

THE IMPACT OF REWARDS AND RECOGNITION ON EMPLOYEES' RETENTION AND SATISFACTION AT MG MOTORS

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ABSTRACT:

This study aims to investigate the impact of rewards and recognition practices on employee retention and satisfaction at MG Motors. The study adopts a descriptive research design, collecting primary data through structured questionnaires distributed among employees from different departments at MG Motors. Secondary data was also utilized from company reports, journals, and HR documents to support the analysis. The findings reveal that MG Motors has adopted both monetary and non-monetary reward systems such as bonuses, promotions, incentives, certificates, and appreciation programs to motivate employees. The analysis indicates a strong positive relationship between well-structured reward systems and employee retention. Employees who perceive the reward and recognition process as fair and transparent are more likely to remain loyal to the organization.

Furthermore, the study highlights that recognition plays a significant role in enhancing employee satisfaction. Non-financial recognition, such as appreciation from superiors, employee-of-the-month awards, and public acknowledgment, fosters a sense of belonging and emotional connection among employees. The research concludes that a balanced combination of financial and non-financial rewards helps MG Motors enhance employee motivation, increase retention rates, and improve overall job satisfaction. It also recommends continuous evaluation and innovation in HR reward policies to ensure sustained employee engagement and organizational success.

KEYWORDS:

Rewards, Recognition, Employee Retention, Job Satisfaction, Employee Motivation, Organizational Commitment, MG Motors, Human Resource Management.

INTRODUCTION:

The present study titled “The Impact of Rewards and Recognition on Employees’ Retention and Employees’ Satisfaction at MG Motors” aims to examine how the existing reward and recognition practices at MG Motors influence employees’ overall satisfaction and their intention to remain with the organization. The automobile industry is characterized by high competition, continuous innovation, and an increasing demand for skilled employees. In such a dynamic environment, retaining talented employees has become a major challenge for organizations like MG Motors. Therefore, understanding the relationship between rewards, recognition, employee satisfaction, and retention is critical for sustaining long-term success.

This research explores the types of rewards and recognition mechanisms implemented at MG Motors and

evaluates how effectively these systems contribute to improving employee morale, motivation, and loyalty. It also assesses employees' perceptions regarding the fairness and transparency of these programs and how such perceptions influence their satisfaction levels and decision to stay within the organization.

Through this study, valuable insights will be gathered about whether MG Motors' HR policies align with employees' expectations and whether their reward and recognition strategies are achieving the intended objectives. The research findings will help identify gaps, if any, in the current system and suggest improvements that could enhance employee engagement, productivity, and organizational commitment.

Ultimately, this study emphasizes that a well-balanced and transparent reward and recognition framework can serve as a strategic tool for building a strong employer brand, reducing turnover, and fostering a culture of appreciation and excellence within MG Motors. By aligning organizational goals with employee aspirations, the company can not only achieve operational success but also ensure long-term workforce stability and satisfaction.

OBJECTIVES:

- To examine the types of rewards and recognition programs implemented at MG Motors.
- To analyze the relationship between rewards and employee retention at MG Motors.
- To assess the impact of recognition practices on employee satisfaction.

REVIEW OF LITERATURE:

1. S. Meena, T.Girija, D. Visagamoorthi (2019)

This study explores the effect of rewards and recognition on employee motivation and job performance using a path analysis approach. The authors found that both monetary and non-monetary rewards play a crucial role in enhancing motivation among employees. They emphasize that frequent recognition and fair reward distribution lead to improved performance outcomes. The research also highlights that motivated employees tend to show higher commitment and creativity in their roles. Overall, the study establishes a direct positive link between recognition practices and job efficiency.

2. MDPI – Sustainability Journal (2022)

The study examines how diverse reward systems influence innovation performance in manufacturing SMEs. It found that non-financial rewards, such as verbal appreciation and public recognition, are powerful motivators for employees in creative environments. The authors suggest that recognition-based systems encourage employees to think innovatively and contribute beyond routine tasks. Furthermore, they stress the importance of integrating intrinsic motivators into performance frameworks. This is particularly relevant for manufacturing firms like MG Motors that value innovation and quality improvement.

3. Zaha Noor, Nishatnaz Nayaz, Vrushabh Solanki, Adarsh Manoj, Arti Sharma (2020)

This case study investigates the impact of structured reward and recognition programs on employee motivation in a manufacturing company in Oman. The findings reveal that when employees perceive reward systems as fair and transparent, their job satisfaction and performance significantly improve. The study further emphasizes the role of both monetary and non-monetary rewards in fostering loyalty. Employees who feel appreciated tend to stay longer and contribute positively to organizational success. The research supports the idea that reward systems must align with organizational culture to be effective.

