

**A PROJECT REPORT
ON “REWARD SYSTEM AND ITS IMPACT ON EMPLOYEE
PERFORMANCE” AT HYUNDAI**

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I. ABSTRACT

A reward system is a strategic framework implemented by organizations to recognize, motivate, and retain employees by offering financial and non-financial incentives. It plays a vital role in enhancing employee performance, job satisfaction, and organizational commitment. This study examines the relationship between reward systems and employee performance, focusing on how various forms of rewards—such as salary increments, bonuses, promotions, recognition programs, and fringe benefits—affect motivation and productivity.

The study further highlights that a well-structured reward system not only motivates employees but also fosters a culture of performance excellence and accountability. Organizations that continuously assess and update their reward strategies tend to achieve better workforce efficiency, higher productivity, and improved organizational performance.

Keywords: *Reward System, Employee Performance, Motivation, Financial Incentives, Non-Financial Rewards, Employee Engagement, Productivity, Job Satisfaction, Organizational Commitment, Recognition Programs.*

II. INTRODUCTION

In the current competitive business environment, companies look for methods to improve performance, productivity, and efficiency. Employee behavior and performance are significantly impacted by organizational incentives. Incentive programs are used by businesses to identify, reward, and inspire their workforce. Pay, bonuses, promotions, recognition, job stability, career advancement, and work-life balance are examples of both monetary and non-monetary incentives. Employee motivation, job happiness, and business success are all impacted by the efficacy of reward systems. Performance is influenced by the quality of work. It is determined by business culture, leadership, work environment, talent, and—above all—the incentive structure. Employees who feel valued are

more committed, engaged, and productive. Dissatisfaction, poor morale, absenteeism, and high employee turnover might result from an unjust compensation system. HR managers need to know how employee performance is impacted by incentive schemes. There are both internal and external incentives. Intrinsic employee benefits include progress, self-satisfaction, acknowledgment, and job happiness. Long-term motivation is enhanced by intangibles. Salary, bonuses, allowances, and promotions are examples of extrinsic organizational benefits.

III. STATEMENT OF THE PROBLEM

In today's competitive business climate, firms rely more on human resources to accomplish strategic goals. Employee performance now determines company success, productivity, and sustainability. The company's incentive scheme affects employee performance. Employee motivation and performance are improved by a reward system that includes compensation, bonuses, allowances, recognition, promotion, and career development possibilities. Despite its significance, many companies fail to create a fair and consistent compensation system that encourages workers.

IV. NEED OF THE STUDY

Due to the rising importance of human resource management in the competitive auto business, Hyundai Motor Company's pay system and employee performance research is vital. Hyundai leads a dynamic global market with innovation, productivity, and efficiency. The organization's remuneration system influences employee performance, which is vital to these aims. Knowing how incentives impact employee engagement and productivity is critical for organizational success. Despite its size and diversity, Hyundai's incentive system supports organizational goals. The study must establish whether financial and non-financial incentives boost performance. It also identifies discontent, perceived unfairness, and lack of appreciation that affect worker morale and productivity. The paper recommends improving incentive systems to enhance employee engagement, retention, and job satisfaction. Due to worldwide competition and technological advancement, Hyundai must strengthen its HR practises. This study must analyze, explain, and suggest incentive system changes to improve employee performance and organizational effectiveness.

V. SCOPE OF THE STUDY

According to Hyundai Motor Company incentive system and employee performance study, rewards improve employee motivation, satisfaction, and productivity. Rewards including pay, incentives, bonuses, and allowances and non-financial advantages like recognition, progression, training, and

work-life balance are studied. It analyzes how these awards boost employee and company performance.

VI. OBJECTIVES OF THE STUDY

- The Hyundai Motor Company incentive system and employee performance study's key goals are:
 - Examine Hyundai's incentive system, including financial and non-financial components.
 - Analyze the link between incentive schemes and employee performance in the company.
 - Determine employee satisfaction with Hyundai's award plans.
 - Examine the impact of compensation, incentives, and bonuses on employee motivation and productivity.
 - Evaluate non-monetary awards (recognition, promotion, training, career development) on employee performance.

VII. LIMITATIONS OF THE STUDY

The research on the incentive system and employee performance at Hyundai Motor Company includes limitations that should be addressed when evaluating the results. The study's scope is limited to one business, thus its findings may not apply to other sectors or organizations with different organizational structures and compensation policies.

Another issue is the dependence on employee views, which may be impacted by prejudice, emotions, or fear of criticism. This may compromise data accuracy and objectivity. Due to confidentiality considerations, workers may not always be honest about incentive system satisfaction. Time restrictions may limit the study's ability to analyze all facets of the incentive system and employee performance. Limited access to internal firm data and sensitive HR regulations may limit investigation depth.

