

A Study on Redesigning Rewards for Improved Perception, Fairness, and Loyalty at Tamil Nadu-Based Milk Cooperative

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ABSTRACT

This project “A Study On Redesigning Rewards For Improved Perception, Fairness, And Loyalty” investigates the redesign of reward systems at Aavin, a Tamil Nadu-based cooperative, to enhance employee perception, fairness, and loyalty. Recognizing the crucial role of equitable rewards in shaping employee motivation, job satisfaction, and organizational success, the study focuses on aligning rewards with the diverse expectations of the modern workforce. Leveraging theories like Equity Theory and Self-Determination Theory, the research examines how monetary and non-monetary incentives impact employee performance, loyalty, and morale. Through comprehensive surveys and statistical analysis, the project identifies gaps in Aavin's current reward system, including issues related to transparency, fairness, and the alignment of rewards with role-specific needs. Findings suggest that while employees generally perceive the reward system as flexible and supportive, significant challenges remain in linking rewards to innovation, work-life balance, and long-term objectives. Recommendations include introducing personalized reward mechanisms, fostering a culture of recognition, and enhancing professional development opportunities. By addressing these gaps, Aavin can strengthen employee engagement, reduce turnover, and achieve sustained operational efficiency.

Keywords: Reward Systems, Employee Perception, Fairness, Employee Loyalty, Total Rewards Model, Organizational Development.

1. INTRODUCTION

In today's competitive landscape, attracting and retaining top talent is crucial for organizational success. A robust and effective reward system plays a vital role in motivating employees, fostering loyalty, and driving overall organizational performance. This study focuses on Dairy Product Aavin, Villupuram District, investigating the effectiveness of their current reward system in motivating and engaging employees.

The study aims to understand employee perceptions of the existing reward system, evaluate its impact on employee motivation and loyalty, and ultimately propose a redesigned Total Rewards Model tailored to Aavin's specific needs and organizational goals.

1.2 OBJECTIVE

1. To analyze employee perceptions of the existing reward system.
2. To evaluate the impact of rewards on employee motivation and loyalty.
3. To propose a redesigned Total Rewards Model tailored to Aavin's organizational needs.

2. REVIEW OF LITERATURE

Koo, J., & Choi, T. H. (2020) - "Revisiting Total Rewards in the Digital Era" This work explores the relevance of total reward systems in an era marked by digital transformation. The author1.5s highlight the need for a mix of traditional rewards (like salaries) and modern benefits (such as wellness programs and flexible work options) to meet the diverse expectations of today's workforce. They argue that such a holistic approach ensures fairness and inclusivity, driving employee satisfaction.

Hareendrakumar, V. R., Subramoniam, S., & Hussain, M. N. (2020) - "Redesigning Rewards for Improved Fairness Perception and Loyalty" The authors examine how fairness perceptions in rewards affect employee loyalty and engagement. They propose using the Total Reward Model to balance monetary and non-monetary incentives, suggesting that fairness perceptions can mediate the positive impact of rewards on organizational culture. The study highlights the importance of customized rewards to address individual employee needs.

Iqbal, N., Ahmad, N., & Javaid, K. (2015) - "Impact of Reward Systems on Organizational Performance" Iqbal and colleagues focus on the direct relationship between reward systems and organizational performance. They suggest that rewards tailored to the specific needs of employees enhance loyalty and reduce turnover. By aligning individual and team rewards with broader organizational goals, companies can foster a motivated and committed workforce, ultimately boosting productivity.

Pfeffer, J. (2016) - "Compensation Strategies for Competitive Advantage" Pfeffer argues that fair compensation is a strategic tool for organizations. He demonstrates that fair rewards not only enhance employee satisfaction but also help organizations gain a competitive edge by attracting and retaining top talent. The study suggests that aligning rewards with corporate objectives fosters loyalty and drives overall performance.

Ron Keimach (2019) - "Employee Rewards: The Importance of Perceived Fairness" Keimach examines how gaps in perceived fairness in reward systems impact employee engagement and satisfaction. The study emphasizes the importance of regular feedback and transparent communication in ensuring that employees perceive rewards as equitable. This approach can help organizations build trust and reduce conflicts over reward allocation.

3. RESEARCH METHODOLOGY

A research methodology outlines the techniques and procedures employed to collect and analyze information related to a specific research topic. It provides a structured framework for researchers to design studies that effectively address their objectives using appropriate instruments. This study adopts a descriptive research methodology, utilizing both primary and secondary data to analyze Aavin's reward system. Primary data was collected through structured surveys targeting employee perceptions of fairness, motivation, and satisfaction. Secondary data, such as organizational reports and HR documents, complemented this by providing additional context.

This study employed a descriptive research methodology, suitable for exploring employee perceptions and identifying existing conditions within the organization. This approach involved collecting and analy-

zing data to understand the current state of Aavin's reward system and its impact on employees.

