



# A Study On Impact Of Employee Reward And Recognition On Employee Turnover In FMCG

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## ABSTRACT

For businesses, employee turnover is a serious problem that affects morale, output, and bottom line results. Effective reward and recognition systems have been shown to have a major impact on staff retention. These initiatives, which offer both monetary and non-monetary rewards, are essential for raising employee loyalty, motivation, and job satisfaction.

## RESEARCH METHODOLOGY

Both qualitative and quantitative research have been done for the study. In order to identify the key variables, focus groups were interviewed as part of the qualitative research process. Reports and research papers were also consulted in order to determine the variables. The questionnaire's design and reliability (i.e., more than 0.7) were assessed using Cronbach Alpha. An online survey using Google form were used to get answers from 105 respondents across a range of sectors. With the aid of SPSS statistics software, cross tabulation and descriptive statistics were utilized to ascertain the correlations between the variables.

## OBJECTIVE OF THE STUDY

The study's main goal is to find out if employee incentive and recognition programs have any effect at all on staff turnover in the FMCG industry. The objective of this study is to determine whether there is a correlation between the employee turnover rate in FMCG companies and the different rewards and recognition programs offered by these companies.

## REVIEW OF LITERATURE

The research paper is performed to figure out the factors which would inspire employees and understand if there is the association from the variable motivation, recognition and reward within a business. (Lee, J., Kim, S. B., Chae, C., & Lee, J. 2019). In this paper researchers have analyzed the relationship between career growth opportunities and employee turnover. The study revealed that lack of career growth opportunities results in low organizational commitment among employees and in return low organizational commitment causes high employee turnover. They

conclude that career growth opportunity plays a significant role in high employee turnover intentions. (Dwesini, N. F. 2019). This article looks to research the reasons for high representative turnover in the friendliness business with the goal of suggesting systems for the maintenance of representatives. The specialist received a work area way to deal with recognize causes of high worker turnover and subsequently talked about systems that accommodation supervisors can apply to lessen representative turnover in their foundations. The article finishes up with suggestions to help friendliness the board diminish representative turnover. (Jarupathirun, S., & De Gennaro, M. 2018). In this study the researchers have analyzed that a high pace of worker turnover is an issue that associations face consistently. The pace worker turnover is probably going to increment because of the ascent in rivalry and representative workplaces where stress is endemic at each level can likewise prompt high worker turnover. The objective of this study is to investigate the connection between work fulfillment and worker turnover, study the components identifying with working environment fulfillment, and investigate what makes representatives leave their business. This examination utilizes Herzberg's inspiration cleanliness hypothesis to inspect the natural and outward factors according to the estimation of fulfillment at work. (Laser, S. A. 1980) In this study the researchers have classified the causes of employee turnover into three general categories such as improper personnel selection techniques, inadequate employee orientation and training and personnel management problems within the organization. The researchers have given more importance on organization improvement which in turn reduces employee turnover. The approaches for organization improvement are use of supervisory skills workshops, defining standard of performance and installation of equitable wage scale. The study has been revealed that turnover rate can be reduced if the organization follows good personnel management techniques, proper selection, formalized training and improved operating policies. (Altahtoo, U. A. 2018). This study was conducted in order to analyze how job satisfaction and workload influence the employees in the field of IT to leave the company. The study focuses on identifying what are the significant factors which influence employee turnover in IT industry. The outcome of the study reflects that there is a significant influence of the amount of work done by the employee and satisfaction of work on IT employee turnover. (Chowdhury Abdullah Al Mamun, Md. Nazmul Hasan. 2017). The aim of this particular research was to investigate which are all the elements that affect the turnover of personnel and what strategies the company should adopt to keep back the personnel in the firm. Here, it is estimated that managerial factors, pay level, career promotion, work environment, and fringe benefits are the various factors affecting employee turnover. It is examined that organization should initiate to increase employee motivation so that it increases employee performance which in turn increases organization efficiency. (Al Mamun, C. A., & Hasan, M. N. 2017). The goal of this study is to determine the fundamental elements that holds turnover in the organization as well as several solutions for decreasing the rate of turnover in the firm. The examination proposed a framework that demonstrates the primary components in understanding the problem of turnover. The researcher interprets that recruiting and training the new employee requires more investment therefore it is better to retain the existing employees in the organization. (Bilau, A. A., Ajagbe, A. M., Sholanke, A. B., & Sani, T. A. 2015). The study mainly identifies the impact of employee turnover in construction firms. The researcher opinions that the turnover of employee will affect the performance of the employees in the organization which will result in poor performance. This shows that turnover has a negative impact on performance. The importance of analyzing personnel turnover rate on SMCF job performance and alternative approaches to reduce turnover rates within the construction businesses were discussed in this study. The findings of this investigation will be added to the current body of knowledge in the field. (Mngomezulu, N., Challenor, M., Munapo, E., Mashau, P., & Chikandiwa, C. T. 2015). In this study, the researchers have analyzed the impact of rewards and recognition on employee turnover. They have conducted a survey by distributing 70 questionnaires to the employees of different job categories. The survey revealed that most of the employees leaving the organization due to lack of recognition for the work done by the employees. According to the opinion of the researcher the management should adopt various strategies to hold back the talented employees. They get to know that personal recognition for their performance and motivation are the elements which will help the employer to decrease the voluntary exit of employees. (Kadiresan, V., Selamat, M. H., Selladurai, S., Ramendran, C. S., & Mohamed, R. K. M. H. 2015). The researchers in this study have examined how performance evaluation, training, and development affect both employee retention and organisational commitment. According to the study's findings, if employees obtain both of the aforementioned factors, there will be a significant increase in organisational commitment, which will aid in employee retention and vice versa. Therefore, it is evident that there is a considerable connection between organisational

