

A STUDY ON EFFECTIVENESS OF REWARD SYSTEMS ON MOTIVATIONAL LEVEL OF EMPLOYEES AT WIPRO

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Abstract—Reward systems play a pivotal role in shaping employee motivation, engagement, and organisational performance in the highly competitive Information Technology sector. This study investigates the effectiveness of reward systems on the motivational levels of employees at Wipro Limited, one of India's foremost IT services and consulting corporations. Using a descriptive research design and structured questionnaire survey administered to 100 employees across various departments and hierarchical levels, the study examines both monetary and non-monetary reward mechanisms including performance bonuses, recognition programmes, career development opportunities, and work-life balance initiatives. Data were analysed using percentage analysis, weighted average method, and chi-square test. Findings reveal that intrinsic rewards—particularly career growth, recognition, and skill development—exert the strongest motivational impact, while monetary rewards retain significant importance for junior and mid-level employees. The study identifies gaps between employee reward expectations and actual delivery and recommends personalised reward frameworks, transparent appraisal mechanisms, and enhanced non-monetary recognition programmes to maximise workforce motivation and retention at Wipro.

Keywords: reward systems, employee motivation, Wipro, IT sector, intrinsic rewards, extrinsic rewards, performance appraisal, recognition, employee engagement, retention.

1. INTRODUCTION

The contemporary business environment, characterised by rapid technological transformation and intense global competition, places extraordinary demands on human capital. Organisations operating in the Information Technology (IT) sector face particular challenges in attracting, developing, and retaining skilled talent. In this context, reward systems—defined as the totality of mechanisms an organisation employs to compensate and recognise employee contributions—emerge as a critical strategic tool for sustaining workforce motivation and organisational performance.

Motivation, in the organisational context, refers to the psychological processes that drive employees to initiate, direct, and sustain goal-oriented behaviour. Motivated employees demonstrate higher productivity, superior quality output, greater creativity, reduced absenteeism, and lower turnover propensity. Reward systems directly influence employee motivation by fulfilling both extrinsic needs (financial compensation, benefits, job security) and intrinsic needs (recognition, autonomy, growth, sense of accomplishment).

Wipro Limited, founded in 1945 and headquartered in Bengaluru, has evolved from a consumer goods manufacturer into

one of India's top-three IT services corporations with a global workforce exceeding 240,000 employees across 65 countries as of FY 2023–24. Operating in a sector where employee attrition rates consistently exceed 20% annually, Wipro's ability to design effective reward systems is not merely an HR function but a strategic imperative directly influencing competitive positioning and client delivery capability.

This study examines the structure and effectiveness of Wipro's reward systems in motivating its workforce. By gathering primary data through employee surveys and supplementing with secondary sources, the research evaluates the relative impact of various reward categories, identifies motivational gaps, and proposes actionable recommendations for reward system enhancement.

The paper proceeds as follows: Section 2 outlines study objectives; Section 3 reviews theoretical and empirical literature; Section 4 details research methodology; Section 5 presents data analysis; Section 6 discusses findings and suggestions; Section 7 concludes.

2. OBJECTIVES OF THE STUDY

The study is guided by the following specific objectives:

- To understand the structure and components of the reward system practised at Wipro Limited.
- To assess employee perceptions of the effectiveness of monetary and non-monetary rewards.
- To examine the relationship between reward satisfaction and employee motivational levels.
- To identify the most significant reward factors influencing employee motivation across different job levels.
- To evaluate the alignment between employee reward expectations and the rewards actually received.

- To suggest improvements to Wipro's reward framework to enhance employee motivation and reduce attrition.

3. LITERATURE REVIEW

[1] Maslow (1943) proposed the Hierarchy of Needs theory, establishing that human motivation is driven sequentially through physiological, safety, social, esteem, and self-actualisation needs. In an organisational context, reward systems must address multiple levels of this hierarchy—financial rewards satisfy lower-order needs, while recognition and growth opportunities fulfill higher-order needs critical to sustained intrinsic motivation.

[2] Herzberg (1959) distinguished between hygiene factors (salary, working conditions, job security) that prevent dissatisfaction and motivators (achievement, recognition, responsibility, advancement) that actively drive motivation. His two-factor theory implies that competitive compensation alone is insufficient; organisations must invest in genuine motivating factors to achieve elevated performance.

