

**IMPACT OF PERFORMANCE REWARDS ON
EMPLOYEE TURNOVER IN SOFTWARE INDUSTRY**

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DECLARATION

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Date:

The above candidate has carried out research for the Masters thesis under my supervision.

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Dr. Indika Perera

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ABSTRACT

Almost all IT organizations today carry out performance reward schemes to evaluate and compensate employees based on their performance. At the same time management intends to retain talented staff within the organization for a longer period of time by keeping them motivated by means of rewards. However not all reward schemes are effective in retaining employees, thus this study attempts to reveal the most effective reward types that would help IT organizations to minimize employee turnover.

This study uses quantitative method and, the data is collected through an online survey. The population used for this study is software professionals who work in software organizations which are estimated to be around 40,000 (ICTA, 2013).

In the present study *Monetary rewards*, *Non-Monetary rewards* and *Reward Frequency* were negatively correlated with *Employee Turnover*. This means that as the monetary rewards and non-monetary rewards are less and the rewards are offered at lesser frequency, employees tend to turnover more in IT organizations. Detailed analysis revealed that long term monetary rewards are more successful in retaining employees which are offered at semi-annual intervals.

This research brings out valuable results that can be incorporated in organizational performance reward policy by the managements of the IT organizations in with a special emphasis on the turnover of their employees. Further, the present study hints on other avenues that could be explored further as future research, in the field of performance rewards at work place and its impact on individuals.

Keywords: Performance appraisal, Employee Turnover, Monetary rewards, Non-monetary rewards, Reward frequency

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LIST OF ABBREVIATIONS

IT – Information Technology

PA – Performance Appraisal