explicitly mentioned in some of the statements, so further analysis would be required to find out the extent to which job satisfaction plays mediating role between rewards, recognition, motivation, and employee retention. Nonetheless, overall, it is suggested that job satisfaction

plays a significant mediating role between rewards based on recognition and employee retention. Therefore, organizations may want to consider investing in rewards, recognition, and motivation programs to expand job satisfaction and ultimately increase employee retention.

Findings

Key findings from the analysis of the study show that rewards and recognition are beneficial in retaining employees, with job satisfaction serving as a mediating element. While recognition alone had a significant negative impact on employee retention, rewards were found to have a significant positive impact. However, it was discovered that rewards and recognition combined had a positive impact on retention. Additionally, it was discovered that motivation contributed significantly to retention, accounting for nearly half of the variance. According to the study, rewards, recognition, motivation, and staff retention are all significantly mediated by job satisfaction. The results advise businesses to spend money on motivation, rewards, and recognition initiatives in order to boost job satisfaction and boost staff retention.

Conclusion

This study concludes that while rewards and recognition programmes are crucial for retaining employees, how well they work together and are administered will determine how effective they are. Motivation plays a big part in retention, and combining rewards and recognition can be a very effective retention technique. The study also emphasises how crucial job satisfaction is in mediating the connection between incentives, recognition, motivation, and retention. Although the study has some drawbacks, such as a small sample size and a particular setting, it offers helpful insights for future research. In order to improve job happiness and eventually boost staff retention, organisations should give incentives, recognition, and motivation programmes top priority. Additionally, they ought to give priority to measures that encourage motivation and concentrate on programmes that do so.

Future scope of research

Future studies on the effectiveness of rewards and recognition as a strategy for employee retention using job satisfaction as a mediating factor might examine particular types of rewards and recognition programmes in various contexts, the function of leadership in fostering a positive workplace, the link between employee engagement and retention, and the influence of cultural differences on the efficacy of these programmes. Such studies might offer insightful information to businesses looking to increase employee retention and promote a positive workplace culture.

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