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Beyond Pay: The Combined Impact of Non-Monetary Rewards on Employee Satisfaction in the Indian IT Sector

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Abstract

The Indian Information Technology (IT) sector continues to experience increasing employee turnover and changing workforce expectations, making non-monetary rewards an essential component of talent management. This study examines the impact of non-monetary rewards, including flexible work arrangements, employee recognition, career development opportunities, learning and upskilling, wellness initiatives, and work-life balance, on employee satisfaction and retention in Nifty 50 IT companies. Using a descriptive and analytical research approach, the study explores the reward preferences of Millennials and Generation Z employees and evaluates emerging practices such as AI-enabled recognition systems. The findings indicate that well-designed non-monetary reward strategies significantly enhance employee satisfaction, strengthen organizational commitment, and reduce turnover intentions by fulfilling employees' psychological and professional needs. The study recommends adopting a comprehensive non-monetary reward framework to build an engaged, productive, and sustainable workforce in the Indian IT sector.

Keywords: Non-Monetary Rewards, Employee Satisfaction, Talent Retention, Total Rewards Strategy, Indian IT Sector, Generational Preferences.

1. Introduction

The IT and ITeS industry in India is one of the key contributors to economic development, with employment of about 5.8 million workers. In spite of being fast-growing, the industry is faced with severe competition in recruiting employees and high turnover rate, which makes companies use various non-monetary reward strategies to retain employees (Arora & Vyas, 2025; Nishanth & Chaitra, 2025; Krishna & Agrawal, 2025).

1.1 Background of the Indian IT Sector

As a result of digitization, artificial intelligence, and cloud computing, the current Indian IT-BPM industry deals with a labor market made up of Millennials and Generation Z, people who increasingly value purposeful employment, continuous learning, and career progression along with job security (Saini & Kohli, 2026; Arora & Vyas, 2025; Krishna & Agrawal, 2025).

1.2 The Problem Statement

A trend which emerged in the post-pandemic world known as the "Great Resignation" made it clear that traditional reward practices were insufficient to retain employees in the Nifty 50 information technology companies (Nishanth & Chaitra, 2025). Thus, retaining employees will be dependent on various aspects such as organizational culture, development prospects, work-life balance, among other things, hence the need for an effective non-monetary reward approach (Sharma, 2024; Gangwani & Gangwani, 2025).

1.3 Objective of the Study

The current research examines the influence of non-monetary incentives on the satisfaction levels of employees and their retention in the Indian IT industry (Nishanth & Chaitra, 2025). The study will examine reward systems of Millennials and Generation Z, evaluate AI-based reward systems and career development programs, and develop a non-monetary reward framework for increasing employee retention (Arora & Vyas, 2025; Krishna & Agrawal, 2025; Gangwani & Gangwani, 2025; Saini & Kohli, 2026; Sharma, 2024).

2. Literature Review

A new trend in the human resource field, as revealed by recent studies, involves a movement from traditional remuneration to total reward packages. In the case of the IT industry in India, with rising turnover rates and changing employee expectations, non-financial rewards are becoming increasingly significant (Sharma, 2024).

2.1 Concept of Total Rewards

Total rewards approach encompasses financial compensation as well as additional perks like flexibility at work, health and wellness programs, appreciation and career advancement. The top IT companies have embraced such approach in order to increase engagement and retention (Saini & Kohli, 2026). Moreover, AI-driven personalized appreciation boosts motivation whereas autonomy, involvement and lifelong learning increase job satisfaction and effectiveness (Gangwani & Gangwani, 2025; Anisha, 2024).

2.2 Theoretical Framework

Adams' Equity Theory emphasizes the need for a balance between financial and non-financial rewards to maintain justice and motivation (Saini & Kohli, 2026). In a similar fashion, Self-Determination Theory suggests that autonomy, competency, and meaningfulness add on to financial rewards in supporting performance and commitment among employees (Krishna & Agrawal, 2025). As a result, financial incentives do not suffice for meeting the psychological needs of employees (Sharma, 2024).