4. Additionally, evolving compensation systems and organizational rules may affect the results' usefulness over time. Market circumstances, economic considerations, and management actions may all affect employee performance, making it hard to separate the compensation system.

5. Despite limitations, the research offers insights on incentive systems' impact on employee performance, motivation, and happiness in the workplace.

VIII. REVIEW OF LITERATURE

1. Figueiredo and associates (2025)

Figueiredo et al. conducted a thorough literature study on organizational incentive systems in 2025. According to the research, employee behavior, motivation, and performance may be impacted by incentive programs. The authors claim that both monetary and non-monetary incentives have an impact on workers' views about their jobs.

2. Zagladi, Sopiah, and Silmi (2026)

In a comprehensive research, Silmi, Sopiah, and Zagladi (2026) looked at how total incentive schemes affect performance and job satisfaction. According to their study, incentive programs enhance worker performance in a variety of sectors. According to scientists, employees are motivated by both internal and external incentives. Employee performance is considered to be improved by performance awards.

3. Kurniawan in 2025

Kurniawan (2025) reviewed the literature on employee performance and remuneration tactics. Both monetary and non-monetary bonuses increase employee productivity, according to the research. According to the author, performance-based compensation boosts motivation and productivity. According to him, flexibility and recognition boost employee engagement. According to the survey, employee happiness depends on fair remuneration.

4. Murti (2026)

Murti (2026) looked closely at how incentive programs motivate and fulfill employees. According to research, incentive programs are necessary for contemporary businesses to improve employee performance. Bonuses and pay raises are motivating, according to research. Flexible work schedules, training, and awards are crucial.

5 Arti (2021–2022) Study Review

Arti (2021) investigated how incentives increase the efficacy of organizations. According to research, incentives are necessary for performance management systems. According to the author, awards make workers more aware of their role in the organization's objectives. According to Arti, employees are motivated by both internal and external incentives. According to the survey, gratitude and praise boost employee morale.

6. Zhang, Zhou, Liu, Chen (2022–2023)

Chen, Zhang, Zhou, and Liu (2023) conducted a meta-analysis of work performance and pay-for-performance. Reward-based compensation increases productivity, according to research.

Performance-based incentives improve employee performance, according to several empirical research. The impression of equitable reward effectiveness is also emphasized. According to a research, workers are motivated and committed when they get fair compensation. The study demonstrates how employee incentive responses are influenced by cognitive assessment theory. Intrinsic motivation may also be diminished by an ineffective reward system. For greater success, the authors advise striking a balance between internal and extrinsic motivations. Performance-based awards increase organizational effectiveness, according to the research. The reward-performance link is well supported by empirical data.

RESEARCH METHODOLOGY

The Hyundai Motor Company incentive system and employee performance study's methodology describes how data was collected, analyzed, and interpreted. It ensures the investigation is organized and dependable to get accurate results.

Research Design

Descriptive research is used to describe the incentive system and examine its effects on employee performance. This design is useful for analyzing employee views, satisfaction, and reward effectiveness.

Sources of Data

The research uses primary and secondary data. Hyundai personnel do standardized questionnaires, surveys, and interviews to gather primary data. Secondary data comes from corporate reports, journals, websites, papers, HR records, and incentive system and employee performance study.

Sample Size

Based on practicality, time, and accessibility, the sample size is restricted to a certain number of workers to ensure manageable and useful data analysis.

Tools for Data Collection

Data gathering relies on a standardized questionnaire. It assesses employee happiness, motivation, and reward system perception using close-ended and Likert scale questions.

Tools for Data Analysis

Data is evaluated using percentage analysis, charts, graphs, and rudimentary statistical approaches. These tools assist understand incentive schemes and employee performance.

PERIOD OF THE STUDY

The 45-day study duration allows for data collection and organized analysis.

IX. DATA ANALYSIS

1: Gender of Respondents (n = 100)

Gender	Number of Respondents	Percentage (%)
Male	62	62%
Female	35	35%
Other	1	1%
Prefer not to say	1	1%
Not applicable	1	1%
Cannot say	0	0%
Total	100	100%

Interpretation

The accompanying table displays the gender distribution of 100 Hyundai Motor Company incentive system and employee performance survey respondents. The bulk of responders are male (62%), followed by female (35%). Other categories like “other,” “prefer not to say,” and “not applicable” contribute 1%. This shows that men dominate the workforce, yet women are equally important. Balanced representation aids in understanding various compensation system and employee performance perspectives.

