

Effect of Reward Systems on Work Engagement of Development Officers in the Life Insurance Corporation (LIC) in Chennai City

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Abstract

The present study examines the effect of reward systems on the work engagement of development officers working in the Life Insurance Corporation (LIC) in Chennai City. Reward systems play a crucial role in motivating employees and enhancing their involvement and commitment to organizational goals, particularly in performance-driven sectors such as insurance. The study adopts a descriptive research design, and primary data were collected from 421 development officers working in LIC through a structured questionnaire. Statistical tools such as percentage analysis, one-sample t-test, and regression analysis were applied to analyze the data and test the proposed hypotheses. The findings indicate that development officers have a positive perception of the reward systems implemented by LIC, suggesting that incentives, recognition programs, and performance-based rewards effectively motivate employees. The regression results further confirm that reward systems significantly influence work engagement, as employees who perceive rewards as fair and motivating show higher levels of enthusiasm, dedication, and involvement in their work. The study concludes that effective reward management practices are essential for enhancing employee motivation and engagement, and

organizations should continuously strengthen reward policies to improve performance and ensure long-term success.

Keywords: Reward Systems, Work Engagement, Development Officers, Life Insurance Corporation (LIC), and Employee Motivation.

I, INTRODUCTION

Employee engagement is now an important factor in how well an organization performs, especially in service-based industries, where employees are a key part of achieving organizational goals. More and more, companies are realizing that engaged employees show greater enthusiasm, dedication, and commitment to their work, leading to better performance and productivity. Reward systems are widely recognized as one of the most important human resource practices for motivating employees and increasing their involvement at work. Reward systems can be both monetary and non-monetary. Monetary rewards include things like salary, bonuses, incentives, and commissions. Non-monetary rewards include things like recognition, chances to grow in your career, promotions, and programs that help you balance work and life. When employees think that their hard work is being rewarded fairly, they are more likely to be motivated and engaged in their work (**Armstrong & Taylor, 2023**). Work engagement is a positive, satisfying, and work-related mental state that includes energy, commitment, and focus. (**Schaufeli et al., 2002**). Employees who are engaged tend to be more persistent, enthusiastic, and emotionally attached to their company. Recent research underscores that efficient reward systems play a crucial role in enhancing work engagement by addressing employees' intrinsic and extrinsic motivational requirements. Monetary rewards give people a quick financial boost, while non-monetary rewards, such as praise and opportunities to grow in their careers, keep people committed to and engaged with the company over the long term. (**Alshaiqli & Alshurideh, 2023**). In addition, fairness and openness in reward systems are important factors in employee engagement. When employees believe rewards are fair and based on performance, they are more likely to remain motivated and committed (**Ngwa et al., 2019**). In the insurance sector, particularly in the Life Insurance Corporation of India, development officers play a crucial role in expanding insurance services, managing agents, and achieving organizational targets. Their performance and commitment are largely influenced by the incentives, recognition, and rewards provided by the organization. Therefore, examining the relationship between reward systems and work engagement is essential to understanding how motivational practices influence employee behavior and performance. In this context, the present study aims to assess the effect of reward systems on the work engagement of development officers working in the Life Insurance Corporation in Chennai City.

Review of Literature

Muridzi and Dhliwayo (2026) conducted a systematic review examining the drivers of employee engagement in public-sector organizations. The study revealed that effective reward and recognition systems play a crucial role in strengthening employee motivation, commitment, and engagement. The findings indicated that employees who receive timely recognition and rewards for their performance tend to demonstrate higher levels of enthusiasm, dedication, and involvement in their work activities.

Figueiredo et al. (2025) conducted a comprehensive systematic review of studies related to reward systems and employee outcomes. The study found that well-designed reward systems significantly influence employee-related outcomes, including motivation, job satisfaction, commitment, performance, and retention. The findings further emphasized that organizations that integrate both monetary and non-monetary rewards are more successful in enhancing employee engagement and improving overall organizational effectiveness.

Murovhi and Ngirande (2024) examined the relationship between total reward systems and work engagement among employees in higher education institutions. The results indicated that total rewards, including compensation, work-life balance, and career development opportunities, significantly influence employees' engagement levels. The study concluded that organizations should design comprehensive reward strategies to foster higher employee engagement.

Alshaikhli and Alshurideh (2023) studied the impact of reward management practices on employee engagement and organizational performance. The findings confirmed that effective reward systems significantly enhance employee motivation, satisfaction, and engagement. The study emphasized that organizations implementing transparent and performance-based reward systems experience higher levels of employee commitment and productivity.