2.3 Generational & Gender Dynamics

The reward structure needs to match generational as well as gender diversity. While Millennials give more importance to career growth, the Generation Z workforce prefers flexibility, purposefulness and continuous learning (Arora & Vyas, 2025). More and more, both generations look for companies which have a strong value proposition, and gender-diversity initiatives, flexible working, child care and wellness help increase employee retention (Krishna & Agrawal, 2025; Saini & Kohli, 2026; Sharma, 2024). Recent studies after the pandemic suggest that multidimensional rewards help motivate, increase job satisfaction and retention of employees more than money alone (Tessema et al., 2022; Venkatesh, 2025). Flexibility, wellness programs, Green Human Resource Management, continuous learning and consideration of intergenerational aspects have proven to be effective in retaining both Millennial as well as Generation Z employees (Randstad India, 2025; Schneider, 2025; Malik & Musah, 2024; Islam et al., 2022; Great Place To Work India, 2026; Alimin & Tukiran, 2024; Mabaso & Mathebula, 2025). A new trend in the human resource field, as revealed by recent studies, involves a movement towards comprehensive non-monetary reward practices. In the case of the IT industry in India, with rising turnover rates and changing employee expectations, non-monetary rewards are becoming increasingly significant (Sharma, 2024).

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2.2 Theoretical Framework

Adams' Equity Theory emphasizes the need for effective and equitable non-monetary rewards to maintain justice and motivation (Saini & Kohli, 2026). In a similar fashion, Self-Determination Theory suggests that autonomy, competency, and meaningfulness support performance and commitment among employees (Krishna & Agrawal, 2025). As a result, non-monetary incentives effectively meet the psychological needs of employees (Sharma, 2024).

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3. Methodology

This research aims to evaluate the impact of non-monetary incentives on employee satisfaction and retention in the Indian IT industry using a methodological approach (Arora & Vyas, 2025).

3.1 Research Design

The study adopted a descriptive-analytical design to explore the preference for rewards and the correlation between non-monetary rewards and employee retention (Krishna & Agrawal, 2025; Nishanth & Chaitra, 2025).

3.2 Population and Sample

Employees working with IT companies included in the Nifty 50 index such as TCS, Infosys Technologies Ltd., Wipro Ltd., and Tech Mahindra Ltd. were chosen as the subjects for the survey through purposeful and stratified sampling based on gender, generational and experience demographics, which produced 350 valid responses (Nishanth & Chaitra, 2025; Krishna & Agrawal, 2025).

3.3 Data Collection

The primary data were collected through online questionnaires using a five-point Likert Scale within the time frame of January to March 2026. The secondary data was obtained through human resource reports, sustainability reports, and industry journals (Pranavasree, 2022; Saini & Kohli, 2026).

3.4 Tools for Analysis

The data analysis was done using IBM SPSS software. For the description of the respondents' attributes, descriptive statistics were used, while for evaluating the effect of non-monetary incentives on employee satisfaction and retention, ANOVA and regression techniques were applied (Nishanth & Chaitra, 2025).

4. Results

These results have been derived from the responses of 350 information technology employees working in Nifty 50 listed IT companies. Descriptive statistics were used to analyze employees' preferences for non-monetary rewards, whereas analysis of variance (ANOVA) and multiple regression analysis were applied to determine the impact of these rewards on employee satisfaction and retention.

4.1 Demographic Profile of the Respondents

Table 1 shows the demographic profile of respondents based on gender, generational cohort, and job tenure (Arora & Vyas, 2025).

Table 1: Demographic Profile of the Respondents (N = 350)

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	194	55.4
	Female	156	44.6
Generational Cohort	Gen Z (Born 1997–2012)	135	38.5
	Millennials (Born 1981–1996)	185	52.8
	Gen X (Born 1965–1980)	30	8.7
Job Tenure in IT	Less than 2 years	98	28.0
	2 to 5 years	142	40.5
	More than 5 years	110	31.5

The highest proportion of respondents (52.8%) comprised Millennials, followed by Generation Z (38.5%). The gender distribution was relatively balanced, enabling meaningful comparisons of employees' preferences for non-monetary rewards. This is shown in Figure 1 below.

