



TO STUDY EFFECT OF PERFORMANCE INCENTIVE ON EMPLOYEE MOTIVATION AND TURNOVER, STUDY OF CBSE SCHOOLS IN PUNE REGION.

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Abstract

This study has been conducted to analyze the significant impact of performance incentives on employee motivation and turnover, study has been conducted with the CBSE School of Pune region. The purpose of the study is to determine whether there is any impact of performance incentives on employee motivation and employee turnover. For the study, a quantitative approach is used and the technique of data collection is a multiple choice close-ended questionnaire, survey method. While the data analysis technique used is simple random and cross-tabulation. The population for data is employee and Employer of the CBSE School. The result of this study indicates that Performance incentives have a significant impact on employee motivation whereas favoritism causes employee dissatisfaction and intent to leave the job, but that intention does not turn into employee turnover as the employee feel unhappy but does not leave.

Keywords: Performance Incentive, Motivation, Turnover

INTRODUCTION

Performance incentive plays a very vital role in organizational development and hence to prove this, different research has been conducted. Performance-based incentives are crucial for employee motivation and to improve the productivity of the organization, it also leads to dissatisfaction among the employees because of the induced favoritism which may lead the organization towards increased employee turnover. Here the Role of HR is very crucial, HR should define the policy which should be employee-centric. Through this literature, we will also study, the type of incentive i.e. monetary and non-monetary performance incentives, and which incentive has more impact on employee motivation. Few studies have proved that financial incentives have more impact on employee motivation compared to non-financial incentives (Bonner & Sprinkle, 2002; Stone, Bryant, & Wier, 2010) whereas some studies provide evidence that only financial incentives fail to create desired behavior and caused negative organizational outcome (Stone et al., 2010). Some of the research suggested that money is not as potent as it seemed to be, and many companies tried to implement monetary incentives as their main tool to motivate employees (Frey & Osterloach, 2002). But it is an important factor to maintain the relations in the organization, performance incentives may lead to high employee motivation but the unfair distribution of the incentive may cause adverse effects and increase employee turnover.

Teaching is a noble profession and every teacher is not spreading their knowledge for monetary gain, study has partially proved that, although employees feel dissatisfied due to favoritism but do not leave the organization.

Theoretical Concept

Performance Incentives

As the name suggests performance incentives are the compensation paid to the outstanding performer of the organization. It is the remuneration one can win through his/her contribution to goal achievement. It is a tool for the management to improve employee productivity and keep them associated with the Organisation. (Hoetomo,2005) performance is something that needs to be achieved. According to Mangkunegara (2002) performance is the result of quantity and quality achieved by the employee. Incentives keep employees loyal to the organization and improve the morale of the employee.

The incentive can be categorized into two monetary and Non-Monetary. Monetary incentives are straight away the incentives that are paid in form of money or cash. Non-monetary incentives come in form of opportunity rewards or Intellectual gifts.

Motivation

"Motivation means a process of stimulating people to action to accomplish desired goals." —William G. Scott. Motivation is behavior that leads an employee to work hard to achieve self-success or organizational success. Motivated individuals increase the productivity of the organization. The Latin word "movere," which meaning "to move," is where the word "motivation" comes from (Dhameja, 2009). It entails influencing employee behaviour to meet company objectives. It establishes if an employee will carry out his duties effectively. Increased motivation improves employee performance.

External inducements or motivating elements that must be internalised to be successful. Internal incentives, on the other hand, serve the worker's ego demands. It consists of status, accomplishment, and job satisfaction (Dhameja, 2009). The goal-directedness of action is guided by incentives. Employees that execute their jobs well are rewarded financially and also receive benefits like training, flexible work schedules, and a positive work atmosphere.

Turnover

It refers to the total number of employees who left the organization and were replaced by new ones. Low employee turnover shows a healthy organization whereas high employee turnover reflects a weak organization with low productivity. There are many reasons for the high and low turnover, but keeping it in control is a very difficult task for employers. Turnover is always costly it induces both direct and indirect cost, it is not always financial, and it also adversely affects employee morale and decreased performance which lead to reduced organizational productivity. Employee turnover is the result of the dissatisfied employee.

Further, it is expected that the finding of the study helps the academic organization to give new insights to design proper only HR Incentive policies that influence work performance.

LITERATURE REVIEW

Wahna Widhianingrum (2018), Performance incentives have a significant impact on employee performance, for the study data obtained using SPSS (Statistical Product and Service Solutions). A population of 93 people of all the employees and managers of PT, BPR Ekdharma has been taken.

Mohammad Atiq(2014), study aims to examine the impact of incentives on employee turnover at Pakistan International Container Terminal Limited. The analysis of the study shall inspire the management to take measures to retain their precious employee. The data shall be collected by using a stratified random sampling technique. A study has proved that there is a relationship between incentives with employee turnover in different age groups. It is important to cater to employees with the right incentives, only then the employee can retain them. An incentive scheme should be designed keeping the age group in mind.