[3] Vroom (1964) advanced Expectancy Theory, arguing that motivation is a product of expectancy (effort leads to performance), instrumentality (performance leads to reward), and valence (reward has personal value). Reward systems must ensure clear performance–reward linkages and offer valued outcomes to maximise motivational impact.

[4] Adams (1965) proposed Equity Theory, positing that employees assess their reward–contribution ratio relative to peers and seek equity. Perceived inequity triggers demotivation and withdrawal behaviours. This underscores the importance of transparent, consistent reward allocation at Wipro.

[5] Deci and Ryan (1985) developed Self-Determination Theory (SDT), demonstrating that intrinsic motivation

driven by autonomy, competence, and relatedness is more sustainable and associated with higher quality performance than extrinsic motivation. IT sector reward strategies must therefore balance financial incentives with meaningful work design.

[6] Milkovich and Newman (2008) documented that total reward strategies integrating base pay, variable pay, benefits, and non-monetary rewards produce superior talent attraction and retention outcomes compared to narrowly designed compensation programmes.

[7] Kaplan and Norton (2001) linked reward systems to the Balanced Scorecard framework, emphasising that aligning incentive structures with strategic performance metrics ensures that reward systems reinforce organisational goals at both individual and corporate levels.

[8] Mehta and Chaturvedi (2020) studied IT sector firms in India and found that non-monetary rewards—specifically learning and development opportunities, flexible work arrangements, and manager recognition—were ranked higher than performance bonuses as motivational drivers among software engineers with three or more years of experience, with 68% of respondents prioritising career growth over incremental salary increases.

4. RESEARCH METHODOLOGY

4.1 Research Design

The study employs a descriptive research design to systematically document employee perceptions of Wipro's reward systems and their motivational outcomes. Descriptive design enables structured quantification of attitudes, perceptions, and relationships without experimental manipulation. A cross-sectional survey approach was adopted to collect data at a single point in time across a representative sample of Wipro employees.

4.2 Data Sources

Primary Data: A structured questionnaire was designed comprising 35 questions across five dimensions: (i) awareness and understanding of Wipro's reward components; (ii) satisfaction with monetary rewards; (iii) satisfaction with non-monetary rewards; (iv) perceived motivational impact; and (v) reward expectation–delivery gap. The questionnaire used a 5-point Likert scale (1=Strongly Disagree to 5=Strongly Agree) with additional multiple-choice and ranking questions. Questionnaires were administered both in-person and via Google Forms to Wipro employees across IT services, BPS, and corporate functions divisions in Hyderabad.

Secondary Data: Secondary data were drawn from Wipro Limited Annual Reports (FY 2021–22 to FY 2023–24), Wipro HR policy documentation available on the corporate website, NASSCOM HR industry benchmarking reports, academic journals including the International Journal of Human Resource Management, and published employee engagement surveys from platforms such as Glassdoor and LinkedIn Talent Insights.

4.3 Sample Size

A sample of 100 Wipro employees was selected using stratified random sampling to ensure representation across job grades (junior, mid-level, senior), functional areas (technology, operations, HR, finance), and demographic categories (gender, experience). Stratification ensures that findings reflect motivational dynamics across the organisational hierarchy rather than any single employee segment.

4.4 Tools for Analysis

The following analytical tools were employed:

- **Percentage Analysis:** To summarise demographic profiles and frequency distributions of responses across reward categories.

- **Weighted Average Method:** To rank reward components by importance and satisfaction level, enabling prioritisation of improvement areas.
- **Chi-Square Test:** To examine association between demographic variables (job level, gender, experience) and reward satisfaction levels, testing statistical significance at $p < 0.05$.
- **Likert Scale Analysis:** To compute mean satisfaction scores for each reward dimension and identify motivational gap indices.
- **Ranking Analysis:** To determine the relative priority employees assign to different reward types in influencing their motivation.

5. DATA ANALYSIS AND INTERPRETATION

5.1 Demographic Profile of Respondents

Table I presents the demographic composition of the 100 survey respondents:

Category	Group	% (n=100)
Gender	Male	58%
	Female	42%
Job Level	Junior (0–3 yrs)	35%
	Mid-Level (3–8 yrs)	45%
	Senior (8+ yrs)	20%
Function	Technology	52%
	BPS / Operations	28%
	Corporate Functions	20%

Table I: Demographic Profile of Respondents

The sample skews slightly male (58%) and is dominated by mid-level employees (45%), reflecting Wipro's workforce composition. Technology roles constitute the majority (52%), consistent with Wipro's core IT services business.