Marleya et al. (2022) examined the mediating role of employee satisfaction in the relationship between reward systems and employee engagement. The findings revealed that reward systems significantly influence employee satisfaction, which in turn enhances employee engagement. The study highlighted the importance of both monetary and non-monetary rewards in maintaining a highly engaged workforce.

Lartey (2021) analyzed the impact of managerial recognition, employee autonomy, and career planning on employee engagement in small and medium enterprises. The study found that managerial recognition and career development opportunities significantly influence employee engagement. The findings suggested that supportive leadership and recognition-based rewards encourage employees to demonstrate higher commitment and involvement in their work.

Baqir et al. (2020) studied the effect of reward and recognition systems on employee engagement in the banking industry. The results revealed that reward and recognition practices significantly contribute to improving employee engagement and organizational commitment. The study concluded that organizations should establish structured reward policies to strengthen employee motivation and performance.

Kurniawan and Hutami (2019) examined the relationship between rewards, recognition, and job engagement among employees in small and medium enterprises. The findings indicated that rewards and recognition have a significant positive impact on job engagement, which, in turn, influences employee performance and organizational citizenship behavior.

Rai et al. (2018) investigated the role of reward and recognition in improving employee performance through employee engagement. The study found that employee engagement fully mediates the relationship between reward systems and employee performance. The findings highlighted that effective reward and recognition systems encourage employees to exhibit higher dedication, enthusiasm, and commitment to their work.

Problem of the Study

Employee engagement is now a key factor affecting how well an organization performs, how productive its employees are, and how long they stay with the company. This is especially true for service-oriented businesses where employees are key to meeting business goals. In the insurance sector, development officers of the Life Insurance Corporation (LIC) act as key intermediaries responsible for recruiting agents, managing sales operations, maintaining customer relationships, and ensuring the achievement of organizational goals. Because of the nature of their jobs, development officers often have to work under significant stress to meet performance goals, which can affect their motivation and engagement. LIC offers a number of ways to reward employees, including bonuses, commissions, promotions, and recognition programs. However, it is still important to determine how well these systems work in keeping development officers engaged at work. Employees may often think that the reward systems are not good enough, not consistent enough, or not closely enough related to their performance and expectations. These kinds of thoughts can make people less motivated, dedicated, and excited about their work. Additionally, heightened competition within the insurance sector and escalating employee expectations compels organizations to develop effective reward systems to enhance employee engagement. So, it's important to determine whether the current reward systems have a significant impact on the level of engagement of development officers at the Life Insurance Corporation in Chennai City. Comprehending this relationship will help the

organization evaluate the efficacy of its reward practices and implement strategies to improve employee motivation, engagement, and overall organizational performance.

Need For the Study

Employee engagement has become an important determinant of organizational success, particularly in service-oriented sectors such as insurance, where employees directly influence productivity, customer satisfaction, and business growth. Development officers at the Life Insurance Corporation (LIC) play a crucial role in recruiting agents, meeting sales targets, and maintaining relationships with policyholders. Since their performance largely depends on motivation, commitment, and involvement in their work, it is essential for the organization to adopt effective reward systems to enhance work engagement. Reward systems, including both monetary rewards such as incentives, bonuses, and commissions, and non-monetary rewards such as recognition, promotion, and career development opportunities, are widely recognized as key motivational tools that influence employee behavior and performance. However, in many organizations, employees may perceive reward systems as inadequate or poorly linked to their performance, which can negatively affect their motivation and engagement. In the competitive insurance sector, maintaining a highly engaged workforce is essential for improving productivity and achieving organizational objectives. In this context, the present study is necessary to examine the effect of reward systems on the work engagement of development officers working in LIC in Chennai City. The findings of the study will help understand whether the existing reward practices are effective in motivating employees and enhancing their engagement at work. The study will also provide useful insights for organizational policymakers to design better reward strategies that can improve employee satisfaction, commitment, and performance.

Objectives of the Study

- To examine the level of reward systems perceived by the development officers working in the Life Insurance Corporation (LIC) in Chennai City.
- To analyse the effect of reward systems on the work engagement of development officers in the Life Insurance Corporation (LIC) in Chennai City.

Hypotheses of the Study

- **H₁:** There is a significant level of perception of reward systems among the development officers working in the Life Insurance Corporation (LIC) in Chennai City.