Wickramasinghe, V(2012), the study aims to study the impact of performance-based financial incentives on work performance. The survey method has been used on 93 technical-level employees who are subject to a performance-based financial incentives scheme for at least two years in their organization. The analysis used for

the study is regression analysis. The study has stated that a well-designed performance-based incentive scheme has a significant positive impact on employee work performance.

Holtom et al, 2018 explain the job embeddedness hypothesis was first presented as a theory in the year 2001 to understand why workers remain with the same firm. A persuasive meta-analysis that compiles a large body of gathered empirical evidence demonstrates that the theory has utility as a forecasting tool. Researchers have discovered that job embeddedness is a good predictor of remaining with an organization as well as other positive work outcomes such as in-role and extra-role performance in a variety of different settings, such as for-profit and not-for-profit, in the United States and internationally. In addition, they discovered that those who are more immersed had a lower likelihood of being absent from work or engaging in activities that are harmful to the workplace. Both academic researchers and professional practitioners' views on staying have been broadened as a result of recent theoretical elaborations that have identified new antecedents, moderators, and effects of embeddedness. Based on theory and inquiry, several practical implications are offered for companies that are looking to improve job embeddedness and the outcomes that are connected with it.

Asghar Ali & Muhammad Naseem Akram e'al (2012), The author asserts that workers are the true assets of every firm. If they are driven, they carry out their responsibilities with honor and commitment. Furthermore, they develop complete loyalty to it. They believe employees to be the organization's human capital. With all of this, they actively do their tasks. The hypothesis demonstrates the link between incentives, particularly financial rewards, and motivational variables, as well as the fact that individuals are more motivated if their wage and employment positions are commensurate with their qualifications.

Sean Peek (2022), In his article, stated that performance-based incentives may encourage employees to hard work but they also cause stress and lower job satisfaction among employees. Research finds out performance-based incentives may have a negative impact on the employee rather than motivating the employee, certain types of incentives may cause stress and pressure.

OBJECTIVE OF THE STUDY

- To understand the impact of performance incentives on employee motivation
- To understand the impact of performance incentives on employee turnover
- To understand the need for a performance incentive policy

RESEARCH METHODOLOGY

Performance incentives play a major role in employee motivation and turnover employee to understand the level in the education sector a feasibility study was conducted on employees working in the education sector (CBSE Schools).

Population and sample

A total of 32 responses were received out of 50 respondents from teaching and non-teaching employees and 6 responses were received from the employer (HR, Principal, and director). A simple random technique was used to analyze the data.

Data and sources of data

For this study both primary and secondary data has been collected. For primary data, A survey questionnaire was framed focusing on Performance and incentives and circulated to the teachers, non-teaching, and employers working in CBSE Schools. The secondary sources include articles published in magazine, journals and recent research study.

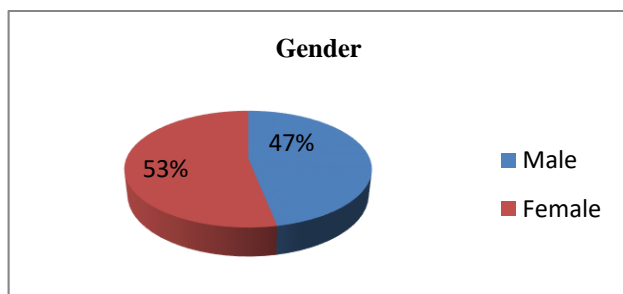
Data Analysis and Interpretation

Cross-tabulation was used to analyze the data in excel. From the analysis, it's clear that regarding the yearly performance assessment, the vast majority of them claim that it takes place only once, even though some of them do not even teach. When employees are given a performance incentive in addition to their income, the majority of the teaching and non-teaching staff report feeling more motivated and appreciated in their work. When asked whether they have a clear knowledge of the performance policy, both teaching and non-teaching personnel answered "yes," however some teaching staff members disagreed with this assessment. The non-teaching staff believes that they receive monetary advantages, but the teaching staff believes that they receive neither monetary nor non-monetary benefits. The accomplishment of goals and exceptional performance are cited as playing a vital part in both teaching and non-teaching roles. The management shows unfair bias, and the majority of the teaching and non-teaching personnel have the same opinion on the matter. Employee turnover is a direct outcome of unfair treatment. The majority of teaching staff members answer yes, whereas there is ambiguity among non-teaching staff members.

From the analysis of the employer which includes HR personnel and principal, Most of the respondents do not have an Incentive policy nor any budget for it, around 57% of the respondents believe that incentive is the variable that improves employee performance and 85% said it increases the productivity. 71% percent of the respondent were agree on the eligibility criteria for the performance incentive should be an outstanding performance. 71% think that monetary incentives increase employee motivation, and 85% are in favor of the unfair payout of performance incentives reducing employee turnover.