4. Journal of the Knowledge Economy – SpringerLink (2024)

This systematic review analyzes several studies on the role of reward systems in the workplace and their

influence on employee motivation and performance. The authors argue that aligning reward mechanisms with employee expectations and company objectives can yield long-term engagement benefits. They also point out that modern organizations need to balance financial and psychological rewards for sustained results. The study calls for a shift from traditional pay-based systems to more dynamic recognition-driven models. It provides a useful theoretical foundation for HR managers seeking to enhance employee motivation.

5. ETHRWorld – Diversity and Inclusion Initiatives at MG Motor India (2022) This article discusses MG Motor India’s “Drive Her Back” initiative, which supports women returning to work after career breaks. The program has been highly successful in promoting workplace diversity and inclusion. It not only empowers women but also enhances overall employee morale and satisfaction across the organization. The initiative demonstrates MG Motor’s commitment to social responsibility and employee well-being. Such inclusive practices significantly contribute to higher employee retention and loyalty.

6. ETHRWorld – Insights into MG Motor India’s HR Practices (2023) This report highlights MG Motor India’s human resource management strategies that have helped the company maintain an attrition rate of just 13%. The company’s focus on open communication, employee feedback, and flexible work arrangements fosters a positive environment. Employees feel heard and valued, which enhances their engagement and satisfaction. The report also points out that MG Motor’s emphasis on mental well-being and transparent HR policies sets a benchmark in the automotive industry. These practices have been pivotal in reducing employee turnover.

7. ETHRWorld – Talent Development and Retention Strategies (2023) The study elaborates on MG Motor’s continuous learning initiatives, such as leadership training and upskilling programs through digital platforms. These programs help employees acquire new competencies and prepare for internal career growth. The company’s emphasis on internal job postings and succession planning ensures that employees view MG as a long-term career destination. Such opportunities foster a sense of stability and belonging. As a result, MG Motor has seen improved employee satisfaction and reduced attrition rates.

RESEARCH METHODOLOGY

RESEARCH DESIGN:

The study follows a descriptive research design to analyze the quality of work life among employees. The design helps in understanding employee perceptions related to work-life balance, job satisfaction, compensation, and demographic factors.

RESEARCH HYPOTHESES:

- H1: Marital status has a significant influence on work-life balance.
- H2: Gender has a significant association with job satisfaction.
- H3: There is a significant difference in job satisfaction across different age groups.
- H4: Experience has a significant difference in overall compensation.

SAMPLING TECHNIQUE:

The random sampling method is used, where each employee has an equal chance of being selected, ensuring unbiased representation of the population.

SAMPLE SIZE:

The total population consists of 150 employees, out of which a sample of 100 employees working at MG Motors, Coimbatore, was selected to study the quality of work life.

DATA COLLECTION:

- Primary Data: Collected through online surveys and observation methods.
- Secondary Data: Collected from standard reference books, journals, and websites.

DATA ANALYSIS TOOLS:

- Simple Percentage Analysis
- Chi square
- ANOVA
- Correlation Analysis

DATA ANALYSIS AND INTERPRETATION

TABLE - 1.1

TABLE SHOWING THE TYPE OF REWARDS MOST OFTEN RECEIVED BY THE RESPONDENTS

TYPE OF REWARDS	RESPONDENTS	PERCENTAGE
Monetary rewards	34	34
Non-monetary rewards	31	31
Career advancement opportunities	35	35
None	0	0
Total	100	100

Source: Primary data INTERPRETATION

From the above table, it shows that the type of rewards preferred by the respondents varies. 34% of the respondents prefer monetary rewards, 31% prefer non-monetary rewards, and 35% prefer career advancement opportunities, while 0% of the respondents selected none. This indicates that the majority of the respondents prefer career advancement opportunities as a form of reward.

TABLE - 1.2

TABLE SHOWING WHETHER RESPONDENTS HAVE CONSIDERED LEAVING DUE TO LACK OF REWARDS

LACK OF REWARDS	RESPONDENTS	PERCENTAGE
Frequently	26	26
Occasionally	27	27
Rarely	46	46
Never	1	1
Total	100	100

Source: Primary data INTERPRETATION

From the above table, it shows the respondents’ perception of the lack of rewards in the organization. 26% of the respondents stated that rewards are frequently lacking, 27% said occasionally, 46% said rarely, and 1% said never. This indicates that the majority of the respondents feel that the lack of rewards occurs rarely.

