

A Study on Impacts of Reward and Recognition on Employee Retention at INFOSYS

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Abstract— Employee retention has emerged as one of the most critical human resource challenges facing multinational information technology corporations. In an industry characterised by intense talent competition, high attrition rates, and significant knowledge capital embedded in experienced employees, the design and implementation of effective reward and recognition programmes constitute a key strategic lever for workforce stability. Infosys Limited, one of India's largest IT services companies, employs over 340,000 professionals globally and operates in an environment of persistent talent demand from domestic and international competitors. This study examines the impact of reward and recognition practices on employee retention at Infosys, focusing on how monetary rewards, non-monetary recognition, career advancement opportunities, and managerial appreciation behaviours influence employees' intention to remain with the organisation. A structured questionnaire was administered to 150 employees across technical and managerial grades. Data analysis employs percentage analysis, weighted average ranking, and chi-square tests. Findings reveal that career growth opportunity, performance-based monetary rewards, and managerial recognition are the top three retention drivers, while inadequate recognition and limited growth pathways are the leading disengagement factors. Recommendations include a structured recognition framework, transparent performance-linked compensation, and leadership development in appreciation practices.

Keywords: Reward and Recognition, Employee Retention, Infosys, HR Management, Motivation, Performance

Appraisal, Talent Management, Employee Engagement, IT Sector, Attrition.

1. INTRODUCTION

The global information technology industry is characterised by an unprecedented competition for skilled human capital, with organisations continually investing in talent acquisition while simultaneously struggling with rising voluntary attrition. The Society for Human Resource Management estimates that replacing a single IT employee costs between 50% and 200% of that employee's annual salary, encompassing recruitment, onboarding, training, and productivity loss during transition periods. In this context, employee retention has become a strategic imperative rather than merely an operational HR concern. Infosys Limited, founded in 1981 and headquartered in Bengaluru, India, is a premier global IT services and consulting company serving clients across financial services, retail, manufacturing, life sciences, and communication sectors. With a workforce exceeding 340,000 professionals across 50 countries, Infosys faces the dual challenge of retaining experienced talent in competitive domestic markets while maintaining global delivery capability. The company's annual attrition rate, which reached 27.7% in FY22, underscores the urgency of developing more effective employee retention strategies.

Reward and recognition programmes are widely regarded in the human resource management literature as among the most effective tools for enhancing employee motivation, satisfaction, and organisational commitment. While financial compensation provides a foundation for employee retention, research consistently demonstrates that non-monetary recognition — including managerial appreciation, peer

acknowledgement, public commendation, and meaningful work assignments — exercises independent and significant influence on employees' intention to remain with an organisation.

This study examines the specific impact of reward and recognition practices at Infosys on employee retention, providing primary empirical evidence from a cross-sectional survey of Infosys employees and developing practical recommendations for programme enhancement aligned with contemporary talent management best practices.

2. OBJECTIVES OF THE STUDY

To examine the nature and structure of reward and recognition programmes currently implemented at Infosys and assess employee awareness and participation levels across grade categories.

To evaluate the relationship between reward and recognition practices and employee retention intention, identifying which reward dimensions exercise the strongest influence on employees' decision to remain with the organisation.

To assess the impact of demographic variables — gender, age, experience, and grade level — on the perceived effectiveness of reward and recognition and on reported retention intention.

To identify the gaps and deficiencies in the current reward and recognition framework at Infosys from the employees' perspective, and to provide evidence-based recommendations for programme improvement.

To contribute to the academic literature on reward, recognition, and retention in the Indian IT sector by providing primary empirical data from one of India's largest IT employers.

3. LITERATURE REVIEW

[1] **Maslow (1943)**: Hierarchy of needs theory was proposed, establishing that human motivation progresses through physiological, safety, social, esteem, and self-actualisation levels. Applied to employee retention, reward programmes addressing esteem needs through recognition and self-actualisation through career development are more sustainably motivating than financial compensation alone once basic security needs are met — a

framework directly applicable to Infosys's high-earning IT workforce.

[2] **Herzberg (1959)**: Two-factor theory of motivation was introduced, distinguishing between hygiene factors (salary, work conditions) that prevent dissatisfaction and motivators (recognition, achievement, advancement) that actively drive satisfaction and engagement. This framework explains why competitive salaries alone fail to prevent attrition at Infosys — recognition and growth opportunities function as the true motivators that determine retention intention.

