

The Effect of Compensation and Reward on Employee Motivation and Organisational Commitment: A Case of Flipkart

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Abstract:

Motivation and dedication of employees are vital components for the success of the companies and it is the essential aspects of the organisation, especially in the fast-increasing e-commerce company. The present study is an attempt to examine the effect of salary and reward systems on the motivation and commitment of employees in Flipkart. The research design was mixed methods, with quantitative data collected from 150 employees and qualitative data from 20 HR managers and team leaders. Descriptive statistics, correlation analysis, multiple regression analysis, t-test and ANOVA were employed for data analysis.

The data show that performance-based bonuses are the best predictor of employee engagement. Reward fairness perception is found to be the most important predictor of organisational commitment. Career development possibilities, non-monetary recognition, ESOPs and flexible work arrangements all show considerable beneficial outcomes. It is concluded that organisations need to adopt holistic compensation approach by integrating both monetary and non-monetary awards for improving employee performance and retention.

Keywords: Compensation, Rewards, Employee Motivation, Organisational Commitment, Flipkart, E-commerce Industry, Human Resource Management.

1 Introduction

Organisations are more and more concerned about the human resources as a strategic advantage in the present economic environment of cut-throat competition. The Indian e-commerce business is growing fast and organisations are striving fiercely to acquire qualified individuals. The reward and pay systems have emerged as key instruments to inspire the employees and to develop a long term loyalty to the organization.

Flipkart is one of the major e-commerce companies in India, with a large workforce in technology, operations, logistics, finance and marketing. As the expectations of employees are evolving, businesses should design a compensation system that will meet the financial needs of the employees and help them to grow psychologically and professionally.

The current study explores the impact of different components of wage and reward on employee motivation and organisational commitment in Flipkart.

Research Goals

1. To investigate the effect of remuneration and rewards on employee motivation.
2. To examine the effect of compensation and reward system on the organisational commitment.

2. Review of Literature

Compensation and rewards have long been seen as key influences on employee attitudes and behaviour.

Herzberg's Two-Factor Theory

Herzberg suggested that compensation is mostly a hygiene issue that prevents dissatisfaction but does not necessarily lead to motivation. Motivational elements consist of achievement, acknowledgement and growth chances.

Expectancy Theory (Vroom)

Vroom says employees are driven when they believe their efforts will lead to success and performance will lead to desirable rewards.

Adams Equity Theory

Adams stressed that employees assess fairness by comparing their inputs and outcomes with those of others. Perceived unfairness is detrimental to motivation and commitment.

Three-Component Model - Meyer and Allen

Organisational commitment is comprised of:

Emotional Dedication

Ongoing Commitment

Normative Commitment

Earlier research have found that reward fairness, opportunity for career growth and recognition are important factors in improving employee motivation and organisational commitment.

3. Procedures

Study Design

The study utilised a mixed-methods research strategy that included both quantitative and qualitative methods.

Sample

1. Employees surveyed 150
2. 20 HR Managers and Team Leads Interviews

Data Gathering Methods

1. Structured Questionnaire
2. Deep Dive Interviews
3. Statistical Tools Employed
4. Descriptive Statistics
5. Pearson Correlation Analysis
6. Analysis of Multiple Regressions
7. Independent Sample t-Test
8. One-Factor ANOVA

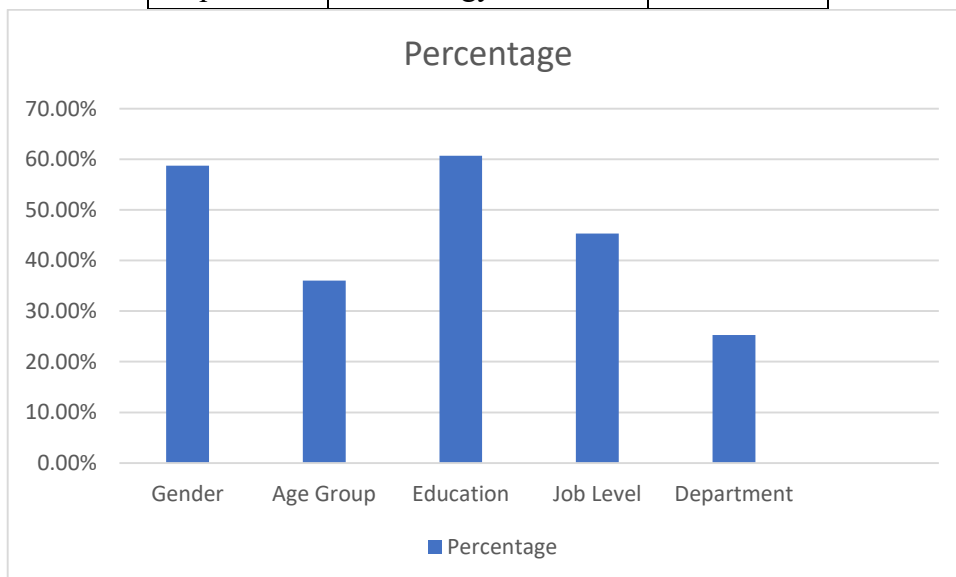
4. Analysis of Data and Results

Demographic Profile

The study sample mostly comprised of employees between the ages of 26-35 years. The sample consisted of 58.7% male respondents and 38.7% female respondents.

