

A STUDY ON IMPACT OF COMPENSATION AND REWARD SYSTEM ON IT EMPLOYEES DURING COVID – 19 IN COIMBATORE DISTRICT

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ABSTRACT

In today's global competition choosing the right employees, retaining them and to make them work efficiently is a very essential part of any organization. Reward and compensation system plays an important motivational tool to increase the performance of the employees in the organization. As a result of Covid – 19 many companies have changed their compensation and benefit plans to compensate for the pandemic's negative financial impact on business operations and/or to assist the impacted personnel. They include layoffs, late payments, Unpaid leave and Salary reduction, Hence this study seeks to analyze how compensation and rewards were made during Covid - 19 pandemic and how it affected the motivation level of employees. . It seeks to understand how compensation and reward system were made during Covid -19 and to provide suggestions to the challenges faced Post Lockdown. Most employees strongly believe that the compensation and incentive system should be adjusted so that the organization can adjust compensation and reward packages in accordance with employee expectations and introduce more flexibility to the work culture, which has changed dramatically since COVID-19.

Keywords - Compensation, Reward, Motivation, Employee satisfaction, Covid – 19.

INTRODUCTION

In today's global competition choosing the right employees and retaining them to work efficient is a very essential part in every organization. To make this process easy reward and compensation system plays an important role as a motivational tool to increase the performance of the employees in the organization. Reward and compensation system is a very important motivational tool which is used to motivate employees. Covid-19 is transformed the way we think about and approach numerous parts of our lives, businesses, and the economy. One of the key issues that the IT industry has been dealing with is liquidity, since they

still need to incur considerable expenses despite having little or no cash on hand. As a result, numerous organisations have altered their compensation and benefit programmes and some examples of acts taken are Pay cut or freezes, Unpaid leave and Decrease in salary. At the same time some IT companies maintained proper compensation and reward packages of employees with helped in increasing working efficiency of employees in an organization. At the same time some IT companies maintained proper compensation and reward packages of employees with helped in increasing working efficiency of employees in an organization.

STATEMENT OF THE PROBLEM

The Covid - 19 pandemic has created a huge interruption on the compensation and reward system of many organizations as they faced lockdowns and limited working hours; hence they did not remunerate the employees appropriately. This has resulted in layoffs, dissatisfaction and low motivation of employees. Hence this study seeks to analyze how compensation and rewards were made during Covid - 19 pandemic and how it affected the motivation of employees.

OBJECTIVES OF THE STUDY:

- To know the demographic profile of employees in IT sector.
- To analyze how compensation was made in IT sector during covid – 19.
- To understand the compensation and reward packages in IT sector.
- To analyze how reward packages motivates employees in IT sector.
- To know the satisfaction level of employees towards compensation and reward in IT sector.

REVIEW OF LITETRATURE

- **Nirma Sadamali Jayawardena and Darshana Jayawardena (2020)** did a study on the extrinsic and intrinsic reward system which results in employee motivation. The aim study to identify the employee motivational factors in a particular company and to find the labour turnover ratio of the company.
- On the other hand **Yoko Kitakaji, Susumu Ohnuma (2018)**, also conducted a study to find whether rewards increased non-cooperation or motivation among the employees.

- **Erbaşı A. and Arat T. (2012)** found results that the increased in financial incentives has a stronger effect on job satisfaction than the non-financial incentives.
- Also **Boehm and Lyubomirsky (2008)** defined that a reward system is a tool of job promotion and rewards also increase motivation of employees.
- **Danish and Usman (2010)**, founded that the most effective and important way of employee motivation is that to reward the employees on basis of the performance they done to the organization.
- On the other hand **Dewhurst, Guthridge, and Mohr, (2009)** has conducted a study how adequate reward system plays an important for employee motivation.
- **Dr. Baskar , Prakash Rajkumar. K. R (2013)** conducted a study on the impact of rewards and recognition on employee motivation. Employee motivation and satisfaction are influenced by a range of factors, according to the study. It was also significant to uncover those rewards and recognition had a direct and positive association with job satisfaction and motivation. As a result, if employee rewards and recognition are changed, there will be a commensurate change in work motivation and satisfaction.
- **Herzberg. F, Mausner. B and Snyderman. B. B (2011)** conducted a study and showed the result as impulses that give a person intensity, direction, and effort to achieve a goal are referred to as motivation. In the context of work, these impulses are influenced by wants and desires, skills, work knowledge, disposition, qualities, emotions, moods, beliefs, and values, and they influence behaviour and performance.