TABLE - 2.1 Chi-square

2.1 To Find out the relationship between department/function of the respondents and type of rewards most often received by the respondents.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	67.460 ^a	10	.000
Likelihood Ratio	77.327	10	.000
N of Valid Cases	100		

a. 12 cells (66.7%) have expected count less than 5. The minimum expected count is 1.86.

INTERPRETATION:

The Chi-Square test result shows a Pearson Chi-Square value of 67.460 with 10 degrees of freedom and a p-value < .001, indicating a statistically significant association between the variables. This means the observed frequencies differ significantly from the expected frequencies. However, since 66.7% of the cells have expected counts less than 5, the validity of the Chi-Square test may be compromised. A Fisher’s Exact Test or category merging might be more appropriate for accurate results.

TABLE - 2.2 Chi-square

2.2 Represents the Chi-square Tests between Department/function of the respondents and Frequency of Recognition

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	122.961 ^a	15	.000
Likelihood Ratio	114.717	15	.000
N of Valid Cases	100		

a. 18 cells (75.0%) have expected count less than 5. The minimum expected count is .60.

INTERPRETATION:

The Chi-square test result shows a Pearson Chi-square value of 122.961 with 15 degrees of freedom and a p-value < .001, indicating a statistically significant association between the variables. This suggests that the observed frequencies differ significantly from the expected frequencies. However, since 75.0% of the cells have expected counts less than 5, the validity of the Chi-square test may be affected. Therefore, the results should be interpreted with caution, and alternative methods such as Fisher’s Exact Test or category merging could be considered for more accurate analysis.

TABLE - 3.1 Correlation

3.1 Represents the Correlation Tests between rewards vs retention intention

Correlations			
		13. Do rewards encourage you to stay longer with MG Motors?	15. To what extent do rewards impact employee turnover?
13. Do rewards encourage you to stay longer with MG Motors?	Pearson Correlation	1	-.588**
	Sig. (2-tailed)		.000
	N	100	100
15. To what extent do rewards impact employee turnover?	Pearson Correlation	-.588**	1
	Sig. (2-tailed)	.000	
	N	100	100

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

INTERPRETATION:

The Pearson correlation result shows a correlation coefficient of -0.588 with a significance value (p < 0.01), indicating a moderate and statistically significant negative relationship between the two variables. This

suggests that as rewards encourage employees to stay longer with MG Motors, the impact of rewards on employee turnover decreases. Therefore, effective reward practices are associated with reduced turnover and improved employee retention.

TABLE - 3.2 Correlation

3.2 To Find out the relationship between manager appreciation vs. feeling valued

Correlations			
		21. How often does your manager appreciate your work?	19. Do you feel valued in your department?
21. How often does your manager appreciate your	Pearson Correlation	1	.059
	Sig. (2-tailed)		.562
work?	N	100	100
19. Do you feel valued in your department?	Pearson Correlation	.059	1
	Sig. (2-tailed)	.562	
	N	100	100

INTERPRETATION:

The Pearson correlation result shows a correlation coefficient of 0.059 with a significance value of 0.562, indicating a very weak and statistically insignificant positive relationship between how often managers appreciate employees’ work and whether employees feel valued in their department. This suggests that the frequency of managerial appreciation does not have a significant impact on employees’ sense of being valued at MG Motors.

TABLE - 4.1 ANOVA

4.1 To find difference between Department vs. Retention Intention

ANOVA					
13. Do rewards encourage you to stay longer with MG Motors?					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.162	5	2.432	2.290	.052
Within Groups	99.838	94	1.062		
Total	112.000	99			

INTERPRETATION:

The One-Way ANOVA test result shows a between-groups sum of squares of 12.162, an F-value of 2.290, and a significance value (p = 0.052). This indicates that there is **no statistically significant difference** in employees’ perception of whether rewards encourage them to stay longer with MG Motors across different groups, as the p-value is slightly above the 0.05 threshold. Therefore, the null hypothesis is **accepted**, suggesting that perceptions regarding the impact of rewards on retention are relatively similar across all

groups.

TABLE - 4.2 ANOVA

4.2 To find difference between

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
18. How satisfied are you with your department's work environment?	Between Groups	9.219	5	1.844	2.199	.061
	Within Groups	78.821	94	.839		
	Total	88.040	99			
19. Do you feel valued in your department?	Between Groups	1.545	5	.309	.514	.765
	Within Groups	56.565	94	.602		
	Total	58.110	99			
20. How is the teamwork in your department?	Between Groups	11.012	5	2.202	4.032	.002
	Within Groups	51.348	94	.546		
	Total	62.360	99			
21. How often does your manager appreciate your work?	Between Groups	2.331	5	.466	.757	.583
	Within Groups	57.859	94	.616		
	Total	60.190	99			
22. Are opportunities for growth equally available across departments?	Between Groups	1.161	5	.232	.552	.737
	Within Groups	39.589	94	.421		
	Total	40.750	99			
23. Do you find inter-departmental communication effective?	Between Groups	2.782	5	.556	1.467	.208
	Within Groups	35.658	94	.379		
	Total	38.440	99			