Table 1: Demographic Summary

Variable	Major Category	Percentage
Gender	Male	58.7%
Age Group	26–30 Years	36.0%
Education	MBA/Postgraduate	60.7%
Job Level	Middle Management	45.3%
Department	Technology & Product	25.3%

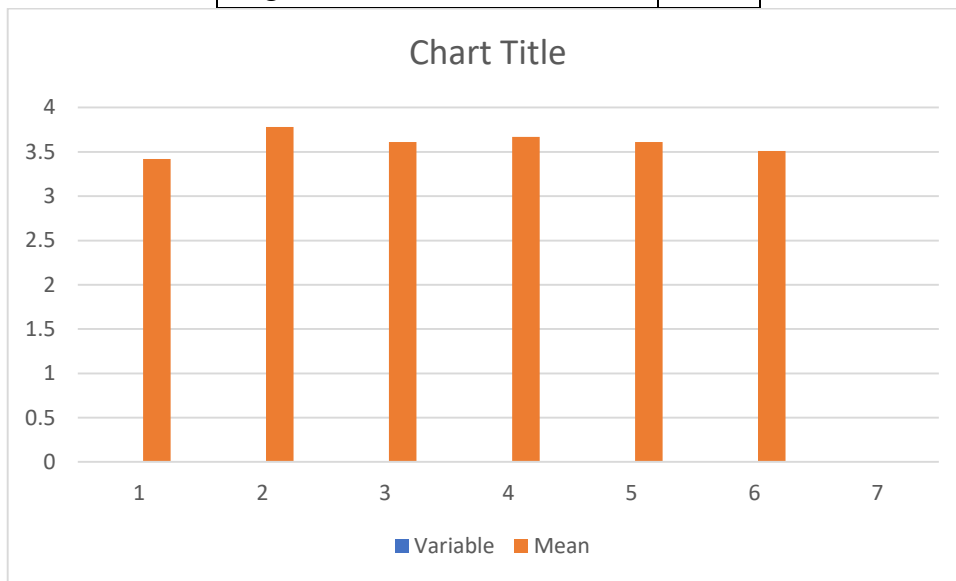


Descriptive Statistics

Satisfaction with performance bonus had the highest mean score among the compensation variables.

Table 2: Descriptive Statistics

Variable	Mean
Base Salary Satisfaction	3.42
Performance Bonus Satisfaction	3.78
ESOP Satisfaction	3.61
Flexible Work Arrangements	3.67
Overall Motivation	3.61
Organizational Commitment	3.51

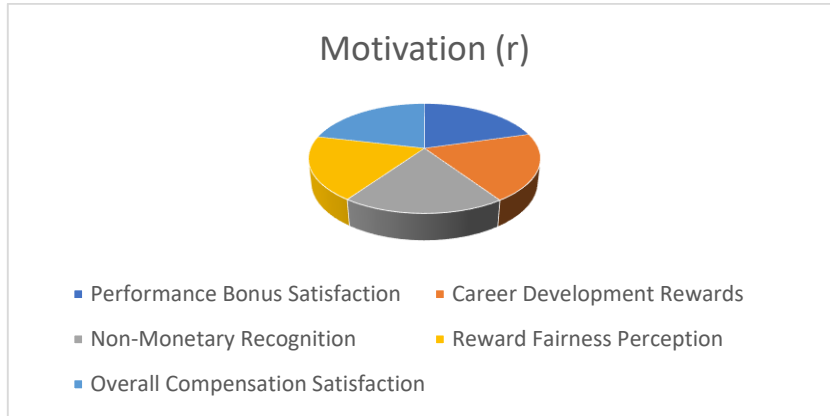


Correlation Analysis.

The results show considerable positive connections between salary variables and employee outcomes.

