

The Renaissance of Recognition: Analysis of Total Rewards Innovation in Corporate India

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ABSTRACT

India's talent ecosystem is going through a structural shift and the approach to manage, engage, and retain people is changing fundamentally. Classic means of retaining and motivating employees have no longer proven effective. Corporate strategy has definitively shifted from transactionally based compensation methods (defined as Cost to Company - CTC) to a "holistic" view of an Employee Value Proposition ("EVP"). The emergent "Total Rewards" concept has moved from an administrative human resource task to an imperative found in the boardroom that is critical for sustaining business continuity and competitive edge within a workforce that is both saturated with human capital and struggling for appropriate skill sets. This report evaluates the innovations that are changing Reward & Recognition (R&R) practices in corporate India. The report demonstrates a clear trend away from traditional "tangible" (cash or hourly wage) R&R programs, to a model based upon genuine "Experiential" and "Empathetic" R&R programs. Findings include flexible R&R programs being introduced in sectors once viewed as rigid (i.e., manufacturing), the introduction of financial wellness products such as Earned Wage Access (EWA), and using AI-based technology to gamify engagement.

Keywords: Total Rewards Innovation, Employee Value Proposition, The Great Gloom, Hyper-personalization, Earned Wage Access, Intelligent Recognition, Flexible Work Arrangements, Financial Wellness, Gig Economy, Social Security.

Introduction: The Macro-Strategic Context

To grasp the necessity of the current R&R revolution, one must first recognize the fragile condition of the Indian workforce. Despite the country's strong macroeconomic standing, the internal health of its corporate ecosystem is under significant stress.

- **The Engagement Paradox**

According to research conducted by ADP (2025), employees who are engaged in their organisation have decreased to 19% as compared to 24% in 2024. The decline in employee engagement is unexpected because salary levels in corporate India are generally increasing and the hiring conditions are relatively stable in the job market; one would expect engagement to go up in such times. This phenomenon has been labeled the "The Great Gloom" signifying the withdrawal and detachment of employees psychologically from the company and company goals, though physically they continue to be present. The problem is particularly acute with younger workers. There is an increasing number of Millennial and Generation Z employees who are rejecting the old corporate bargain of loyalty for security. These (Millennial and Generation Z) employees represent a critical productivity risk.

- **The Multigenerational Challenge**

The challenge of building a multi-generational workforce is one that HR leaders in India must confront. Currently, HR professionals in India need to deal with four generations, which each have unique approaches to value.

- **Baby Boomers and Generation X:** These employees usually want to stay long-term in an organisation and would like the organisation to give them security after they leave.
- **Millennials:** These employees see themselves in-between Boomers and Gen Z, and wish to achieve a fast-rising career, along with significant benefits from ESOPs and a good balance between work and life.
- **Generation Z (Born 1997 - 2012):** Expected to be 27% of the workforce by 2025 (AceNgage, 2025), Generation Z is seeking "Meaning," radical flexibility, and instant gratification. Research indicates that Generation Z employees are 34% more likely to be disengaged than their baby boomer coworkers, and 42% of Generation Z employees stated that they are going to seek new employment in 2025 if they are not learning and being recognised for their performance (AceNgage, 2025).

Because of this fragmentation between generations, standardized reward strategies are not going to work as effectively as they have in the past. For example, a Gen X manager may find that a medical insurance top-up is a nice benefit to receive from his/her employer. While it would have very little value for a Gen Z employee who places a much higher value on receiving something like travel vouchers or mental wellness subscriptions. This way, organizations have moved away from standardization towards hyper-personalization (often referred to as the Segment of One).

- **The ROI of Recognition**

In an environment of low engagement, recognizing employees for performance would be a high-return investment (ROI). While companies spend a great deal of money on pecuniary compensation and benefits, measuring or quantifying the impact of this on employee engagement or retention is hard. On the other hand, the relationship between employee retention and recognition is becoming undeniable. According to Michael Page (2025), employees who receive authentic and high-quality recognition are 45% less likely to leave their organization within two years. According to the 2025 Human Capital Trends report published by Deloitte, organizations must change from a focus on "feel-good" recognition to creating recognition strategies based on ROI, and to objectively measure all program performance against retention and employee engagement metrics (Deloitte, 2025).

The Financial Architecture: Performance, Pay, and Wealth Creation

While experiential rewards garner attention, the financial foundation of compensation is also undergoing significant changes. The 2024-2025 period marks a departure from guaranteed entitlements toward aggressive performance linkages and wealth creation mechanisms.

