

REWARD SYSTEM INFLUENCE ON TURN OVER INTENTION OF MILLENNIALS

Dr. N. S. Shibu., MBA., M.Phil., PhD.

Professor & Head, Department of Management Studies,
Bharathidasan University College, Perambalur, Tamil Nadu, India
(Affiliated to Bharathidasan University, Trichirappalli)

D. Rengaraj

Research Scholar (PT)., Department of Management Studies,
Bharathidasan University College, Perambalur, Tamil Nadu, India
(Affiliated to Bharathidasan University, Trichirappalli)

ABSTRACT

Organizations biggest challenge is to maintain workforce, because workforce is not static rather volatile when they are not properly rewarded. Among them, retaining millennial workforce pose a big task of the organization provided if they recognized with reward. More often, they are part ways from the organization if their personal satisfaction does not meet with proper reward system. In this context, the paper is intended to examining the influence of reward system for millennials and their turnover intention. The study was carried out through standardized questionnaire using stratified random sampling with descriptive research design from sample of 100 millennials. The study identified the factors of reward system which significantly influenced the turn over intention of millennials and it has found out that reward system influenced the turn over intention by administering linear regression model and correlation showed that there is a positive correlation between reward system and turn over intention.

Key words: Reward system, Millennials, Turn over intention

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1. INTRODUCTION

Turn over intention represents the individual estimate to the chances of leaving the organisation near future (Cho *et al* 2009:374). Turnover Intention is an early signal of potential employee turnover within the company, attempts to detect a turnover intention is important to do because qualified human resources need to be maintained for the sake of the company's progress

(Gopinath *et al.*, 2016). Nowadays organizations are looking for better ways to help their employees to be more productive and to be happier in their work place with the aim of keeping high retention rate (Gopinath, 2019 a & b). Employees want to be appreciated of their efforts and they expect a fair return on that effort as well. Most organizations implement many strategies which makes employees happier.

When an a employees leave their jobs, organization not only lose human capital but also endure the costs associated

with high turnover of employees (Yang, 2008: 433). High employee turnover rate increase costs and affect productivity

negatively (Lam *et al.*, 2002:218). Therefore, the employee turnover is regarded as a negative factor that impacts quality

of service, and mood of employee as well as profitability and other activities (Kim and Jogaratnam, 2010: 319)

A systematic way of a scheme or a program which gives incentives for those individuals or groups who perform well in the firm called a Reward system. Reward system can be categorized into two areas (Armstrong, 2007). Those are financial rewards and non -financial rewards (Gopinath & Shibu, 2015a). Financial rewards mean those which satisfy the employees by providing rewards in terms of money. Henryhand (2009) has also mentioned that recognition and its factors have a significant impact on turnover intention of employees Millennials are children born between 1980 and before 1995 and predominately they are working in the industrial scenario.

When the expectations of new entrant are not met, if the organisation fail to acknowledge the demand of them which lead to misunderstanding, distortion in communication, no productivity, thus results in lower in commitment and high turnover intention (Westerman & Yamamura, 2007; O'Bannon, 2001; Adams, 2000) Hewlett *et al.* (2009) Generation Yers highly prefer rewards and recognition than remuneration from their boss, organisation and at least a steady growth of promotion. They have to be informed about their contribution towards they work for in the organisation because they are impatient.

Besides the financial rewards, there are certain non -financial rewards which can satisfy the ego and self-actualization needs and wants of employees (Gopinath & Shibu, 2015 b). Lack of fair rewards and recognition system may cause to create unsatisfactory workforce within the organization, because today's employees want to be treated like a valuable resource not a disposable asset (Gopinath, 2017). Therefore, in the current context retention of the qualified millennials within organization has become one of the most common challenges and thereby one of the major problems managers of organizations face today is employee turnover intention and finally resulting in the turnover of such millennials (Gopinath, 2016 a)

2. REVIEW OF LITERATURE

Hom and Griffeth (1995) define turnover intention as the relative strength of an individual's intent toward voluntary permanent withdrawal from an organization. Cotton and Tuttle (1986) define turnover intention as an individual's perceived probability of staying or leaving an employing organization. Employee turnover is always costly for the organization. Employee can quit for many reasons. Smith (2009) listed out twelve major reasons for employees to leave from their positions. Those were rude behavior, work-life imbalance, inability to meet expectations, employee misalignment, feeling undervalued, lack of coaching and feedback, lack of decision-making ability, inadequate skills, organization's instability, stagnation, lack of growth opportunities and lack of appreciation.

A'yunnisa & Saptoto (2015) suggested that pay level dimension has a higher correlation with intention to leave than other dimensions like affective commitment. This result conveys that the pay level is more important with regard to turnover intention in a way that employees want to quit from the company and looking for another opportunity

According to beliefs of many employers, turnover rate rises, when employees are not satisfied (Gopinath, 2016 b). They mostly apply simple measures of recognition to slow down the rate of turnover. Gary Dessler (2011) explains that recognition positively effect on employee performance. Recognition mostly refers to the formal program like employee of the year. Employers in many country use recognition programs such as long service award or loyalty award for employees who complete many years. Such an action enhances the retention of employees in industries where turnover rate is high.