Key Correlation Results

Variable	Motivation (r)
Performance Bonus Satisfaction	0.74
Career Development Rewards	0.72
Non-Monetary Recognition	0.69
Reward Fairness Perception	0.68
Overall Compensation Satisfaction	0.77



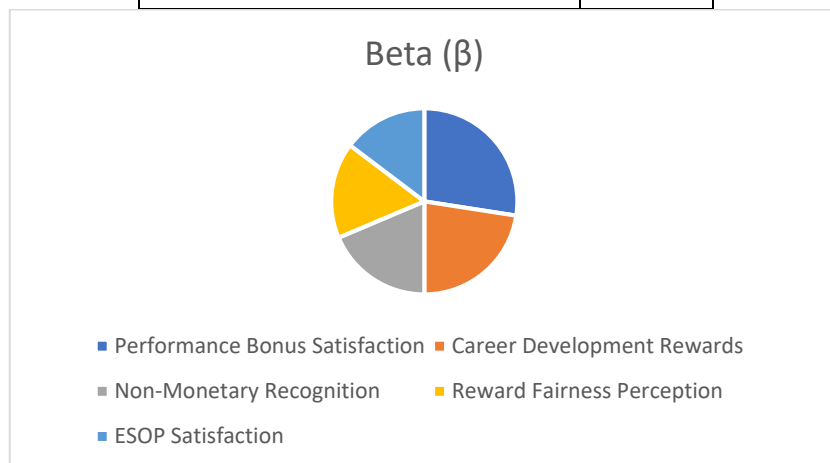
The findings show that improved reward strategies lead to increased employee motivation and commitment.

Regression Analysis

Predictors of Employee Motivation

The regression model explained 65.8% of the variance in employee motivation.

Predictor	Beta (β)
Performance Bonus Satisfaction	0.28
Career Development Rewards	0.23
Non-Monetary Recognition	0.19
Reward Fairness Perception	0.17
ESOP Satisfaction	0.15



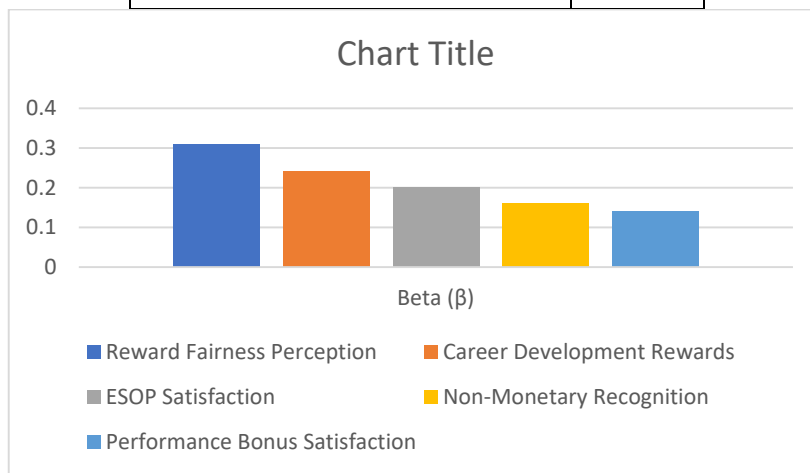
Performance bonuses emerged as the strongest predictor of employee motivation.

Table 5 Predictors of Organisational Commitment

Predictors of Organizational Commitment

The model explained 61.7% of the variance in organizational commitment.

Predictor	Beta (β)
Reward Fairness Perception	0.31
Career Development Rewards	0.24
ESOP Satisfaction	0.20
Non-Monetary Recognition	0.16
Performance Bonus Satisfaction	0.14



Reward fairness perception emerged as the strongest predictor of commitment.

5. Discussion

The findings support Herzberg’s idea that income alone is not sufficient to motivate employees. Base wage was positively connected with motivation but was not a significant independent predictor when additional incentive variables were included .

The performance-based bonuses were the strongest motivation and confirm Vroom’s Expectancy Theory. Employees are motivated when there is a clear correlation between performance and pay.

The strongest effect on organisational commitment was the sense of reward fairness, corroborating Adams’ Equity Theory. Employees that perceive awards to be fair and transparent are more likely to stay loyal to the organization.

The opportunity to develop a career and programs for recognition has a strong influence on both motivation and dedication.

6. Conclusion

The study reveals that at Flipkart the wage and reward system has significant effect on employee motivation and organisational commitment. The most significant determinant of the organisational

commitment is the impression of reward fairness and the most effective motivational tool is the performance bonus.

In addition to raising compensation levels, businesses should emphasise on boosting transparency of rewards, career advancement, recognition, ESOP awareness and flexible work arrangements.

A detailed and balanced reward strategy can enable businesses to establish a highly motivated and engaged personnel to preserve competitive edge.

7. Recommendations

1. Make award distribution more transparent.
2. Improve performance-linked bonus systems.
3. Expand career development opportunities.
4. Strengthen employee recognition programs.
5. Promote ESOP awareness and financial knowledge.
6. Promote flexible working practices and employee well-being.

8. Study limitations

1. Sample size of 150 employees is small.
2. Design: Cross-sectional study.
3. The study was conducted just on Flipkart.
4. Potential bias in survey responses.

9. Future Directions

1. Reward effectiveness longitudinal research.
2. Comparative studies between e-commerce enterprises.
3. Motivation of blue-collar workers research.
4. Compensation and reward systems powered by AI.

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