- **The Surge in Executive Compensation and Variable Pay**

Executive compensation trends have historically revealed the views or philosophies of organizations. In India, the median CEO compensation is now ₹10 Crores which is a 13% year-on-year rate of increase (Deloitte, 2025). However, the manner in which CEO compensation has been designed is indicative of this shift toward accountability, with variable compensation being 60% of the total corpus of the CEO's earnings for achievement against performance metrics (Deloitte, 2024).

This "pay-for-performance" reward structure is working through to all levels of the organisation. Short Term Incentives (STI) are no longer guaranteed; target failures could reduce or lead to a zero payment of the STI. Even more, the concept of "performance" being strictly limited to financial performance, it has also been extended to include non-financial elements including ESG and Diversity Targets (Deloitte, 2024).

- **Long-Term Incentives (LTIs) and ESOP Democratization**

Stock options are more available to the broader set of employees, not just the C-suite, in many industries. Businesses have started giving Restricted Stock Units (RSUs) as a way to keep key talent and mid-level managers around. In startups, this is an essential tool. Companies like Razorpay, Swiggy, and Moglix have completed large scale employee stock options (ESOPs) buybacks, creating employee wealth and cementing an ownership mindset (Inc42, 2025). Razorpay, for instance, enabled four hundred

employees to sell up to 30% of their vested stock. The repurchase led to employees creating significant wealth for themselves (Inc42, 2025).

- **The Innovation of Earned Wage Access (EWA)**

Earned Wage Access (EWA) is rapidly evolving into a financial technology (fintech) solution with mass appeal among entry level workers and blue collar workers but also, becoming a solution to productivity issues (International Labour Organization, 2025). EWA is integrated into the payroll systems of different businesses through platforms like Refyne and Wagestream and allows workers to access part of their expected pay before payday (International Labour Organization, 2025).

By providing liquidity instead of credit, EWA is allowing workers to break their dependency on high-interest informal creditors. EWA will replace informal loans for women by an estimated thirty percent (30%) and according to approximately seventy-eight percent (78%) of hourly workers, this is seen as essential for their financial stability (International Labour Organization, 2025). As summarized by Xoxoday in 2025, EWA has moved from being a niche product in the fintech space into an emerging payroll software solution for workers in logistics and retail.

The Digital Transformation of Recognition: AI, Gamification, and Platforms

In 2026, the traditional recognition and rewards (R&R) system has evolved from being largely a manual process to a digital-first ecosystem, driven primarily by the need for greater transparency, faster delivery and the potential for greater analytics.

- **The Rise of "Intelligent Recognition"**

Artificial Intelligence (AI) addresses the historic issues of delay and subjectivity in R&R. The following examples illustrate how organizations are utilizing the power of AI to facilitate the "Intelligent Recognition" of employees through platforms like Vantage Circle and Xoxoday (Vantage Circle, 2025).

- **Contextual Nudges:** Integrated with platforms like Microsoft Teams, AI agents provide reminders to supervisors of ways to recognize and reward employees in their roles by prompting the recognition of an employee (e.g., by sending a 'Kudos' badge) when a milestone is reached (Vantage Circle, 2025).
- **Writing Assistance:** AI-powered writing assistants help managers write meaningful feedback that is based upon the context of work, rather than providing generic praise (Vantage Circle, 2025).
- **Sentiment Analysis:** Platforms utilizing AI analysis of recognition messages will create a "heat map" of the overall culture within a business and enable HR Leaders to identify and mitigate future burnout risks (Vantage Circle, 2025).

- **Gamification**

Gamification (Gaming/Competition) of R&R programs is becoming an important best practice for organizations seeking to engage younger generations of the digital workforce (Gen Z).

- **Leaderboards and Badges:** Digital badges feel akin to virtual "status symbols" for employees, who can display badges on social networks like LinkedIn to enhance their personal brand (Great Place To Work, 2025).
- **Points-Based Rewards:** Many modern R&R programs utilize a points-based system that provides employees with a way to acquire points if they demonstrate positive behaviours. These points can be used to redeem various types of rewards from merchandise to experiences (Reward Gateway, 2025).
- **Impact:** Organizations that have incorporated gamified R&R platforms such as Vantage Circle have seen an increase in workforce engagement by 10%-17% (Vantage Circle, 2025).

- **Blockchain for Credentialing**

Blockchain is starting to emerge as a secure method of holding R&R data with a permanently recorded proof of achievement, creating a ledger of merit, where the employee will be able to access real-time verified records of award and certifications associated with multiple jobs (Pine Labs, 2025).

The Revolution in Flexible Work Arrangements (FWAs)

There is a clear move from purely pandemic-driven need for flexibility to thinking of flexibility as an integral piece of EVP. As of 2025, fifty-three percent (53%) of Indian companies are now officially

adopting hybrid work models in accordance with fifty-two percent (52%) of their employees who wish for flexibility in how they work (BharatSure, 2025).

