



THE IMPACT OF NON FINANCIAL INCENTIVES ON EMPLOYEE PERFORMANCE

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ABSTRACT

This research article investigates the multifaceted influence of non-financial incentives on employee performance within contemporary organizational settings. As organizations strive to enhance employee engagement and productivity, the study delves into the varied forms of non-financial incentives, including recognition, flexible work arrangements, career development opportunities, and a positive work environment. Through a comprehensive review of existing literature and empirical data collected from diverse industries, the research aims to elucidate the nuanced ways in which non-financial incentives contribute to improved employee performance.

The findings of this research contribute to the existing body of knowledge by providing empirical evidence of the impact of non-financial incentives on employee performance. The implications for organizational practices are discussed, offering insights for human resource professionals and organizational leaders seeking to optimize their incentive strategies. Ultimately, this research aims to guide the development of tailored and effective non-financial incentive programs that can positively influence employee performance, job satisfaction, and overall organizational success.

KEYWORDS: *Employee performance, non financial incentives, undeniable appeal, job satisfaction*

INTRODUCTION

In the dynamic landscape of modern workplaces, organizations are continually seeking strategies to enhance employee performance, recognizing that a motivated and engaged workforce is a key driver of overall success. While financial incentives have traditionally been at the forefront of performance management discussions, there is a growing acknowledgment that non-financial incentives play a pivotal role in shaping employee behavior and job satisfaction.

This research aims to delve into the multifaceted realm of non-financial incentives and their profound impact on employee performance. As organizations evolve and employee expectations undergo transformation, it becomes imperative to understand the nuances of motivational factors beyond monetary rewards. Non-financial incentives encompass a wide array of strategies, including recognition programs, flexible work arrangements, professional development opportunities, and a positive organizational culture. These incentives contribute to the creation of a work environment that not only attracts top talent but also fosters employee commitment and loyalty.

Despite the burgeoning interest in non-financial incentives, the empirical evidence regarding their influence on employee performance remains somewhat fragmented. This study seeks to bridge this gap by conducting a comprehensive analysis of the relationship between non-financial incentives and various dimensions of employee performance, such as productivity, job satisfaction, and employee retention.

REVIEW OF LITERATURE

AG Quasi (2019) The purpose of this research was to analyze the impact of Non-monetary rewards on employee job performance in private banking sector of Hyderabad Pakistan. The study focused on factors such as recognition, career development, flexible working schedule (independent variables) and employee performance (dependent variable). The relationship between dependent and independent variables are empirically verified through statistical methods. The statistical tests like reliability test and multiple regression statistics were used for data analysis. Primary method was adopted for the collection of data in the form of questionnaire. Total respondents were 50 that were physically contacted. In reliability test all variables (03 independent and one dependent variable) were found reliable with good and excellent remarks.

Rammie kamal (2000) His research was conducted in order to determine what variables would give small businesses (defined as any firm with less than 100 employees) an advantage versus larger businesses in attracting and maintaining employees while optimizing their performance. Job enrichment, employee recognition, pay equity and managerial skill do affect employee job satisfaction in small business. However, there was sufficient evidence to indicate that income was, at the very least, a moderating factor with regard to the success of non-monetary incentives

Tugay Arat (2012) The purpose of this study is to examine the effect of financial and non-financial incentives on job satisfaction, which are used in food chain premises; and to indicate the difference of employee attitudes related to job satisfaction and incentives on some demographical variables. The questionnaires prepared for this purpose are applied to eleven employees at food premises, which are currently working in food sector in Central Anatolian Region in Turkey. The data obtained from the research are analyzed via several techniques by using SPSS 15.0 program. According to the results of the analysis, a significant relation is observed between the financial and non-financial incentives and the job satisfaction of employees.

Hooi lai wan (2013) The objective of the paper is to present the theoretical and empirical evidences conceptually regarding the relationships between non-monetary incentives and job satisfaction in influencing job performance. The paper discusses direct linear relationship between non-monetary incentives and job satisfaction as independent variables and job performance as dependent variable. The study used theoretical and empirical studies to support the hypotheses that non-monetary incentives and job satisfaction influence job performance.