INTERPRETATION:

The One-Way ANOVA analysis conducted between departments (Q4) and employee satisfaction factors (Q18–Q23) at MG Motors revealed that only *teamwork within the department* (Q20) showed a statistically significant difference ($F = 4.032, p = 0.002$). This indicates that teamwork perceptions vary notably across different departments. However, other factors such as satisfaction with the work environment, feeling valued, managerial appreciation, growth opportunities, and communication effectiveness showed no significant differences ($p > 0.05$). Therefore, it can be concluded that while teamwork experiences differ among departments, the overall satisfaction-related perceptions remain relatively consistent across the organization.

FINDINGS

The study reveals that most respondents (35%) prefer career advancement opportunities as rewards, followed closely by monetary (34%) and non-monetary rewards (31%). This shows that employees value growth and promotion more than financial incentives. Most respondents (46%) stated that lack of rewards occurs rarely, indicating overall satisfaction with the reward frequency. The Chi-square results show a significant relationship between departments and both reward types and recognition frequency, suggesting variations across departments. The correlation analysis indicates that effective reward systems help reduce turnover, while managerial appreciation has little effect on employees feeling valued. ANOVA results show no major difference in retention perceptions across departments, but teamwork significantly differs among them, highlighting the need for improved collaboration.

SUGGESTIONS

To improve employee satisfaction and retention at MG Motors, the organization must adopt strategic measures that strengthen its reward and recognition framework while enhancing overall workplace engagement. A key step is to establish a fair, transparent, and consistent recognition system across all departments, ensuring that every employee feels equally valued for their contributions. Introducing both monetary and non-monetary incentives, such as bonuses, performance certificates, and public appreciation, can effectively motivate employees and build a sense of accomplishment. Providing career advancement opportunities through structured training, mentorship programs, and internal promotions is equally essential, as employees are more likely to stay with the company when they see clear pathways for professional growth.

The organization should also encourage managers to recognize and appreciate employee efforts regularly, as timely recognition boosts morale and strengthens the relationship between management and staff. Promoting teamwork through collaborative projects and team-based recognition can enhance coordination and improve the work environment. Additionally, maintaining open communication channels will help employees understand the reward criteria clearly, reducing misunderstandings and building trust in the system. To further increase job satisfaction, MG Motors should review compensation packages periodically to ensure competitiveness and fairness within the automotive industry.

Creating a positive and inclusive workplace culture is vital for long-term employee engagement. The company should focus on initiatives that promote employee well-being, such as stress management sessions, wellness programs, and feedback-driven engagement activities. When employees feel respected, recognized, and supported, they are more likely to remain loyal and contribute productively. By aligning recognition programs with employee expectations and maintaining fairness and transparency, MG Motors can strengthen its organizational culture, enhance job satisfaction, and significantly improve employee retention.

CONCLUSION

The study on “The Impact of Rewards and Recognition on Employees’ Retention and Satisfaction at MG Motors” concludes that reward and recognition systems significantly influence employee motivation, satisfaction, and their decision to remain with the organization. The findings reveal that employees place strong importance on career advancement opportunities, followed by monetary and non-monetary rewards, indicating that professional growth serves as a major motivational factor. It is also observed that while most employees rarely feel the absence of rewards, recognition practices and their frequency vary across departments, pointing to inconsistencies in the organization’s implementation of recognition programs. The correlation results confirm that effective reward systems help reduce employee turnover, while weak or irregular recognition practices can lower engagement levels and satisfaction.

The study further highlights that teamwork differs significantly across departments, which affects collaboration and employee experiences. Although managerial appreciation was found to have limited influence on employees feeling valued, it indicates the need for a stronger focus on interpersonal recognition and supportive leadership practices. The ANOVA and Chi-square analyses collectively suggest that while reward systems contribute positively to retention, the outcomes are also shaped by other factors such as communication, transparency, and fairness across departments.

Overall, the study concludes that MG Motors must enhance its reward and recognition framework by ensuring equal opportunities for all employees, promoting transparent recognition practices, and increasing the frequency of acknowledgment. By integrating career development initiatives with fair and consistent reward policies, the organization can foster a more engaged, motivated, and loyal workforce. A holistic approach that combines professional growth, fair compensation, and a culture of appreciation will not only improve job satisfaction but also strengthen employee retention and long-term organizational success.

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