- **Redefining Time: Trust-Based and Unlimited Leave**

Corporate India is moving away from rigid leave categories toward trust-based models.

- **Unlimited/Trust-Based Leave: Trust-Based/Unlimited PTO:** Many organizations, such as InMobi and Netflix, are piloting unlimited PTO. In this way, they are moving towards a performance philosophy focused on outcomes rather than inputs (such as hours worked) For instance, InMobi allows its employees to have their time off approved automatically for as much as five (5) days; this appeal is said to match up with what Gen Z want to be able to do: make their own decisions (InMobi, 2023).
- **Wellness/Reset Days:** Companies are working actively to combat employee exhaustion and have begun implementing several preemptive methods such as wellness days and “no meetings days” (LeaveTrack, 2025).
- **Caregiver and Pet Leave:** Companies have started to acknowledge the “sandwich generation” i.e., the generation of middle-aged adults who have to take care of both elderly parents as well as their young children. Acknowledging this generation, companies like Diageo India offer "Carer's Leave" (Storyboard18, 2025). Some niche trends are also developing; a recent example is "Pawternity leave" for pet care (Economic Times, 2025).

- **The Sabbatical Renaissance**

Sabbaticals have become a useful retention tool for long-term tenured employees.

- **Policy Structure:** A number of major organizations, such as Adobe, Infosys, and Accenture, have a sabbatical policy available to employees after a minimum of five years of tenure (Adobe, 2023; CHRMP, 2025).
- **Purpose-Driven Sabbaticals:** Organizations such as Infosys and InMobi allow employees to apply for and obtain sabbaticals to accomplish community-oriented initiatives (Infosys' "Community Empathy Sabbatical") or to test entrepreneurial ideas (KelpHRA, 2025; InMobi, 2025).

- **Democratizing Flexibility in Manufacturing**

Traditionally, the manufacturing sector has been largely kept out of using flexible employment options; however, this is changing, as the manufacturing sector is seeing breakthrough innovations aimed at improving diversity.

Table 1: Innovations in Manufacturing Flexibility

Company	Innovation	Mechanism & Impact	Source
Tata Steel	Women in All Shifts	<p>Mechanism: women are working in all shifts (including night) in both the mining industry and the outbound logistics area at Jamshedpur and Kalinganagar.</p> <p>Supportive mechanism: GPS tracked transport, female security, woman only security personnel, creches, etc.</p> <p>Impact: This will break the manufacturing industry glass ceiling.</p>	(Tata Steel, 2025)
Toyota Kirloskar Motor	Zero-Hour Work System	<p>Mechanism: Employees may keep 'banked' overtime hours to use on occasions they can't come to work due to illness or emergencies, etc.</p> <p>Impact: Provides flexible work hours to line workers for family emergencies without losing income.</p>	(Toyota Kirloskar Motor, 2024)

Mahindra & Mahindra	5-Year Maternity Support	<p>Mechanism: 1 year of pre-childbirth support, 26 weeks paid maternity leave and flexible working arrangements until the child is 3 years old.</p> <p>Impact: This is intended to promote the retention of female managers who would otherwise leave the company after pregnancy.</p>	(Mahindra, 2023)
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The Holistic Wellness Triad: Mind, Body, and Wallet

In India, wellness within corporations focuses on three pillars: mental wellness (the mind), physical wellness (the body) and financial wellness (the wallet).

- **Mental Health as a Business KPI**

Poor mental health of employees means companies have to incur significant economic costs, including but not limited to productivity losses. As a result, mental health is being looked at by corporations as a risk.

- **Infrastructure:** Corporations are creating “mental health days” within their leave policies to formally include mental health support services beyond just Employee Assistance Programs.
- **Promoting Sleep Hygiene:** Corporations such as Google India, Wakefit, and Urban Naps have created napping pods to allow employees to re-energise through restorative sleep.
- **Access to Therapy:** In order for employees to have access to mental health therapy, corporations are leveraging online platforms to provide employees with complete anonymity while receiving mental health services (Meditopia 2025).

- **Financial Wellness: Education and Liquidity**

Long-standing financial stress on employees is starting to be recognised by corporations in more ways than just providing Employee Wage Advances (EWA).

- **Financial Wellness Workshops:** Many large technology companies, such as TCS and Infosys, provide financial wellness workshops for their employees about how to best manage investments and debt (JSETMS 2025).
- **Employee Stock Option Plans (ESOP):** Many start-up companies are now working with their employees to create understanding around their ESOP, in order to educate employees on how to manage their tax impacts, and thereby building their wealth (Inc42 2025).