RESEARCH METHODOLOGY:

Research methodology describes how a researcher intends to conduct their research.. It's a methodical, logical approach to solving a research challenge. A technique describes how a researcher approaches a study in order to get reliable, legitimate results that meet the researcher's goals and objectives. It encompasses what data they're going to collect and where from, as well as how it's being collected and analysed. The current research employs a descriptive research design. Convenience sampling techniques was adopted in the selection of samples units. About 115 employees working in IT sector in Coimbatore were chosen for the study. They employees were from 15 IT companies in Coimbatore. Both primary and secondary data are used in this research. Primary was collected through interview personally administered questionnaire. Secondary data was collected from the internet sources.

The present study carried out among employees working in IT sector in Coimbatore. The tools used for data analysis in the research are: T- Test, One - way Anova, Crosstabs, Correlation and Frequencies (Measures of central tendency - Mean, Median, Mode and Measures of Dispersion - Range, Variance)

ANALYSIS AND INTERPRETATION

FREQUENCIES

		Gender	Age	Income	Rewards during Covid-19 Pandemic	Compensation during Covid – 19	Compensation and reward are less in work from home when compared to work from office
N	Valid	115	115	115	115	115	115
	Missing	0	0	0	0	0	0
Mean		1.59	1.69	2.72	1.15	1.11	2.53
Median		2.00	1.00	3.00	1.00	1.00	2.00
Mode		2	1	3	1	1	2
Variance		.244	.901	1.045	.127	.101	1.585
Range		1	3	4	1	1	4

Measures of central tendency

one number that seeks to represent a group of knowledge by identifying the centre position within that set of information is understood as a measure of central tendency. As a result, measures of central tendency are often called measures of central location.

Measures of Dispersion

Dispersion is that the state of being dispersed or unfolded. Statistical dispersion is that the degree to which numerical data is predicted to vary around a mean value. Dispersion, in other words, aids within the comprehension of information distribution.

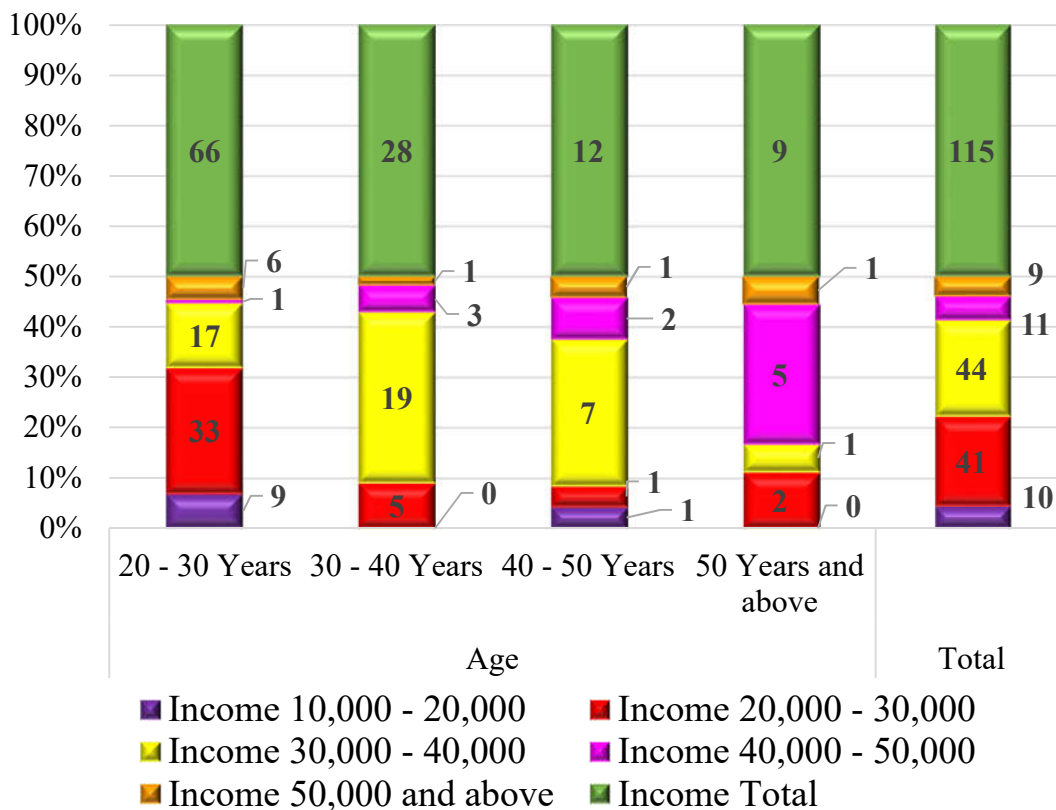
INTERPRETATION:

- ❖ In terms of gender, the mean is 1.59, the median is 2.00, the mode is 2, and the range is 1.
- ❖ In terms of age, the mean is 1.69, the median is 1.00, the mode is 1, and the range is 3.
- ❖ In terms of income, the mean is 2.72, the median is 3.00, the mode is 3, and the range is 4.
- ❖ In terms of covid - 19 rewards, the mean is 1.15, the median is 1.00, the mode is 1, the variance is 0.127, and the range is 1.
- ❖ Compensation during covid - 19 has a mean of 1.11, a median of 1.00, a mode of 1, a variance of 0.101, and a range of 1.
- ❖ Work from home pays less in terms of compensation and rewards than work from an office. The median is 2.00, the mode is 2, the variance is 1.585, and the range is 4