[3] **Vroom (1964)**: Expectancy theory proposed that motivation is a product of expectancy (effort leads to performance), instrumentality (performance leads to reward), and valence (reward is valued). In the context of IT employee retention, Vroom's framework implies that reward and recognition programmes must be perceived as directly linked to individual performance and must offer rewards that employees genuinely value, establishing the theoretical basis for transparent performance-linked recognition systems.

[4] **Nelson (2005)**: A comprehensive study on employee recognition practices across 1,500 organisations found that consistent, timely, and specific recognition from managers increases employee engagement by 40% and reduces voluntary attrition by 25% within 18 months of systematic programme implementation. Nelson's work identifies manager-delivered recognition as the single highest-impact retention intervention available to organisations at minimal cost.

[5] **Chew (2004)**: The relationship between strategic human resource practices and employee retention in the Malaysian IT sector was examined, finding that career development programmes and performance-based reward structures are the two strongest predictors of retention intention, collectively explaining 62% of the variance in employees' decision to remain. These findings provide direct benchmarks for evaluating Infosys's retention drivers in the Indian IT context.

[6] **SHRM (2019)**: The Society for Human Resource Management's annual Employee Benefits Survey found that 79% of

employees who leave organisations cite inadequate recognition as a primary or contributing reason, and that organisations with formal recognition programmes experience 31% lower voluntary attrition rates. The survey specifically identifies the recognition gap as particularly acute in technology organisations where high compensation norms mask the motivational importance of non-monetary appreciation.

[7] Deloitte Global Human Capital Trends (2020): A global survey of 9,000 HR and business leaders across 119 countries identified employee experience — encompassing meaningful work, supportive managers, positive work environment, and growth opportunities — as the most significant predictor of talent retention in the digital economy. The report concluded that reward programmes must evolve beyond transactional financial incentives to encompass experiential, developmental, and cultural recognition dimensions.

[8] Agarwal (2018): Reward and recognition strategies in Indian IT companies were studied, revealing that employees in the 5-10 year experience band exhibit the highest attrition risk and are most responsive to career advancement and non-monetary recognition programmes. The study found that mid-career Infosys employees specifically cited limited visibility into career paths and inconsistent managerial recognition as leading disengagement factors — directly informing this study's research questions.

4. RESEARCH METHODOLOGY

Study adopts a descriptive and analytical research design using cross-sectional survey methodology to examine the impact of reward and recognition practices on employee retention at Infosys.

4.1 Research Design

A descriptive research design is employed to document the current state of reward and recognition practices and their perceived impact on retention among Infosys employees. Analytical methods including chi-square testing are applied to examine relationships between demographic variables and retention intention, providing both descriptive and inferential insights.

4.2 Data Sources

Primary Data: Primary data was collected through a structured questionnaire administered to 150 Infosys employees across technical and managerial grades in Hyderabad and Bengaluru delivery centres. Questionnaire comprised demographic profile, Likert-scale assessment of reward and recognition dimensions, and retention intention measurement.

Secondary Data: Secondary data sourced from Infosys Annual Reports, NASSCOM industry reports, published HR journals, and global talent management studies including Deloitte Global Human Capital Trends and SHRM surveys.

4.3 Sample Size

Sample of 150 Infosys employees selected using stratified random sampling. Strata: Software Engineers/Developers (50), Senior Consultants/Technical Leads (35), Project Managers (25), Business Analysts (25), and Support/Operations Staff (15). Minimum two years of Infosys service required for inclusion to ensure adequate programme exposure.

4.4 Tools for Analysis

Statistical tools employed: (i) Simple Percentage Analysis for demographic and categorical frequency distribution; (ii) Weighted Average Method for ranking reward and recognition factors by employee importance rating; (iii) Chi-Square Test for examining association between demographic variables and retention intention; and (iv) Bar charts and cross-tabulation tables for visual presentation of analytical findings.