- **Family and Inclusive Insurance**

Corporations are redesigning their insurance policies to cover more family members and be more inclusive.

- **Razorpay's Sibling Cover:** Razorpay has revamped its insurance to include siblings, LGBTQ+ partners, and adopted children, while covering critical treatments like HIV/AIDS (Razorpay, 2025).
- **Godrej's DEI Focus:** The Godrej Group provides hospitalization cover for domestic partners of LGBTQ+ employees, demonstrating a commitment to Diversity, Equity, and Inclusion (Godrej, 2021).

Sustainability and "Green Rewards"

To achieve Net Zero by 2070, corporations are leveraging “Green HRM” to align employee behaviour, competencies, and skills with corporate sustainability objectives.

- **Incentivizing Green Behavior**

Leading corporations are gamifying sustainable behaviour.

- **Sustainable Nudges:** Wipro and Infosys have started tracking their carbon footprint and rewarding employees for using electric vehicles or carpooling as their means of transportation to work (Earth5R 2025).

- **Offsetting Carbon Footprint:** Employees of BI Worldwide can redeem points for corporate wellness programs for planting trees, and/or other causes (BI Worldwide 2025).
- **Corporate Volunteering Programs:** The Tata Group and Titan Company conduct large-scale tree planting events to connect team building and volunteering activities (The CSR Journal 2022).
- **Sustainable Corporate Gifting**
Corporations are now building sustainability into their corporate gifts by supporting local artisans.
- **Upcycled Products:** Many companies are now turning to upcycled products as a means of reducing their waste, such as Phool.co (upcycling flower waste) and ReCharkha (upcycling plastic) (Share At Door Step, 2025).
- **Digital Gifts:** Most corporations are adopting digital gift certificates to eliminate any packaging required for the gift (Reward Gateway, 2025).

Sectoral Case Studies in Innovation

- **Tata Steel is Leading Diversity in Their Industry**

Problem: The steel manufacturing sector has historically been largely male-dominated due to many legal and physical barriers preventing women from entering it.

Solution: Tata Steel has launched two initiatives -- 'Women in Mines' and 'Women on Shop Floors' – to promote and support women applying for jobs in either mining or steel manufacturing.

Execution: As part of the company's commitment to achieving more diversity by 2025, Tata Steel will have employed female engineering graduates as mine engineers in three 24-hour shifts at their mining and manufacturing operations located in Jamshedpur and KalingaNagar.

To enable women to be employed in the steel industry, Tata Steel has changed their operating environment as a means of changing the corporate culture. Changes include:

- GPS tracking for transportation
- Hiring female security personnel
- Providing day-care services for the children of female employees

(Tata Steel, 2025)

Outcome: Tata Steel's initiatives have both opened up a diverse labour supply and resulted in an increased diversity score within Tata Steel. (Tata Steel, 2025)

- **InMobi is Building a Culture of Trust and Ownership**

Problem: Retention of high performers within a competitive start-up environment.

Solution: A culture of trust that supports entrepreneurship.

Execution:

- **Unrestricted Leave Policy:** InMobi allows all employees to take approximately six days of leave without needing prior supervisory approval (KelpHRA 2025).
- **Incubating Competitors:** InMobi encourages employees to test entrepreneurial ideas through sabbaticals, accepting that some may not return (InMobi, 2025).
- **Gender-Neutral Parenting:** "Parental leave" of 7 months is offered to primary caregivers of any gender (Yahoo News, 2025).

Outcome: InMobi has established itself as a "founder factory," attracting ambitious talent.

- **CRED: The Luxury of Exclusivity**

The Challenge: Attracting top-tier engineering and design talent not motivated solely by salary.

The Innovation: Extending the brand's "luxury" ethos to employee benefits.

Execution: CRED offers comprehensive benefits including 100% medical coverage and flexible leave (CRED, 2025). The "perks" culture includes high-end equipment and luxury offsites, signaling elite status to employees.

Conclusion: The Future of Rewards in India

Corporate reward and recognition (R&R) in India is transitioning from standardized to personalized, from transactional to emotional, and from reactive to predictive.

Winning the talent war in the late 2020s will require organizations to view employees as "whole people." Whether it is Tata Steel ensuring safety for women in mines, Razorpay insuring siblings, or gig platforms contributing to social security, the common thread is empathy codified into policy. As AI matures, R&R will become seamless and invisible, predicting needs and delivering meaningful rewards. The "Golden Handcuffs" of high salary are being replaced by a culture of care where employees choose to stay in because it fits them perfectly.

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