CROSSTABS**Tables showing crosstabs between the age and income**

		Income					Total
		10,000 to 20,000	20,000 to 30,000	30,000 to 40,000	40,000 to 50,000	50,000 and above	
Age	20 - 30 Years	9	33	17	1	6	66
	30 - 40 Years	0	5	19	3	1	28
	40 - 50 Years	1	1	7	2	1	12
	50 Years and above	0	2	1	5	1	9
Total		10	41	44	11	9	115

Relationship Between Age and Income



- Cross tabulation is used to quantitatively analyze the relationship between multiple variables. Cross tabulations also referred to as contingency tables or crosstabs group variables together and enable researchers to understand the correlation between the different variables.
- Here, cross tabulation is used to find relationship between age and income

INTERPRETATION:

- ❖ Under the age group of 20 – 30 years , 9 respondent’s income were between 10,000 – 20,000; 33 respondent’s income were between 20,000 – 30,000; 17 respondent’s income were between 30,000 – 40,000; 1 respondent’s income were between 40,000 - 50,000 and 6 respondent’s income was between 50,000 and above. Total of number of respondent under this age group were 66.

- ❖ Under the age group of 30 – 40 years , none of respondent's income were between 10,000 – 20,000; 5 respondent's income were between 20,000 – 30,000; 19 respondent's income were between 30,000 – 40,000; 3 respondent's income were between 40,000 - 50,000 and 1 respondent's income was between 50,000 and above. Total of number of respondent under this age group were 28.

- ❖ Under the age group of 40 – 50 years , 1 respondent's income were between 10,000 – 20,000; 1 respondent's income were between 20,000 – 30,000; 7 respondent's income were between 30,000 – 40,000; 2 respondent's income were between 40,000 - 50,000 and 1 respondent's income was between 50,000 and above. Total of number of respondent under this age group were 12.

- ❖ Under the age group of 50 years and above, none of respondent's income were between 10,000 – 20,000; 2 respondent's income were between 20,000 – 30,000; 1 respondent's income were between 30,000 – 40,000; 5 respondent's income were between 40,000 - 50,000 and 1 respondent's income was between 50,000 and above. Total of number of respondent under this age group were 9.

T – TEST:

A t-test is an inferential tool that is used to find the significant difference in the means of two groups that are related in some way. A t-test is a hypothesis testing that helps to test a population-based hypothesis. Here t-test is used to find significance between gender and compensation and reward system.

H₀(a): There is no significant difference between the gender of the respondents with respect to stress level after pandemic

H₀(b) There is no significant difference between the gender of the respondents with respect changes in compensation and reward system.

The t- test results as follows:

Table showing T-Test for difference in feeling stressed in working after the pandemic and changes in compensation and reward system with respect to gender

Independent Samples Test

		t-test for Equality of Means		
		Df	Sig. (2-tailed)	Mean Difference
Feel stressed in working after the pandemic	Equal variances assumed	113	.869	.042
	Equal variances not assumed	90.415	.872	.042
Changes Compensation and reward system	Equal variances assumed	113	.920	.025
	Equal variances not assumed	101.948	.919	.025

INTERPRETATION:

- ❖ The significance is 0.869 which more than 0.05 hence there is no significant difference between male and female respondents when it comes to the stress level after pandemic.
- ❖ The significance is 0.920 which more than 0.05 hence there is no significant difference between male and female respondents when it comes to the changes in compensation and reward system.

ONE – WAY ANOVA

ANOVA is used to see if there are any statistically significant differences between the means of three or more independent (unrelated) groups. The one-way ANOVA examines the means of the different groups and evaluates whether any of them are statistically significant.

H₀1(a) There is significant difference between the income of the respondents with respect Compensation and reward are less in work from home when compared to work from office

Ha1(b) There is no significant difference between the income of the respondents with respect to stress level after pandemic

Table showing Anova to find a significance in Compensation and reward are less in work from home when compared to work from office and feeling stressed in working after the pandemic with respect to income

		Sig.
Compensation and reward are less in work from home when compared to work from office	Between Groups	.006
	Within Groups	
	Total	
Feel stressed in working after the pandemic	Between Groups	.158
	Within Groups	
	Total	

INTERPRETATION:

- ❖ Significance for Compensation and reward are less in work from home when compared to work from office is 0.006 which is less than 0.05 hence there is significance between the Income and Compensation and reward are less in work from home when compared to work from office.
- ❖ Significance for feeling stressed in working after the pandemic is 0.006 which is less than 0.05 hence there is no significance between the Income and feeling stressed in working after the pandemic.