Table No. 1
Gender wise analysis

Gender	Female	Male	Total
Non-Teaching	5	10	15
Teaching	12	5	17
Total	17	15	32

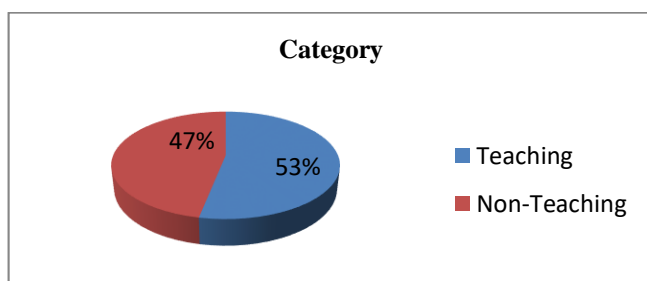


Graph No. 1

With regards to gender of the responses in non-teaching maximum are male and in teaching maximum are female.

Table No. 2
Category wise analysis

Category	Count of Category
Non-Teaching	15
Teaching	17
Total	32



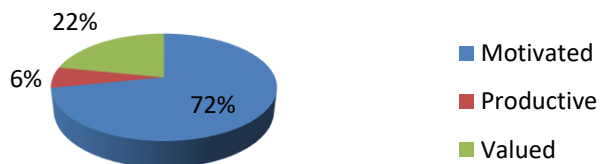
Graph No. 2

With regards to category of the respondent, out of 100% responses received 47% belongs to non-teaching staff and 53% belong to teaching

Table No. 3
Impact of Performance Incentive on Employee Behaviour

Category	motivated	Productive	valued	Total
Non-Teaching	12	1	2	15
Teaching	11	1	5	17
Total	23	2	7	32

Impact of Performance Incentive on Employee Behaviour



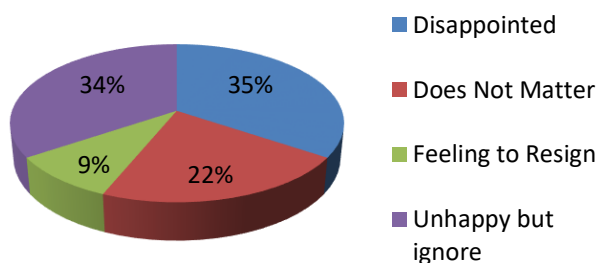
Graph No. 3

Most of the teaching and non-teaching staff get motivated and feel valued when they get performance incentive along with salary

Table No. 4
Analysis of employee behaviour with no incentives

Category	Disappointed	Does not matter	Feel to resign	Unhappy but ignore	Total
Non-Teaching	6	4	3	2	15
Teaching	5	3		9	17
Total	11	7	3	11	32

Employee behaviour with no incentives



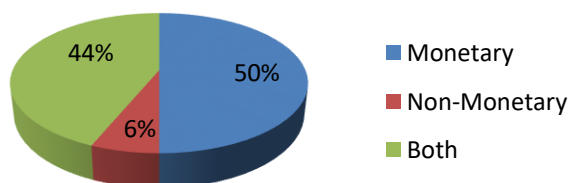
Graph No. 4

Non-teaching staff feel disappointed and some say doesn't matter, while teaching staff unhappy but ignore and some disappointed

Table No. 6
Analysis of type of incentive impact on motivation

Category	Both	Monetary	No effect	Total
Non-Teaching	4	9	2	15
Teaching	10	7		17
Total	14	16	2	32

Type of incentive impact on motivation



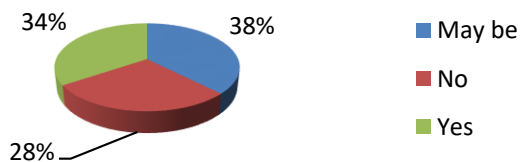
Graph No. 6

Non-teaching staff feel there is monetary benefits while teaching staff feel both monetary and no benefit.

Table No. 7
Analysis unfair treatment results in employee turnover

Category	May be	No	Yes	Total
Non-Teaching	5	5	5	15
Teaching	7	4	6	17
Total	12	9	11	32

Unfair treatment results in employee turnover



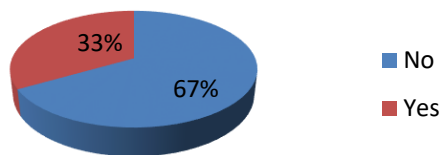
Graph No. 7

Unfair treatment results in employee turnover teaching staff most them say yes and may be while there is no clarity among non-teaching staff

Table No. 8
Analyses of Do organizations have Incentive Policy

Label	Do you have any performance incentive policy?
No	4
Yes	2
Total	6

Do organisation have Incentive Policy



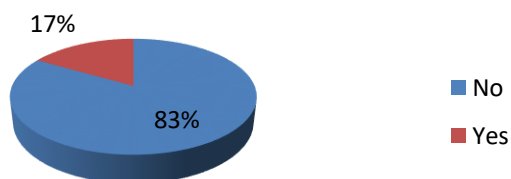
Graph No. 8

In the analysis of Organisations, 67% employer stated that, they do not have Incentive policy and 33% said they do have. One of them stated they are planning to frame Policy.