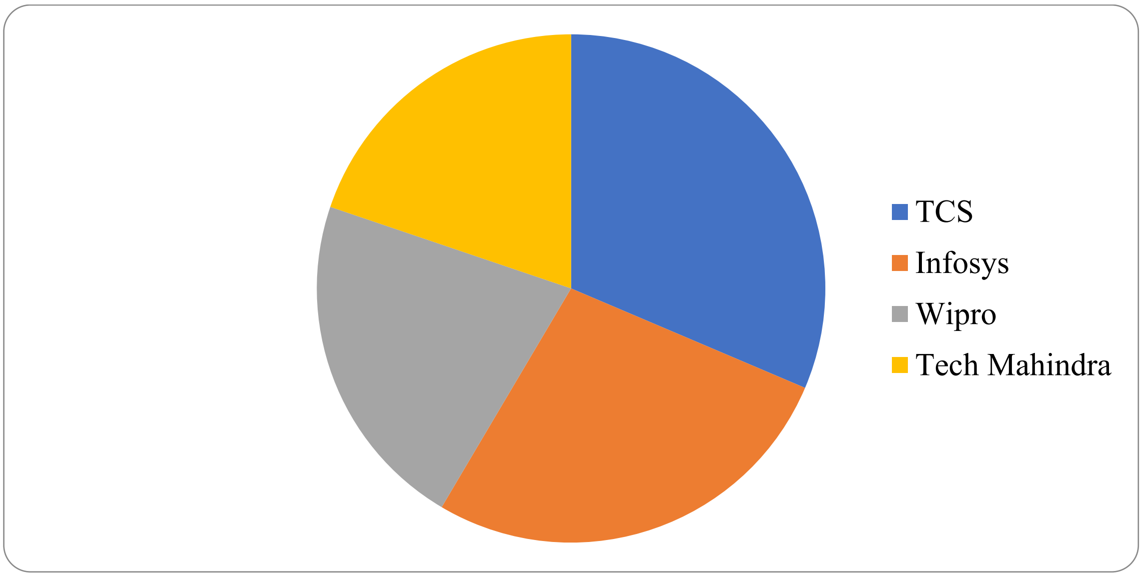

Figure 1: Sample Distribution across Nifty 50 Indexed IT Organizations

Both TCS and Infosys had the highest number of respondents (31.4% and 27.1%, respectively) as per the proportionate representation of employees in the Indian IT-BPM industry (Saini & Kohli, 2026).

4.2 Descriptive Analysis of Non-Monetary Reward Preferences

Employees' perceptions of non-monetary reward practices are presented in Table 2.

Table 2: Descriptive Statistics of Non-Monetary Reward Preferences

Reward Variable	Mean (μ)	Standard Deviation (σ)
Flexible Working Arrangements	4.68	0.42
Career Development & Upskilling	4.58	0.51
Mental Health & Wellness Programs	4.35	0.68
AI-Driven Personalized Recognition	4.28	0.72

Flexible Working Arrangements (Mean = 4.68) and Career Development & Upskilling (Mean = 4.58) received the highest ratings, indicating that employees strongly value flexibility and opportunities for professional growth. Mental Health & Wellness Programs and AI-Driven Personalized Recognition were also positively perceived, supporting the growing importance of comprehensive non-monetary reward practices in enhancing employee satisfaction (Sharma, 2024). Generation-related differences are illustrated in Figure 2.

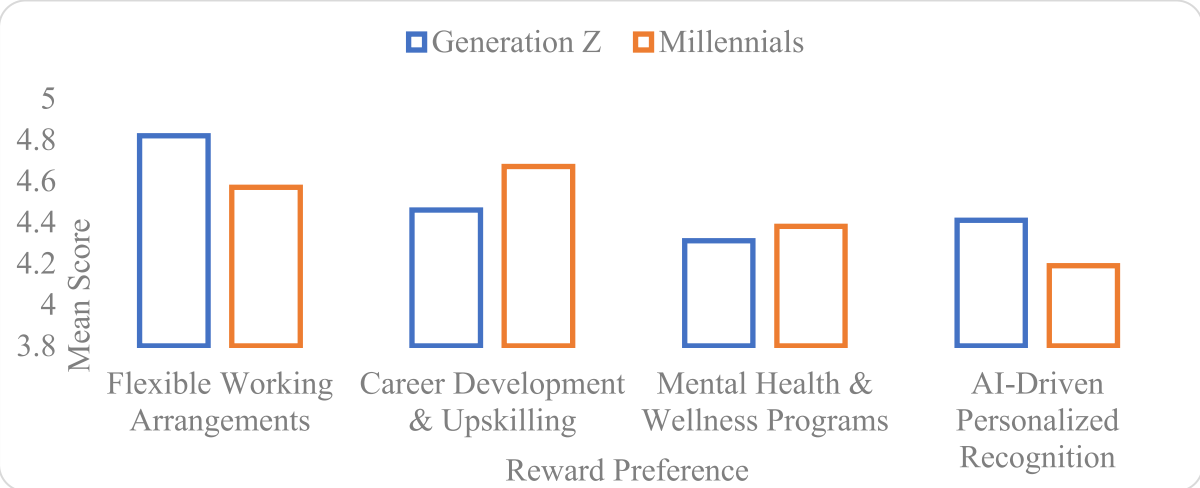

Figure 2: Comparative Reward Preferences between Millennials (Generation Y) and Generation Z