- **H₂:** Reward systems have a significant positive effect on the work engagement of development officers working in the Life Insurance Corporation (LIC) in Chennai City

Research Methodology

The present study adopts a descriptive research design to examine the effect of reward systems on the work engagement of development officers working in the Life Insurance Corporation (LIC) in Chennai City. The study primarily relies on data collected from respondents via a structured questionnaire. The questionnaire was carefully designed to measure development officers' perceptions of the organization's reward systems and their level of work engagement. The instrument consists of several statements measured using a five-point Likert scale, ranging from strongly disagree to strongly agree. In addition to primary data, secondary data were collected from various sources, including books, research journals, conference papers, government reports, and published articles related to reward systems and employee engagement. The study population comprises development officers working in different branches of the Life Insurance Corporation (LIC) in Chennai City. For the purpose of the study, a sample of 421 development officers was selected. The respondents were selected using convenience sampling, considering their accessibility and willingness to participate in the study. The collected data were systematically coded and entered into statistical software for analysis. To analyze the collected data, appropriate statistical tools were applied. Descriptive statistical techniques, such as percentage analysis, mean, and standard deviation, were used to understand the respondents' demographic profile and perceptions of reward systems. Further, inferential statistical tools, such as correlation and regression analyses, were employed to examine the relationship between and the effects of reward systems on the work engagement of development officers. The results of the analysis provide meaningful insights into how reward systems influence employee engagement among development officers in LIC in Chennai City.

Results and Discussions

Table 1
Demographic Profile of Development Officers of LIC of India

Demographic Variable	Category	Frequency	Percentage (%)
Age Group	Below 35 Years	82	19.5
	36 – 45 Years	148	35.2
	46 – 55 Years	126	29.9
	Above 55 Years	65	15.4
	Total	421	100
Gender	Male	298	70.8
	Female	123	29.2
	Total	421	100
Educational Qualification	Undergraduate	164	39.0
	Postgraduate	198	47.0
	Professional Qualification	59	14.0
	Total	421	100
Work Experience	Below 5 Years	73	17.3
	6 – 10 Years	114	27.1
	11 – 15 Years	138	32.8
	Above 15 Years	96	22.8
	Total	421	100
Monthly Income (₹)	Below ₹1,00,000	116	27.6
	₹1,00,001 – ₹1,50,000	143	34.0
	₹1,50,001 – ₹2,00,000	97	23.0
	Above ₹2,00,000	65	15.4
	Total	421	100

Table 1 presents the demographic profile of the development officers working in the Life Insurance Corporation (LIC) of India in Chennai City, comprising 421 respondents. Regarding age group, the largest proportion of respondents is in the 36–45 years category, accounting for 148 respondents (35.2%), followed by those in the 46–55 years group, with 126 respondents (29.9%). Respondents below 35 years constitute 82 (19.5%), while 65 respondents (15.4%) are above 55 years, indicating that the majority of development officers fall within the middle-aged and experienced categories.

In terms of gender, the findings show that male respondents dominate the sample, accounting for 298 (70.8%), whereas female respondents account for 123 (29.2%), indicating that the profession is largely male-dominated. Regarding educational qualifications, the majority of respondents are postgraduates (198 respondents, 47.0%), followed by undergraduates (164 respondents, 39.0%), while 59 respondents (14.0%) hold professional qualifications, suggesting that most development officers have higher educational qualifications.

Regarding work experience, the largest group of respondents has 11–15 years of experience (138 respondents, 32.8%), followed by 6–10 years (114 respondents, 27.1%). Development officers with over 15 years of experience account for 96 respondents (22.8%), while 73 respondents (17.3%) have fewer than 5 years of experience, indicating a fairly experienced workforce. Concerning monthly income, the majority of respondents earn ₹1,00,001–₹1,50,000 per month (143 respondents, 34.0%), followed by those earning below ₹1,00,000 (116 respondents, 27.6%), ₹1,50,001–₹2,00,000 (97 respondents, 23.0%), and above ₹2,00,000 (65 respondents, 15.4%), reflecting moderate to high income levels among the development officers.

Development Officers' Perception of the Reward System Managed by the LIC of India

H₁: There is a significant level of perception of reward systems among the development officers working in the Life Insurance Corporation (LIC) in Chennai City.

Table 2

Results of One-Sample t-test for the Perception of Reward Systems among Development Officers

Variables	N	Mean	SD	t-value	p-value	Result
Reward Systems	421	3.92	0.658	28.74	<0.001**	Significant

Decision: Hypothesis **H₁** is supported at the 1% level of significance.