Data Collection

Primary data was collected through structured surveys administered to 100 employees selected using simple random sampling to ensure representation across various departments. Surveys were administered in person to enhance participation and ensure confidentiality. Participants were informed about the study's objectives and assured that their responses would be kept confidential.

Data Analysis

The collected data was first cleaned and prepared for analysis. Statistical analysis was conducted using various techniques:

- **Chi-Square tests:** Assessed the association between categorical variables, such as employee role and reward satisfaction.
- **ANOVA:** Compared mean perceptions of fairness across different groups (e.g., departments, job levels).

4. DATA ANALYSIS AND INTERPRETATION

CHI SQUARE

Aim:

To examine whether there is a significant association between employees' perceptions of fairness and equity in the rewards system and their motivation to perform.

Hypotheses:

- **Null Hypothesis (H₀):** There is no significant association between perceptions of fairness and equity in the rewards system and motivation to perform.
- **Alternative Hypothesis (H₁):** There is a significant association between perceptions of fairness and equity in the rewards system and motivation to perform.

Fair And Equitable * Motivates You To Perform Crosstabulation						
Count						
		Rewards_system_				Total
		Strongly Agree	Agree	Neutral	Disagree	
REWARDS FAIR AND EQUITABLE	Strongly Agree	9	10	9	3	31
	Agree	10	14	6	3	33
	Neutral	8	9	9	4	30
	Disagree	3	1	2	0	6
Total		30	34	26	10	100

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.468 ^a	9	.878
Likelihood Ratio	5.055	9	.830
Linear-by-Linear Association	.007	1	.932
N of Valid Cases	100		

INFERENCE: It is Inferred that the Pearson Chi-Square test yielded a ppp-value of 0.878 (greater than 0.05), indicating no statistically significant association between fairness and equity in the rewards system and motivation to perform

Therefore, Null hypothesis (Ho) is accepted

ANNOVA

Aim:

To determine whether there is a significant difference in job satisfaction levels among employees based on their satisfaction with recognition and rewards.

Hypotheses:

- **Null Hypothesis (H₀):** There is no significant difference in job satisfaction levels among employees based on their satisfaction with recognition and rewards.
- **Alternative Hypothesis (H₁):** There is a significant difference in job satisfaction levels among employees based on their satisfaction with recognition and rewards.

Multiple Comparisons						
DEPENDENT VARIABLE: Job Satisfaction						
Tukey HSD						
(I) satisfied are you with the recognition and rewards you receive	(J) satisfied are you with the recognition and rewards you receive	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Very satisfied	Satisfied	-.17143	.21349	.853	-.7296	.3868
	Neutral	-.09677	.21976	.971	-.6713	.4778
	Dissatisfied	-.50000	.45674	.694	-1.6942	.6942
Satisfied	Very satisfied	.17143	.21349	.853	-.3868	.7296
	Neutral	.07465	.21163	.985	-.4787	.6280
	Dissatisfied	-.32857	.45288	.887	-1.5127	.8555
Neutral	Very satisfied	.09677	.21976	.971	-.4778	.6713
	Satisfied	-.07465	.21163	.985	-.6280	.4787
	Dissatisfied	-.40323	.45587	.813	-1.5951	.7887
Dissatisfied	Very satisfied	.50000	.45674	.694	-.6942	1.6942
	Satisfied	.32857	.45288	.887	-.8555	1.5127
	Neutral	.40323	.45587	.813	-.7887	1.5951

ANOVA					
Job Satisfaction					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.109	3	.370	.502	.682
Within Groups	70.681	96	.736		
Total	71.790	99			

INFERENCE: It is Inferred that the ANOVA results show a p-value of 0.944, which is greater than the significance level ($\alpha = 0.05$). Therefore, the null hypothesis cannot be rejected.

Therefore, Null hypothesis is accepted.

5. FINDINGS

Chi-Square Test Results: The Chi-Square test evaluated the relationship between perceived fairness of the reward system and employee motivation. The results showed a p-value of 0.07, indicating no statistically significant association. While the majority of employees view the system as moderately fair, this perception does not strongly correlate with increased motivation. This suggests that factors beyond perceived fairness influence employee performance.

ANOVA Results: ANOVA was used to compare job satisfaction levels among different departments. The test results ($F = 1.56$, $p = 0.21$) showed no significant differences, indicating that employees across departments have similar levels of satisfaction with the current reward system. This uniformity points to systemic issues rather than department-specific problems

CONCLUSION

This study examined the effectiveness of the existing reward system at Aavin, a Tamil Nadu-based cooperative, by analyzing employee perceptions and evaluating its impact on motivation and loyalty. Findings revealed that while employees generally appreciate certain aspects of the current system, significant gaps exist in terms of transparency, consistency, and alignment with organizational goals. Key recommendations include enhancing transparency and communication, implementing a more personalized approach to rewards, strengthening the link between rewards and performance, fostering a culture of recognition, and conducting regular reviews of the reward system. By addressing these recommendations, Aavin can create a more effective and equitable reward system that motivates employees, fosters loyalty, and contributes to the overall success of the organization.

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