CORRELATION:

- ❖ The Pearson product-moment correlation coefficient also known as Pearson's correlation is a measure of the strength and direction of relationship between two variables assessed on at least an interval scale.
- ❖ The Pearson correlation value, r , reveals how far these data points are from this line of best fit

❖ Here, correlation is used to find relationship between Feel stressed in working after the pandemic, Compensation and reward are less in work from home when compared to work from office and Changes in compensation and reward system

Ha1(a) There is very good significant correlation between the feeling stressed in working after the pandemic and Compensation and reward are less in work from home when compared to work from office.

Ho1(b) There is no significant correlation between the feeling stressed in working after the pandemic and Changes in Compensation and reward system.

Ha1(c) There is a good significant correlation between Compensation and reward are less in work from home when compared to work from office and Changes in Compensation and reward system.

Table showing correlation between Feel stressed in working after the pandemic, Compensation and reward are less in work from home when compared to work from office and Changes in compensation and reward system

		Feel stressed in working after the pandemic	Compensation and reward are less in work from home when compared to work from office	Changes in compensation and reward system
Feel stressed in working after the pandemic	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	115		
Compensation and reward are less in work from home when compared to work from office	Pearson Correlation	.600**	1	
	Sig. (2-tailed)	.000		
	N	115	115	
Changes in Compensation and reward system	Pearson Correlation	.140	.412**	1
	Sig. (2-tailed)	.136	.000	
	N	115	115	115

****Correlations is significant at the 0.01 level (2-tailed)**

INTERPRETATION:

- ❖ The correlation is 0.600 hence there is a strong correlation between the feeling stressed in working after the pandemic and Compensation and reward are less in work from home when compared to work from office.
- ❖ The correlation is 0.140 hence there is very less correlation between the feeling stressed in working after the pandemic and Changes in Compensation and reward system.
- ❖ The correlation is 0.412 hence there is good correlation between and Compensation and reward are less in work from home when compared to work from office and Changes in Compensation and reward system.

FINDINGS

- ❖ Most of the respondent were female and between the age of 20 - 30. Most of the respondents were belong to nuclear family and their income were between 40,000 - 50,000. They are working as full-time employee and have a working experience of 0 – 5 and they belong to department of Accounts and Finance.
- ❖ Many employees received Gifts and Bonus as rewards during Covid – 19. They considered rewards results in motivation and they were satisfied with rewards given during Covid-19.
- ❖ Many of the employees were received compensations as Healthcare Benefits during Covid - 19. They considered compensation is a motivation tool for their growth and they were satisfied with compensation given before Covid - 19.
- ❖ Majority of the employees Neither agreed nor disagreed that they feel stressed in working after the pandemic also they Neither agreed nor disagreed that they feel Compensation and reward less in work from home when compared to work from office. Many of the employees Strongly agreed that they feel that there should be any changes in compensation and reward system.

SUGGESTIONS

- ❖ The data shows that most of the employees, Neither agreed nor disagreed that they felt stressed out during work after the pandemic in terms of compensation and rewards. In general, the employees sector faces a lot of stress. Due to the stress a lot of people working in IT sectors commit suicide. So, employer can conduct stress relief programs which will reduce the stress level among employees.

- ❖ Most of the employees considered compensation and reward system as a motivation tool for their growth. So, the organization can focus more on making efficient compensation and reward packages as it can increase the performance of employees as well as increase efficiency in the operations of the organization.

- ❖ Most of the of employees were Strongly felt that there should be changes in compensation and reward system so the organization can make changes in their compensation and reward packages as per the employee's expectations and bring more flexibility in the work culture which has changed significantly after COVID-19.

CONCLUSION

In today's worldwide competition, finding the proper staff and keeping them to work efficiently is critical for any company. To make this process easier, the reward and compensation system serves as a motivating tool for employees to improve their performance in the firm. Employees are motivated by a reward and pay system, which is a key motivating tool. Covid-19 is changing how we think about and approach a variety of aspects of our lives, businesses, and the economy. In the field of the employer-employee interaction, compensation and reward packages are changing. One of the most pressing concerns facing the IT business is liquidity, as they must continue to incur significant expenses despite having little or no cash on hand. As a result of Covid – 19 many companies have changed their compensation and benefit plans to compensate for the virus's negative financial impact on business operations and/or to assist the virus's impacted personnel. Some examples of actions taken are Pay reductions or freezes, Unpaid leave and Salary reduction. However, several IT organisations maintained effective employee salary and reward packages, which aided in enhancing staff working efficiency in an organisation. Most employees strongly believe that the compensation and incentive system should be adjusted so that the organisation can adjust compensation and reward packages in accordance with employee expectations and introduce more flexibility to the work culture, which has changed dramatically since COVID-19.

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