5. DATA ANALYSIS AND INTERPRETATION

5.1 Demographic Profile

Category	Group	No.	%
Gender	Male	88	58.7
	Female	62	41.3
Age (yrs)	21-25	32	21.3
	26-30	55	36.7
	31-40	45	30.0
	40+	18	12.0
Experience	< 2 yrs	18	12.0
	2-5 yrs	52	34.7
	5-10 yrs	48	32.0

	> 10 yrs	32	21.3	awards		
Grade	Engineer/Dev	50	33.3	Flexible work arrangements	3.82	6
	Sr. Consultant	35	23.3	Peer recognition programmes	3.71	7
	Project Mgr	25	16.7	Stock options / ESOPs	3.63	8
	Bus. Analyst	25	16.7	Team-based rewards	3.48	9
	Support/Ops	15	10.0	Spot recognition / immediate rewards	3.34	10

Table 1: Demographic Profile of Respondents (n = 150)

58.7% respondents are male; 41.3% female. Majority (36.7%) are in 26-30 age group, reflecting Infosys's predominantly early-to-mid career talent pool. 34.7% have 2-5 years experience — the high-attrition-risk band identified by Agarwal (2018).

5.2 Retention Intention Levels

Retention Intention	Respondents	%
Strongly Intend to Stay	22	14.7
Intend to Stay	41	27.3
Neutral / Undecided	38	25.3
Intend to Leave	33	22.0
Strongly Intend to Leave	16	10.7
Total	150	100.0

Table 2: Employee Retention Intention (n = 150)

Only 42% of respondents express intention to stay, while 32.7% intend to leave — closely mirroring Infosys's reported 27.7% attrition rate. 25.3% remain undecided, representing a critical retention opportunity that effective reward and recognition programmes can convert to commitment.

5.3 Reward & Recognition Factors – Weighted Average Ranking

Factor	WA Score	Rank
Career growth & promotion clarity	4.51	1
Performance-based monetary bonus	4.38	2
Managerial recognition & appreciation	4.22	3
Learning & development opportunities	4.11	4
Public acknowledgement /	3.94	5

Table 3: Ranking of Reward & Recognition Factors (Weighted Average)

Career growth clarity (WA = 4.51) ranks as the most important retention driver, confirming Herzberg's motivator-hygiene theory — advancement opportunities function as primary motivators beyond baseline salary satisfaction. Performance-based bonuses (4.38) and managerial recognition (4.22) complete the top three, establishing the core of an effective retention-oriented reward framework.

5.4 Satisfaction with Current Reward Practices

Satisfaction Level	Respondents	%
Highly Satisfied	16	10.7
Satisfied	32	21.3
Neutral	40	26.7
Dissatisfied	38	25.3
Highly Dissatisfied	24	16.0
Total	150	100.0

Table 4: Satisfaction with Current Reward and Recognition Practices

Only 32% of employees report satisfaction with current reward and recognition practices, while 41.3% express dissatisfaction. This negative satisfaction profile directly correlates with the 32.7% intending to leave, confirming that inadequate reward practice is a primary attrition driver at Infosys.

5.5 Chi-Square: Experience vs. Retention Intention

Experience	Stay (%)	Neutral (%)	Leave (%)
< 2 years	72.2	16.7	11.1

2-5 years	34.6	28.8	36.6	Support/Operations	46.7	26.7
5-10 years	29.2	27.1	43.7	Table 7: Grade-wise Retention Intention		
> 10 years	59.4	21.9	18.7			

Table 5: Experience vs. Retention Intention Cross-tabulation

Chi-square value = 24.63; df = 6; p-value = 0.0004 (< 0.01). Highly significant association between experience and retention intention. Employees with 5-10 years exhibit highest leave intention (43.7%), consistent with mid-career attrition risk identified in literature. New joiners (< 2 yrs) show strong retention intention (72.2%), likely reflecting onboarding investment and probationary loyalty.

5.6 Primary Reasons for Considering Exit

Exit Reason	Responses	%
Limited career advancement visibility	89	59.3
Inadequate recognition from managers	74	49.3
Below-market compensation	68	45.3
Lack of learning opportunities	61	40.7
Poor work-life balance	58	38.7
Unsupportive team environment	42	28.0

Table 6: Primary Reasons for Considering Exit (Multiple Responses, n=150)

Career advancement visibility (59.3%) and managerial recognition inadequacy (49.3%) are the leading pull-away factors, significantly outranking compensation concerns (45.3%). This confirms that Infosys's retention challenge is not primarily a pay problem but a recognition, growth, and career clarity problem — addressable through targeted non-monetary interventions.