Table No. 9
Analysis of Does Organization has allotted any budget for incentive policy

Labels	3. Does Organization has allotted any budget for incentive policy?
No	5
Yes	1
Total	6

Do organisation have Incentive Policy



Graph No. 9

83% of the employer mentioned that they do not have any budget for Incentives policy. While 17% said they do have budget for same.

OBSERVATION

Regarding yearly performance reviews, the majority of respondents indicate that it occurs once per year, regardless of teaching or non-teaching status. The majority of teaching and non-teaching personnel are motivated and feel appreciated when they get a performance bonus in addition to their wage. Regarding a clear grasp of the performance policy, both teaching and non-teaching personnel respond affirmatively, while some teaching staff responds negatively. Non-teaching personnel sees monetary benefits, whereas teaching personnel perceives both monetary and no benefits. Teaching and non-teaching professionals agree that goal attainment and exceptional performance play an essential influence. Management practices unfair partiality, and the majority of teaching and non-teaching employees share this sentiment. The unfair treatment causes employee turnover among teaching personnel the majority of them say yes and perhaps, however among non-teaching workers there is no consensus.

FINDINGS OF THE STUDY

Demographic study:

- With regards to the category of the respondent, out of 32 responses received 15 belong to non-teaching staff and 17 belong to teaching, and 6 responses from employers.
- With regards to the gender of the responses in nonteaching maximum are male and in teaching maximum are female.
- With regards to work experience, most of the non-teaching and teaching staff are between 2-5 years. Most of the staff are working in permanent roles.

The findings on Performance include the following:

With regards to annual performance reviews, most of them say it's once irrespective of teaching or non-teaching. Most of the teaching and non-teaching staff get motivated and feel valued when they get performance incentives along with salary. With regards to a clear understanding of the performance policy, both teaching and non-teaching say yes, while some of the teaching staff say no to it. Non-teaching staff feels there are monetary benefits while teaching staff feels both monetary and no benefits. Both teaching and non-teaching state that goal achievement and outstanding performance play important roles. Unfair favoritism is done by management, both teaching and non-teaching staff most of them feel the same. Unfair treatment results in employee turnover teaching staff that most of them say yes and maybe while there is no clarity among non-teaching staff. In the analysis of employers, most of the employers stated that they do not have a performance incentive policy but it can increase the Organisation's productivity also monetary incentives are best to improve productivity but not having incentives does not lead to employee turnover.

Overall Employee perspective:

- Performance incentive impacts the motivation of employee
- Unfair allotment of performance incentives causes employee turnover
- There is a clear performance incentives policy in the organization
- Management shows favoritism while giving performance incentives
- Both monetary and non-monetary incentives are important
- Employer Perspective
- Giving performance incentives increases organizational productivity
- Monetary incentives lead to high motivation
- Giving unfair incentives does not lead to employee turnover
- Giving incentives increases employee motivation
- There is a need for the formation of an incentive policy

CONCLUSION

A study of performance incentives and their impact on employee motivation and employee turnover has led to the result that both employees have different perspectives than the employer. The analysis clearly states that employees and employers are on the same statement when comes to the performance incentives that motivate employees and but employees are of opinion that biased incentivization causes employee turnover whereas employers in the opinion that incentives do not have any impact on employee turnover. Employees are dissatisfied with favoritism while giving incentives. The study also proves that most Organizations/Schools do not have incentive policies otherwise employees are not clear about the incentive policies of the organization.

This is a small study of the educational institute of the Pune region. It proves the Necessity of the formation of proper policies for performance incentives in the education sector. Though teachers are working for a noble cause they also need motivation, and high morale to give their outstanding output.

RECOMMENDATION

Based on the result of the study, it is clear that performance incentives impact employee motivation as well as employee turnover. Both monetary and non-monetary incentives are important as an employee need appreciation for their efforts. Organizations should have a fair and transparent Incentive Policy, and that should be communicated to employees with their better understanding.

- Communicate with employees about the need for motivational tools
- The policy shall be formed keeping the related constrain in mind
- Non-Monetary incentives do not cost much to the employer focusing on granting to the employee.
- It is important the make employees feel equal to remove any biased views.

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