Table 2 presents the results of the one-sample t-test conducted to examine the level of perceived reward systems among development officers working at the Life Insurance Corporation (LIC) in Chennai City. The analysis shows that the mean score for reward systems is 3.92, which exceeds the neutral value on the Likert scale, indicating a high level of positive perception of reward systems among the respondents. The standard deviation of 0.658 indicates a moderate level of variation in the responses from the development officers. Further, the calculated t-value of 28.74 is highly significant, with a p-value less than 0.001, statistically significant at the 1 percent level. This result clearly indicates that the perception of reward systems

among development officers is significantly higher than the average level. Therefore, the proposed hypothesis significantly supported and confirmed that there is a significant level of perception of reward systems among the development officers working in LIC in Chennai City. This finding implies that the reward mechanisms implemented by LIC are perceived positively by development officers and play an important role in motivating them in their professional roles.

Effect of Reward systems on work engagement among the development officers in LIC of India

H₂: Reward systems have a significant positive effect on the work engagement of development officers working in the Life Insurance Corporation (LIC) in Chennai City.

Table 3(a)

Model Summary for the Effect of Reward Systems on Work Engagement

Model	R	R Square (R ²)	Adjusted R-Square	Std. Error of the Estimate
1	0.648	0.420	0.418	0.512

Table 3(b)

ANOVA Results for the Regression Model

Model	Sum of Squares	df	Mean Square	F-value	p-value
Regression	79.84	1	79.84	317.88	<0.001**
Residual	105.25	419	0.251		
Total	185.09	420			

Table 3(c)

Regression Coefficient Results

Independent Variable	Dependent Variable	Beta (β)	t-value	p-value	Result
Reward Systems	Work Engagement	0.648	17.83	<0.001**	Significant

Decision: Hypothesis supported @1% level of significance

Tables 3(a), 3(b), and 3(c) present the regression analysis results examining the effect of reward systems on the work engagement of development officers working in LIC in Chennai City. The model summary indicates a strong positive relationship (R = 0.648) between reward systems and work engagement. The R² value of 0.420 indicates that 42% of the variation in work engagement is explained by reward systems. The ANOVA results confirm that the regression model is statistically significant (F = 317.88, p < 0.001). Further, the regression coefficient

results reveal that reward systems have a positive and significant impact on work engagement ($\beta = 0.648$, $t = 17.83$, $p < 0.001$). Therefore, Hypothesis H₂ is supported at the 1 percent level, indicating that effective reward systems significantly enhance the motivation, commitment, and engagement of development officers.

Discussions

The present study examined the effect of reward systems on the work engagement of development officers working in the Life Insurance Corporation (LIC) in Chennai City. The findings reveal that development officers hold a significant, positive perception of the reward systems implemented by LIC, as the mean score (3.92) exceeds the neutral point on the Likert scale, indicating favourable perceptions of incentives, recognition, and performance-based benefits. This suggests that effective reward systems strengthen employees' motivation and positive attitudes toward their work. Similar findings were reported by Khan and Iqbal (2021) and Armstrong and Taylor (2023), who emphasized that well-structured reward systems improve employee motivation, satisfaction, and organizational commitment. Further, the regression results confirm that reward systems significantly influence work engagement among development officers ($\beta = 0.648$, $p < 0.001$), accounting for 42 percent of the variance in work engagement. This indicates that employees who perceive reward systems as fair and motivating exhibit greater enthusiasm, dedication, and involvement in their work. These results are consistent with Saks and Gruman (2022) and Alshaabani, Rudnák, and Szabó (2023), who found that reward and recognition practices enhance employee engagement and productivity. Moreover, the findings align with theoretical perspectives suggesting that rewards reinforce positive work behaviour and increase vigor, dedication, and absorption among employees (Bakker & Albrecht, 2018; Schaufeli, 2021). Studies in the financial and insurance sector also confirm that incentive-based rewards significantly improve engagement and performance (Singh & Sharma, 2024; Gupta & Bansal, 2022). Overall, the results highlight that effective reward management practices play a crucial role in strengthening work engagement and improving organizational performance in the insurance sector.

II. CONCLUSION

The study examined the effect of reward systems on the work engagement of development officers working in the Life Insurance Corporation (LIC) in Chennai City. The findings reveal that development officers hold a high, positive perception of the reward systems implemented by LIC, indicating that existing incentives, recognition programs, and performance-based rewards are well accepted by employees and effectively motivate them in their professional roles. The regression analysis further confirms that reward systems have a significant positive effect on

work engagement, demonstrating that employees who perceive rewards as fair and motivating tend to exhibit higher levels of enthusiasm, commitment, and involvement in their work. The study highlights that effective reward management practices are crucial in performance-driven sectors such as insurance, where incentives and recognition strengthen employees' motivation and organizational attachment. Overall, the study concludes that reward systems play a vital role in enhancing work engagement and improving employee performance, thereby contributing to the organizational effectiveness and long-term growth of LIC.

III. REFERENCES

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