Generational cohorts are just one way to categorize a group of people with similarities—in this case, the era in which individuals were born and when they came of age (Gopinath, 2016 c). We will use the birth years of 1980 to 1999 here to define the Millennial cohort. Sources, though, are inconsistent, with as many as 21 different birth spans referenced.

A study published in the management journal of sustainable business and management solutions mentioned that Millennials keep their resumes updated and have a reputation to be job hoppers (Shaw & Fairhurst, 2008; Meier& Crocker, 2010). Moreover, their job hopping has been a major problem for the employers (Tulgan 2015) and they are reported to have higher turnover intention than other generations. Kowske, Rasch & Wiley 2013; Deloitte, 2011; Twenge, 2010; Sujansky & Ferri-Reed, 2009). Additionally, it is generally accepted that job satisfaction and employee turnover intention are negatively related (Mobley 1977; Susskind *et al.* 2000; Gopinath, 2016 d; Schwepker 2001).

2.1 Statement of Problem

Turnover of millennials causes huge financial instability to the organization. Millennials often separate from the organization when they are not properly rewarded and recognized. This study is to determine the relationship between the rewards & recognition and explore the influence of rewards and recognition on turn over intention of millennials.

2.2 Objectives

- To study the relationship between rewards & recognition and turnover intention of millennials
- To find out the influence of reward system on turnover intention of millennials

3. RESEARCH HYPOTHESES

Hypothesis 1:

H0: There is no influence of Reward system on turnover intentions of millennials

- **H1:** There is influence of Reward system on turnover intentions of millennials
- **Hypothesis 2:**
- **H0:** There is no significant relationship between rewards and recognition and turnover intentions of millennials
- **H1:** There is significant relationship between rewards and recognition and turnover intentions of millennials

4. RESEARCH DESIGN

4.1 Descriptive Research Design

Researcher can present what has happened and what is happening. In this present study, the researcher has attempted to find out the influence that reward system has on turnover intention of millennials. Hence descriptive research design has been adopted to study the turnover intention prevalent among the millennials and in order to find the influence reward system has on it.

4.2 Sampling Method Population

Population or universe means, the entire mass of observations, which is the parent group from which a sample is to be formed. The sample observations provide only an estimate of the population characteristics.

Here at the study organization the population is 500 employees, with around 200 millennials.

4.3 sample Size

Sample size measures the number of individual samples measured or observations used in a survey or experiment. **The sample size for this study is 100 respondents (only millennials)**

4.4 Stratified Random Sampling

Stratified random sampling was used and lottery method to pick

4.5 Tools for Data Collection

A standardized (TIS -6) by “Gert roodt” (Turnover Intention) was used as the tool for data collection and for Reward and recognition self-structured questionnaire was administered.

4.6 Simple Linear Regression

Table 1 Influence of Reward System on Turnover Intention of Millennials

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	Beta	Std. Error	Beta		
Turnover Intention	-.433	.307		-1.411	.162
Reward system	1.024	.906	.733	10.675	.000

Note: R=0.733, R²=0.538 and Adjusted R²=0.533

Inference:

There is an influence of reward system on turnover intention of millennials. From the above table, it can be inferred that the t statistics probability value is 0.000 which is less than 0.05 level of significance, hence, we reject the null hypothesis and conclude that reward system influences the turnover intention of millennials. Further, for every one unit change in reward system, the turnover intention increases by 1.024 units. The value of correlation coefficient (r) is 0.733, coefficient of determination r^2 is **0.538** and adjusted r^2 value is **0.533**. the regression equation can be written as $Y = -0.433 + 1.024 X$ where, X is reward system and Y is turnover intention of millennials

4.7 Correlation

Table 2 Relationship Between Rewards and Recognition and Turnover Intention

Kendall's tau_b			REWARDS & RECOGNITION	TURNOVER INTENTION
	Rewards and Recognition	Correlation Co-Efficient	1.000	.168
	Turnover Intention	Correlation Co-Efficient	.168	1.000
		Sig (2 tailed)		.022
		N	100	100

Inference:

From the above table, it can be inferred that the probability value of correlation is 0.022 which is lesser than 0.05 level of significance, so we reject the null hypothesis. It can be concluded that there is relationship between rewards system and turnover intention. Further, the correlation value is 0.168, this indicates that there is positive correlation between the two variables.

5. DISCUSSION

This study examined the relationship between rewards, recognition and turnover intention of millennials and find out the explore the influence of rewards and recognition of turn over intention. Overall the results provide support for the two hypotheses. First consistent with Hypothesis 1, we found a positive relationship between rewards and recognition and turn over intention as supported by Henryhand (2009) who argue that employee recognition has significant impact on turnover intention of employees as proved in the analysis of the correlated data reveals that reward system has a significant relationship on employees turnover intention. Second, consistent with hypothesis 2, rewards and recognition influence the turnover intention of millennials. This finding supports Mvs Mendis": "Impact or reward system on employee turnover intention", the results proven in the study is in accordance with the above stated studies results as the reward system influences the turnover intention of millennials.

6. LIMITATION AND FUTURE DIRECTIONS

The study contains a limitation. First, it only examined the relationship between reward and recognitions and turn over intention for millennials and it would have been carried out to find out the turn over intention for different gender of millennials and its influence of rewards and recognition. It may extend to new generations workforce and there is a possibility to compare the millennials and baby boomers turn over intention

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