commitment, training and development, and turnover intention.(**Rahman, Khadiza. 2015**).The intention of the research is to examine the factors influencing turnover in banks. The analysis revealed the reasons for employee turnover are stress, low salary, absence of supervision, improper training and transfer of jobs. The researchers suggest that using proper motivation, pay benefits and leadership in an efficient manner will help the organization to reduce and restrict turnover. It also suggests that there should be a good relationship between employee and employer in the organization to retain employees.(**Jaime Lee Liu, Sebastian Ugarte Gomez. 2014**). The study focuses on finding the causes of voluntary turnover in the organization. It has been analyzed that most of the employees leave the organization due to career and growth opportunities and employee expectations towards the organization. The employees feel that recognition for their performance is more important than receiving high salary. Therefore, the researchers suggest that the top management should recognize employee's performance which motivates them to work better and retain them in the organization.(**Arokiasamy, A. R. A. 2013**).In this paper the expression representative turnover is an important measure that is typically crucial to an organization's labor force planning and procedure as discussed in this paper. Representatives leave their existing job for various implications for future standards of dependability among current employees, fulfilment of work and commitment of workers towards the work and organization's ability to attract qualified candidates for new openings. The purpose of conducting this study is to figure out what causes turnover and how it affects the efficiency of manufacturing business in Malaysia. (**Hassan, W., Razi, A., Qamar, R., Jaffir, R., & Suhail, S. 2013**).Investigating how human resource procedures affect employee turnover is the goal of this study. These trainings had a considerable influence on employee turnover, according to the researchers' analysis. Employee turnover affects employee productivity, and receiving the right training can help an employee work more effectively for the company. A company that implements an effective training programme can increase employee commitment and create a more stable staff.

## RESEARCH METHODOLOGY

a) **Research Design :-** This study has used a descriptive research method that considers questionnaires to obtain information from the respondents.

### 1) Sample Design

- Probability sampling is used in Sampling Technique
- Simple random sampling technique is used to collect the samples.

### 2) Sample Size

Minimum of 60 responses have to collect from the employees.

## OBJECTIVE OF THE STUDY

Finding out how incentive and recognition affect employee turnover is the study's main goal. The objective of this study is to determine whether there is a correlation between the employee turnover rate in FMCG companies and the different rewards and recognition programs offered by these companies.

### Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	82	78.1	78.1	78.1
Female	23	21.9	21.9	100.0
Total	105	100.0	100.0	

### Age Group

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25 Years	64	61.0	61.0	61.0
25-35 Years	25	23.8	23.8	84.8
35-45 Years	16	15.2	15.2	100.0
Total	105	100.0	100.0	

### Lack of providing rewards will decrease the motivation in the employees

Criteria	Frequency	percentage
Strongly Agree	36	33.96226415
Agree	30	28.30188679
Neutral	22	20.75471698
Disagree	14	13.20754717
Strongly Disagree	4	3.773584906
Total	106	

What type of reward will be provided for over time work		
Criteria	Frequency	percentage
Monetary Reward Systems	65	59.633028
Non-Monetary Reward Systems	44	40.366972
Total	109	

Lack of providing rewards for over time work leads employees to leave organization		
Criteria	Frequency	percentage
Strongly Agree	68	59.130435
Agree	26	22.608696
Neutral	10	8.6956522
Disagree	7	6.0869565
Strongly Disagree	4	3.4782609
Total	115	

Over time employees will be rewarded sufficiently		
Criteria	Frequency	percentage
Strongly Agree	48	51.612903
Agree	24	25.806452
Neutral	2	2.1505376
Disagree	10	10.752688
Strongly Disagree	9	9.6774194
Total	93	

**Reliability test**

**Case Processing Summary**

		N	%
Cases	Valid	105	100.0
	Excluded <sup>a</sup>	0	.0
	Total	105	100.0

**Reliability Statistics**

Cronbach's Alpha	N of Items
.886	33

**INTERPRETATION**

The reliability test has been conducted to check the reliability of variables. The check is measured using Cronbach's Alpha where the alpha value should be more than 0.70. The Cronbach's alpha value in this study is 0.886 which is greater than 0.70. Therefore, the variables considered to be highly accurate.

**Correlations**

		Dep_Mean	INDep_Mean
Dep_Mean	Pearson Correlation	1	.386**
	Sig. (2-tailed)		.000
	N	105	105
INDep_Mean	Pearson Correlation	.386**	1
	Sig. (2-tailed)	.000	
	N	105	105

There is an significant relationship between employee turnover and reward and recognition as the above table we can see that the significance value is less than 0.05

This is an weakly correlated as the Pearson Correlation is 0.386 which shows that the both employee turnover and reward and recognition is weakly Correlated .

	ET	TD	CM	WL	PL	RR
ET	Pearson Correlation	1	.422**	.541**	.517**	.535**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	105	105	105	105	105
TD	Pearson Correlation	.422**	1	.654**	.643**	.404**
	Sig. (2-tailed)	.002		.000	.002	.002
	N	105	105	105	105	105
CM	Pearson Correlation	.541**	.654**	1	.719**	.574**
	Sig. (2-tailed)	.000	.000		.000	.002
	N	105	105	105	105	105

**Interpretation**

a) The correlation between Training and Development and Employee Turnover is positively correlated where,  $r = 0.422$  with  $P = 0.00$ , which is less than 0.05. That is there exist positive significant correlation between Training and Development and reduction in Employee Turnover.

b) The correlation between Compensation and Employee Turnover is positively correlated where,  $r = 0.541$  with  $P = 0.00$ , which is less than 0.05. That is there exist positive significant correlation between Career Intention and reduction in Employee Turnover.

c) The correlation between Workload and Employee Turnover is positively correlated where,  $r = 0.517$  with  $P = 0.00$ , which is less than 0.05. That is there exist positive significant correlation between Workload and reduction in Employee Turnover.

N	105	105	105	105	105	105
WL Pearson Correlation	.517**	.643**	.719**	1	.499**	.505**
Sig. (2-tailed)	.000	.000	.000		.000	.000
N	105	105	105	105	105	105
PL Pearson Correlation	.535**	.404**	.574**	.499**	1	.279
Sig. (2-tailed)	.000	.002	.000	.000		.043
N	105	105	105	105	105	105
RR Pearson Correlation	.415**	.412**	.423**	.505**	.279*	1
Sig. (2-tailed)	.002	.002	.002	.000	.043	
N	105	105	105	105	105	105

**Interpretation**

From the model summary table R value is .777 which indicates positive correlation between the selected variable from the model. R square value is 0.604 which explains the percentage of variability of the dependent variable to the independent variable. 60.4% of the aggregate value is able to explain the variability in the both dependent and independent variable.