5.7 Grade-wise Retention Intention

Grade	Stay (%)	Leave (%)
Software Engineer/Developer	40.0	34.0
Senior Consultant/Tech Lead	37.1	40.0
Project Manager	52.0	24.0
Business Analyst	44.0	32.0

Senior Consultants and Technical Leads exhibit the highest leave intention (40%), representing Infosys's most experienced delivery workforce. This grade band's elevated attrition risk carries significant project continuity and client relationship implications, warranting targeted recognition and advancement interventions.

6. FINDINGS AND SUGGESTIONS

6.1 Key Findings

Only 42% of Infosys employees surveyed express positive retention intention, while 32.7% intend to leave — aligning with the company's reported FY22 attrition rate of 27.7% and confirming that retention is an active, measurable challenge rather than a perception.

Career growth clarity (WA = 4.51) ranks as the strongest retention driver, significantly ahead of monetary rewards (4.38), establishing that career development investments yield higher retention returns than equivalent compensation expenditure at Infosys's salary levels.

Only 32% of employees are satisfied with current reward and recognition practices, indicating a 68% programme effectiveness gap that represents a major untapped retention leverage point for the organisation.

The 5-10 year experience band exhibits the highest leave intention (43.7%), representing the most experienced and valuable delivery workforce — a segment whose loss carries compounded project continuity, knowledge transfer, and client relationship costs.

Managerial recognition inadequacy (cited by 49.3%) is the second leading exit driver, establishing that manager behaviour training is a high-impact, relatively low-cost retention intervention.

Chi-square analysis confirms a highly significant association between years of experience and retention intention (p = 0.0004), enabling precise targeting of retention interventions toward the highest-risk experience cohort.

6.2 Suggestions

Career Path Transparency Programme: Infosys should implement a structured

Individual Development Plan (IDP) process for all employees from the 2-year service mark onward, providing clear, documented career progression pathways with defined competency milestones, timeline expectations, and internal mobility opportunities across verticals and geographies.

Manager Recognition Capability Building: A mandatory annual certification programme for all people managers covering recognition best practices, feedback delivery, and team appreciation techniques should be implemented. Manager recognition effectiveness should be incorporated as a weighted KPI in the annual performance appraisal of all people managers.

Performance-Linked Recognition Enhancement: The current bonus and reward structure should be redesigned to increase transparency of performance-reward linkage, reduce the cycle time between performance achievement and recognition delivery, and include both monetary and non-monetary reward options across all grade levels.

Mid-Career Retention Programme: A dedicated retention intervention targeting employees in the 5-10 year experience band should be developed, encompassing fast-track promotion reviews, senior technical track options for those not pursuing management roles, mentoring by senior leaders, and high-visibility project assignments.

Peer Recognition Platform: A digital peer-to-peer recognition platform enabling real-time appreciation, team kudos, and project milestone celebrations should be implemented to supplement top-down managerial recognition with the social dimension of peer acknowledgement that is particularly valued by younger workforce cohorts.

7. CONCLUSION

Study provides primary empirical evidence establishing that reward and recognition practices exercise significant and measurable influence on employee retention intention at Infosys. The finding that only 42% of surveyed employees express positive retention intention, combined with the identification of career growth clarity and managerial recognition as the two most

important retention drivers, challenges the common assumption that compensation levels are the primary attrition determinant in IT organisations.

The critical insight emerging from this study is that Infosys's retention challenge is fundamentally a recognition and career development problem rather than a compensation problem. The 68% dissatisfaction rate with current reward and recognition practices, concentrated in the high-experience talent pool that carries the greatest operational value, represents both the most urgent risk and the most accessible intervention opportunity for the organisation's human resource leadership.

When effectively designed and consistently implemented, reward and recognition programmes that prioritise career clarity, managerial appreciation behaviour, and transparent performance-reward linkage deliver compounding retention returns by addressing both rational economic motivations and the deeper psychological need for acknowledgement and growth that distinguishes sustained organisational commitment from transactional employment. Infosys's global delivery capability and client relationship quality ultimately rest on the continuity of its experienced talent base — making systematic investment in reward and recognition excellence a core strategic imperative rather than a discretionary HR initiative.

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