Generation Z preferred flexibility and AI-driven recognition more strongly, whereas Millennials placed greater emphasis on career development and continuous learning opportunities (Krishna & Agrawal, 2025).

4.3 Impact on Employee Satisfaction and Retention

Multiple regression analysis was used to examine the impact of non-monetary rewards on employee retention.

Table 3: Multiple Regression Analysis Predicting Employee Retention Intentions Based on Non-Monetary Rewards

Variables	Unstandardized Coefficients (B)	Standard Error	Standardized Coefficients (β)	t-value	p-value
(Constant)	1.245	0.182	–	6.84	0.000
Non-Monetary Rewards	0.462	0.061	0.485	7.57	0.000***

Note: Adjusted $R^2 = 0.642$, F-value = 42.15. *** $p < 0.001$.

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The regression analysis was statistically significant ($F = 42.15$, $p < 0.001$; Adj. $R^2 = 0.642$). Non-monetary rewards had a significant positive influence on employee retention ($\beta = 0.485$), demonstrating their important role in enhancing employee satisfaction and strengthening employees' intention to remain with the organization (Nishanth & Chaitra, 2025).

5. Discussion

The findings suggest that non-monetary rewards play a significant role in enhancing employee satisfaction and retention in the Indian information technology industry (Nishanth & Chaitra, 2025).

5.1 Impact of Non-Monetary Rewards: Real-World Industry Evidence

The effectiveness of non-monetary rewards ($\beta = 0.485$) can be observed through the employee engagement initiatives adopted by Infosys and Wipro. It is evident that Millennials and Generation Z highly value employee recognition, continuous learning, and career development opportunities. Firstly, Infosys enhanced employee motivation through AI platforms such as InfyGold+ and InfyAdvantage, resulting in a decrease in attrition from 18% in 2022 to 14% in 2024 and an increase in employee engagement by 15% (Gangwani & Gangwani, 2025). Similarly, Wipro strengthened employee retention through recognition initiatives such as Wipro Applause, Employee Assistance Programs (EAPs), health and wellness initiatives, and continuous learning through the Wipro Education Portal (Saini & Kohli, 2026). These examples demonstrate the importance of a comprehensive non-monetary reward strategy for building employee engagement, organizational commitment, and long-term retention.

5.2 Strategic Alignment of the Non-Monetary Reward Framework

These results indicate that career progression is important for Millennials, whereas well-being and flexibility are of greater significance for Generation Z employees, thereby requiring personalized non-monetary reward programs (Nishanth & Chaitra, 2025). Employee recognition, flexible working arrangements, and well-being initiatives contribute to lower turnover intentions, while AI-driven recognition, ethical leadership, and continuous learning further strengthen employee retention (Sharma, 2024; Arora & Vyas, 2025; Das & Malik, 2024).

6. Conclusions

This paper shows that employee retention in the Indian information technology industry requires a comprehensive non-monetary reward strategy that addresses the diverse expectations of a multi-generational workforce.

6.1 Main Findings Summary

The findings reveal that non-monetary rewards have a significant positive impact on employee retention ($\beta = 0.485$). This is especially evident among Millennials and Generation Z employees, who place greater importance on flexibility, continuous learning, employee recognition, and career development opportunities.

6.2 Recommendations for IT Organizations

IT companies must:

- Put in place AI-based personalized recognition systems.
- Ensure that employees' well-being is strengthened through Employee Assistance Programs (EAPs), mental health initiatives, and wellness programs.
- Encourage upskilling, flexible working arrangements, career growth, and gender diversity within HR functions.

6.3 Limitations and Future Scope

The study is limited to employees of IT firms included in the Nifty 50 index that have established non-monetary reward practices. Therefore, the findings cannot be generalized to start-ups or medium-sized organizations (Srinivasaraghavan, 2023). Future studies should adopt longitudinal and cross-cultural research designs to further explore non-monetary reward preferences and employee retention practices across different organizational contexts (Aggarwal et al., 2022).