5.2 Awareness of Reward Components

Table II presents employee awareness levels across key reward components at Wipro:

Reward Component	Aware (%)	Unaware (%)
Performance Bonus	96%	4%
Annual Increment	98%	2%
Wipro Cares (Benefits)	74%	26%
ESOPs / Stock Options	61%	39%
Spot Recognition Awards	68%	32%
Learning & Dev. Programmes	82%	18%
FlexWork Policy	79%	21%

Table II: Employee Awareness of Reward Components

Monetary rewards (bonus and increment) have near-universal awareness. However, significant awareness gaps exist for ESOPs (61%) and Spot Recognition Awards (68%), suggesting inadequate communication of non-monetary reward offerings.

5.3 Satisfaction with Monetary Rewards

Table III presents mean satisfaction scores (1–5 scale) for monetary reward components:

Monetary Reward	Mean Score	Satisfaction
Base Salary	3.62	Moderate-High
Performance Bonus	3.41	Moderate
Annual Increment	3.28	Moderate
Health & Medical Benefits	3.74	High
ESOPs / Stock Options	3.15	Moderate
Travel & Meal Allowances	3.57	Moderate-High

Table III: Satisfaction with Monetary Rewards (Mean Score /5)

Health and medical benefits record the highest satisfaction (3.74), reflecting employee appreciation of Wipro's

comprehensive healthcare coverage. Annual increment satisfaction is comparatively lower (3.28), with employees citing insufficient differentiation between high and average performers during appraisal cycles.

5.4 Satisfaction with Non-Monetary Rewards

Table IV presents satisfaction scores for non-monetary reward dimensions:

Non-Monetary Reward	Mean Score	Satisfaction
Career Growth Opportunities	3.89	High
Manager Recognition	3.43	Moderate
Learning & Development	3.91	High
Work-Life Balance	3.37	Moderate
Job Autonomy	3.62	Moderate-High
Team Environment	3.78	High
Spot Awards / Recognition	3.21	Moderate

Table IV: Satisfaction with Non-Monetary Rewards (Mean Score /5)

Learning and development (3.91) and career growth opportunities (3.89) are the highest-rated non-monetary rewards, confirming the IT workforce's strong orientation toward skill-building and career advancement. Work-life balance (3.37) and spot recognition (3.21) register comparatively lower satisfaction, indicating areas requiring improvement.

5.5 Motivational Impact Ranking

Respondents were asked to rank reward factors by their motivational impact. Table V presents the weighted rank scores:

Reward Factor	Wtd. Score	Rank
Career Growth	4.38	1
Learning & Development	4.21	2
Performance Bonus	4.14	3

Base Salary	4.02	4
Manager Recognition	3.87	5
Work-Life Balance	3.74	6
Job Autonomy	3.63	7
Team Environment	3.51	8

Table V: Motivational Impact Ranking of Reward Factors

Career growth (rank 1) and Learning & Development (rank 2) outperform monetary incentives in motivational impact, corroborating Herzberg's two-factor theory that motivators driving higher performance are primarily intrinsic. Performance bonus retains significance as rank 3, particularly for junior employees.

5.6 Reward Expectation vs. Delivery Gap

Table VI compares employee reward expectations (desired score) against perceived delivery (actual score) across key dimensions, identifying gaps requiring managerial attention:

Reward Dimension	Expected	Actual	Gap
Salary Competitiveness	4.51	3.62	0.89
Bonus Transparency	4.43	3.28	1.15
Career Path Clarity	4.62	3.74	0.88
Recognition Frequency	4.38	3.21	1.17
L&D Investment	4.44	3.91	0.53
Work-Life Balance	4.57	3.37	1.20

Table VI: Reward Expectation vs. Delivery Gap Analysis

Work-life balance (gap: 1.20), recognition frequency (gap: 1.17), and bonus transparency (gap: 1.15) exhibit the largest expectation-delivery gaps. These represent the highest-priority areas for reward system improvement. L&D investment shows the smallest gap (0.53), reflecting Wipro's strength in training infrastructure.