2. Age Group of Respondents (n = 100)

Age Group	Number of Respondents	Percentage (%)
Below 25	18	18%
26–35	42	42%

36–45	25	25%
Above 45	10	10%
Prefer not to say	3	3%
Not applicable	2	2%
Total	100	100%

Interpretation

The Hyundai respondent age distribution is seen above. The bulk of responses are 26–35 (42%), followed by 36–45 (25%), and under 25 (18%). Only 10% of responders are above 45, and few chose other categories. Most workers are youthful and mid-aged, indicating a dynamic and energetic workforce. Younger workers respond better to rewards, whereas older workers prioritize long-term advantages. This variability aids reward impact analysis across ages.

3. Work Experience of Respondents (n = 100)

Experience	Number of Respondents	Percentage (%)
Less than 1 year	15	15%
1–3 years	28	28%
4–6 years	30	30%
7–10 years	17	17%
Above 10 years	8	8%
Cannot say	2	2%
Total	100	100%

Interpretation

The chart reveals that 30% of respondents had 4–6 years of experience, followed by 28% with 1–3 years. 17% have 7–10 years of experience, while 15% have less than 1 year. Only 8% have 10+ years of experience. This represents Hyundai's somewhat experienced personnel. As they seek advancement and recognition, mid-level employees are increasingly impacted by incentive schemes. The data shows how experience impacts reward and performance perception.

7. Rewards are Based on Performance (n = 100)

Response	Number of Respondents	Percentage (%)
Strongly Agree	28	28%
Agree	36	36%
Neutral	18	18%
Disagree	10	10%
Strongly Disagree	6	6%
Cannot Say	2	2%
Total	100	100%

Interpretation

The data reveals that 64% of Hyundai employees agree or strongly agree that performance determines compensation. 16% disagree or strongly disagree, while 18% are indifferent. This shows that most workers think the compensation system is performance-based, which boosts motivation and productivity. A minority believes awards are not properly related to performance, implying discrepancies. Transparent performance assessment methods boost employee trust, satisfaction, and incentive system efficacy.

15. Training Improves Performance (n = 100)

Response	Number of Respondents	Percentage (%)
Strongly Agree	36	36%
Agree	40	40%
Neutral	12	12%
Disagree	8	8%
Strongly Disagree	2	2%
Cannot Say	2	2%
Total	100	100%

Interpretation

The data shows that 76% of respondents think training increases performance. Training and development improves staff skills, efficiency, and performance. Few people disagree, suggesting satisfaction with training programs. Employee motivation and confidence improve with continuous learning. Some workers believe training quality and accessibility need improvement. Hyundai should invest in organized training programs to improve staff skills and productivity.

X. FINDINGS OF THE STUDY

The following important results were drawn from the research on Hyundai Motor Company's incentive system and employee performance:

- The staff is mostly male, showing a gender imbalance, although female engagement is also considerable.
- Hyundai boasts a youthful and enthusiastic staff, with the majority of workers aged 26-35.
- Most workers have 4-6 years of experience, suggesting a moderately experienced workforce that responds well to incentive programs.
- The biggest group of respondents is from the Production department, emphasizing the significance of operational staff in the research.
- While most workers are aware of the compensation system, some still lack total comprehension, showing communication gaps.

XI. SUGGESTIONS

The research on Hyundai Motor Company's incentive system and employee performance suggests the following to boost employee motivation, satisfaction, and performance: The business should improve internal communication to ensure all workers understand award rules and criteria.

- Implement a clear, uniform performance evaluation system for equitable award distribution. • Hyundai should relate awards to quantifiable performance results to boost employee trust and motivation. The organization should frequently analyze wage arrangements to preserve industry competitiveness and prevent employee unhappiness.
- Improve and standardize non-financial benefits including recognition, gratitude, and employee awards across all divisions. • Ensure clear, merit-based promotion rules to reduce prejudice and injustice. • Expand training and development initiatives to enhance staff skills, productivity, and career progression.
- Implement or enhance employee feedback methods to understand incentive system expectations.
- Redesign incentive structures for fairness and equal chance for all workers. Management could enhance employee engagement by integrating financial and non-financial benefits. • Adopt a balanced "total reward system" to manage short-term motivation and long-term staff commitment. • Conduct regular reward system audits to uncover weaknesses and enhance HR processes.

XII. CONCLUSION

Incentives improve employee motivation, work happiness, and performance, according to Hyundai Motor Company studies. The study shows that financial and non-financial incentives improve employee performance and corporate goals. Incentives, financial awards, training, and recognition satisfy most workers. These factors increase worker productivity, devotion, and engagement. Research also finds incentive policy misunderstanding, communication issues, and promotion and bonus fairness difficulties. Workers are more productive and motivated with fair, transparent, performance-based rewards. However, unfairness and inconsistency may reduce worker morale and performance. To excite workers, a well-structured and transparent remuneration system is needed. Finally, incentive programs boost employee performance and corporate success.

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