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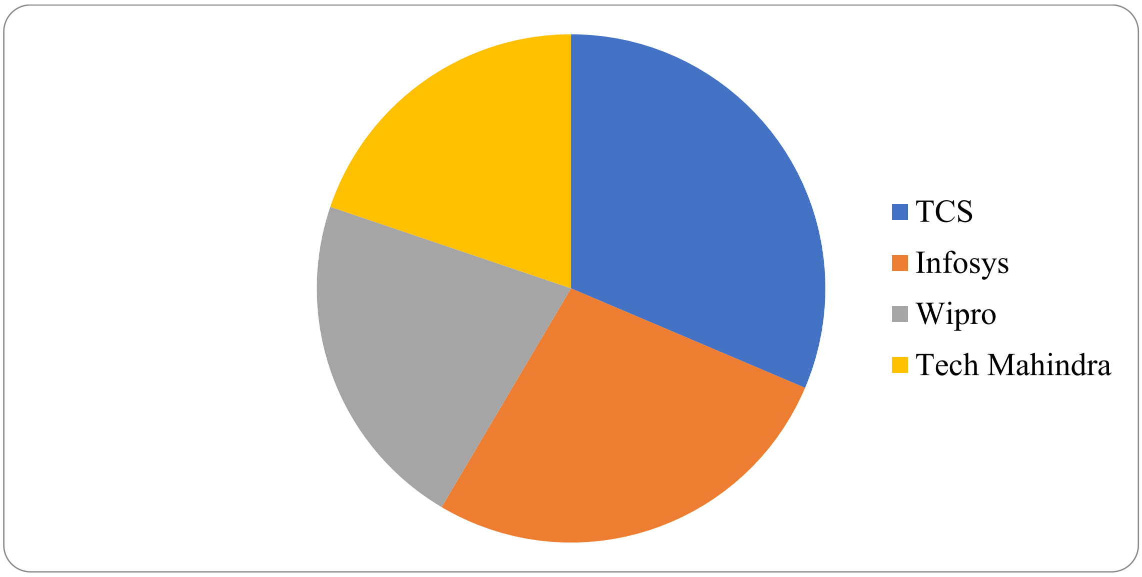

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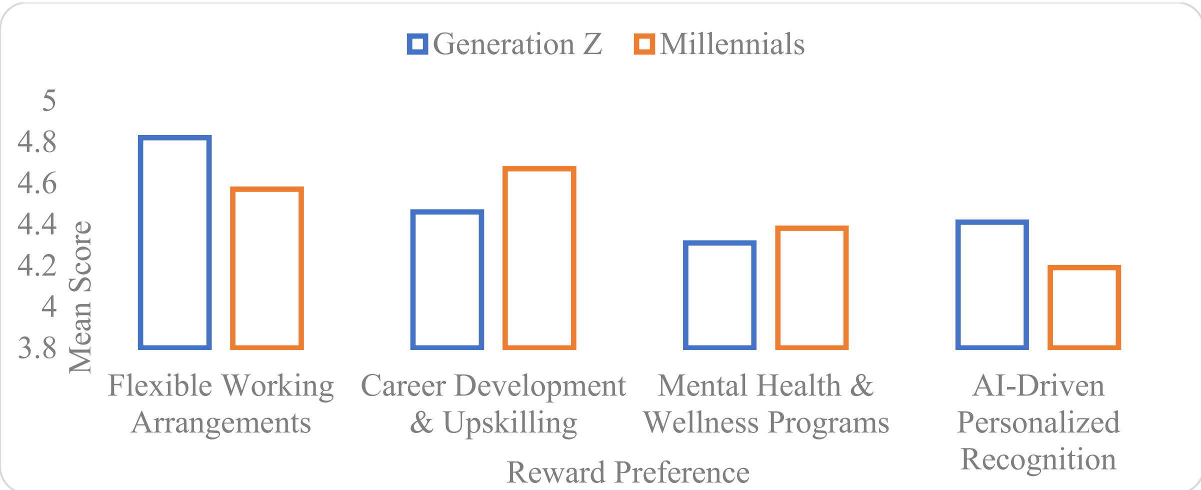

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