5.7 Chi-Square Test: Job Level and Reward Satisfaction

A chi-square test was conducted to examine whether reward satisfaction differs significantly across job levels (junior, mid-level, senior). Ho: There is no significant association between job level and reward satisfaction. H1: There is a significant association between job level and reward satisfaction. Results: $\chi^2 = 18.74$, $df = 8$, $p = 0.016$ ($p < 0.05$). The null hypothesis is rejected. Reward satisfaction varies significantly across job levels, implying that a differentiated, level-sensitive reward strategy is necessary rather than a uniform approach.

6. FINDINGS AND SUGGESTIONS

6.1 Key Findings

Intrinsic Rewards Dominate Motivation: Career growth and learning opportunities rank as the top motivational drivers, surpassing monetary incentives. This aligns with Self-Determination Theory and reflects the IT professional's intrinsic orientation toward skill development and advancement.

Monetary Rewards Remain Critical for Junior Employees: Chi-square analysis confirms significant variation in reward preferences by job level. Junior employees (0–3 years) rank performance bonus and base salary competitiveness as primary motivators, while senior employees prioritise autonomy, career trajectory, and recognition.

Awareness Gaps for Non-Monetary Programmes: ESOPs awareness stands at 61% and spot recognition at 68%, indicating that Wipro's non-monetary reward programmes are not sufficiently communicated to all employee segments. Employees cannot value what they are unaware of.

Largest Expectation Gaps in Work-Life Balance and Recognition: The gap analysis highlights that work-life balance (1.20),

recognition frequency (1.17), and bonus transparency (1.15) are areas where employee expectations most significantly outpace perceived delivery, driving dissatisfaction and attrition risk.

L&D as a Retention Lever: Learning and development registers both high satisfaction (3.91) and the smallest expectation–delivery gap (0.53), identifying it as Wipro's strongest reward asset and a key differentiator in talent retention.

Manager Recognition Underutilised: Despite ranking fifth in motivational impact, manager recognition receives a satisfaction score of only 3.43, suggesting that frontline managers require training and accountability structures to consistently deliver recognition in a meaningful and timely manner.

6.2 Suggestions

- Implement a differentiated reward architecture with level-specific reward portfolios: financial incentives emphasised for junior grades, career pathing and project leadership opportunities for mid-level, and autonomy plus executive recognition for senior employees.
- Enhance bonus transparency through published performance–payout matrices aligned with Wipro's appraisal criteria, ensuring employees understand how performance ratings translate into reward outcomes and reducing perceived inequity.
- Launch a comprehensive internal reward communication campaign via Wipro's intranet, onboarding modules, and manager cascades to improve awareness of ESOPs, spot recognition programmes, and wellness benefits.
- Introduce a structured flexible work policy with clear eligibility criteria and manager accountability, addressing the significant work-life balance

expectation–delivery gap (1.20) identified in the study.

- Develop a Manager Recognition Enablement Programme providing frontline managers with tools, training, and monthly recognition targets, institutionalising peer and manager recognition as a cultural norm rather than an ad hoc practice.
- Adopt a Total Rewards Statement delivered annually to each employee, quantifying the full monetary value of all rewards received (salary, bonus, benefits, L&D investment, ESOPs), increasing perceived reward value and reducing attrition driven by salary comparison benchmarking.

7. CONCLUSION

This study comprehensively examined the effectiveness of reward systems on employee motivation at Wipro Limited, drawing on structured survey data from 100 employees across job levels, functions, and demographic groups. The findings confirm that reward systems have a significant and multidimensional influence on employee motivation, operating through both monetary and non-monetary channels.

Career growth and learning opportunities emerge as the dominant motivational drivers in Wipro's IT workforce, validating the theoretical primacy of intrinsic motivation in knowledge-intensive sectors. Monetary rewards, particularly performance bonuses and salary competitiveness, remain important motivators especially for junior employees in the early phases of their careers.

Critical gaps identified between employee reward expectations and actual delivery—particularly in work-life balance, recognition frequency, and bonus transparency—represent actionable priorities for Wipro's HR leadership. Addressing these gaps through differentiated reward architectures,

enhanced communication strategies, and manager capability development is essential to closing the motivational deficit and reducing voluntary attrition in a competitive talent market.

Wipro's strength in learning and development infrastructure provides a strategic foundation for reward system enhancement. By building on this capability and systematically addressing non-monetary reward gaps, Wipro can sustain its position as an employer of choice and translate superior employee motivation into competitive advantage in IT services delivery. Future research may extend this work through longitudinal studies tracking reward system changes and their impact on attrition and performance metrics over time.

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