**Interpretation:**

The above table shows that the regression is significant on a whole where it includes all the independent variables. The regression value is significant because the significance value is 0.000 which is less than 0.05.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777 <sup>a</sup>	.604	.584	.49945

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.714	5	7.543	30.237	.000 <sup>b</sup>
	Residual	24.696	99	.249		
	Total	62.410	104			

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.036	.230		.156	.098
	INDep_TDMean	.359	.056	.158	6.369	.905
	INDep_CMMean	.187	.067	.202	2.785	.260
	INDep_WLMean	.117	.077	.113	1.525	.466
	INDep_RRMean	.248	.073	.227	3.411	0.28
	INDep_PLWMean	.129	.078	.121	1.656	.072

## Interpretation

It can be interpreted that the relation among two factors Pay Level and Rewards and Recognition with employee turnover has impact because its beta value is .227. Whereas the relationship between 3 variables that is Training and Development, Career Intention and Work Load with Employee turnover are not impacting as its beta values are compare to less than reward and recognition.

The research has been conducted in FMCG Industries to study the Reward and recognition influencing employee turnover. Various literature and researchers have identified the Reward and recognition influencing employee turnover some of them are for performance, work environment, job dissatisfaction, less organizational commitment, training and development, career intention, rewards and recognition and pay level.

In correlation all the independent variables such as Job Satisfaction Loyalty Motivation level Time Management Individual performance rewards and recognition are positively correlated with employee turnover.

In regression the r value is 30.237 which indicates positive relation between the selected variable from the model.  $R^2$  value is 0.640 which explains the percentage of variability of both the variables. 64% of the aggregate value indicates the variability in the both dependent and independent variable. So, the result R square value 0.640 indicates linear regression.

The regression is significant on a whole where it includes all the independent variables. The regression value is significant because the significance value is 0.000 which is less than 0.05. The relation between 2 variables Pay Level and Rewards and Recognition with employee turnover are significant as the p value is less than 0.05. Whereas the relationship between 3 variables that is Training and Development, Career Intention and Work Load with Employee turnover are not significant since p value is greater than 0.05.

It has been analysed that there are more of the young talents in the company. Since, company is dealing with Manufacturing sector, younger generation will have better updated knowledge and skill regarding technical know-how. The company is dynamic the youth are more comfortable with change updating than compared to older employees.

As it is an Manufacturing company most of employees are from ITI and SSLC background. There are also employees from graduation and post-graduation and Management.

The reliability test has been conducted to check the reliability of variables. The check is measured using Cronbach's Alpha where the value is 0.886 which is greater than 0.70. Therefore, the variables considered to be highly accurate.

## SUGGESTIONS

The recruiting team of FMCG Industries should recruit right people for the right job which reduces employee turnover in the organization. The recruiter should make sure that the employees shouldn't leave the company. The candidate should fit not only to the job but also to the company culture.

The company should provide training to the employees not only when they join to the company but also whenever the employee requires training. If the employees get proper training, then he or she can perform the task effectively.

The employee should be provided with flexible working hours. If the employee didn't get flexible working hours or huge workload then he or she get into stress and anxiety which provokes the employees to leave the organization. Therefore, the employees should be offered proper work life balance.

The employees in the organization should be provide freedom and opportunities to implement their ideas and to participate in decision making processes which will be helpful for their personal growth and development.

➤ The company should provide salary to the employees based on their performance. If the employee is working overtime but receiving less salary results in demotivation among employees to work. Therefore, the company should provide salary to the employees according to industry standards and employee performance.

➤ The employees should be recognized for their work. The act of acknowledging employee's achievement will boost their motivation to work hard in upcoming tasks. Rewards and recognition motivate not only to the employees to work hard but also to FMCG Industries to retain the employees.

## CONCLUSION

The research has been led to discover the Reward and recognition impacting representative turnover in FMCG Industries. It is found that salary and rewards and recognition have a major impact on employee turnover a from other factors such as training, career growth, and work load these two factors have a major impact on employee turnover. As the employees are not satisfied with salary and recognition given to them therefore, FMCG Industries should provide proper salary and appropriate recognition for their performance. The company should also make retention strategies to reduce turnover of employees in the organization.

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