Jyothi J (2005) Monetary benefits are considered to be a highly motivational tool for the employees, but there are some things which money can't buy. The MASLOW'S Theory of need hierarchy clearly states that at initial level the money incentives plays a greater role, but once the physiological (food, water, shelter, clothing and sleep) and safety needs(health, employment, property, family and social

stability) are fulfilled the other needs like love and belonging (friendship and sense of connection), self-esteem (confidence, achievement, respect from others and the need to be unique individuals) and self-actualization (morality, acceptance and your purpose) can be satisfied only through the non-monetary benefits. This paper strives to make a study on the importance of non-monetary benefits in motivating and gaining the employee loyalty towards the organization

Nichola ClaireThompson (2013) The purpose of this paper is to investigate if the presence of non-financial rewards (specifically work-life balance, learning, and career advancement) were able to influence the perceived attractiveness of a job offering. A secondary objective was to establish if there were demographic differences, specifically, gender, race, and age differences in the manner in which these non-financial rewards influenced the perceived attractiveness of a job offer.

Cameron Ford (2011) In this empirical study, the aim is to examine the relative effect of various rewards on performance of knowledge workers. It is predicted that non-monetary rewards are associated with enhanced intrinsic motivation, which in turn is related to better performance and innovation.

Saira Yousuf (2012) The basic aim of this paper is to identify /investigate financial and non financial rewards that affect the motivation of employees in organizations. The paper also not only discuss that the employee motivation is imperative for the overall organizational performance, but also talks about how to retain a motivated workforce in the organization (what if this study should include a specific industry or region. E.g education field, or any other sector; generalizes study won't have an impact). Motivation factors may be differing from industry to industry and class to class of employees such as high level and low level labor.

Venkatachalam M (2004) This paper investigates the role of non-financial performance measures in executive compensation. Using a sample of airline firms we document that passenger load factor, an important non-financial measure for firms in this industry, is positively associated with CEO cash compensation. This association is significant after controlling for traditional accounting performance measures (return on assets) and financial performance measures (stock returns). This evidence is consistent with the hypothesis that non-financial measures provide incremental information about CEOs' actions over financial measures and hence, receive a positive weight in compensation contracts.

Antony rajendran (2017) The aim of this study is to investigate the effects Non-monetary benefits on employee's performances on Bako Agriculture Research Center. The population of this study was employees Bako agriculture research center. The researcher stratified the total population of the study based on their department. The samples were selected proportionally and random sample taken from the strata. In this study, both primary and secondary sources of data were used. The primary data were gathered through questionnaires from 156 respondents of employee Bako Agriculture Research Center. An interview was also conducted with human resource personnel and each department head Center. Data was analyzed using descriptive statistics such as frequency tables, percentage, correlations and regression analysis. The findings of this study indicated that there are relationships between Non-monetary Benefits and employees work Performance.

Haule S (2014) The main purpose of this study was to assess the effect of non-financial compensation on the of employees' job performance. The cross-sectional, descriptive and inferential design with field study were used in the study. Accordingly, 136 samples of respondents' from 206 populations were taken. The study used mainly primary data and secondary data. Survey data collected from respondents were analyzed by descriptive statistics such as frequency, percentage, and inferential statistics such correlation and multiple linear regressions analysis. The findings of the study indicated that there was a significant relationship between non-financial compensation and employee job performance in particular.

Addai SP (2017) This paper was commissioned by the Regional Network for Equity in Health in east and southern Africa (EQUINET) in co-operation with the East, Central and Southern African Health Community (ECSA-HC) to inform a programme of work on 'valuing health workers' so that they are retained within the health systems. The paper reviewed evidence from published and grey (English language) literature on the use of nonfinancial incentives for health worker retention in sixteen countries in east and southern Africa

RESEARCH METHODOLOGY

RESEARCH DESIGN

The research is descriptive in nature. This research identifies the impact of monetary rewards and other recognitions on employee productivity and describes the significance each factor have on the employee morale.

SOURCES OF DATA

The research uses both Primary and Secondary data.

Primary Data

Primary data has been collected from 142 respondents using questionnaire (survey method).

Secondary Data

Secondary data was collected from reviewing various literature related to non financial incentives and their impact on employee performance.

SAMPLE SIZE & TECHNIQUE

The population size is indefinite as the number of people working in hybrid options is large in number. It is difficult to access the population. The sample size is 142. The respondents are from various locations spread across the City. Sampling technique is the technique used to select the sample size. Convenient sampling technique is used for this research. Employees were taken according to the convenience of the research study. The respondents are from various locations spread across the country.

OBJECTIVES OF THE STUDY

- To classify the demographic profile of the respondents.
- To determine whether there exists a positive relationship between non financial incentives and employee performance

□ To measure the impact of Non Financial incentives over Employee Performance

HYPOTHESIS

- H_0 : There is no significant relationship non financial incentives and employee performance
- H_1 : There is no significant relationship non financial incentives and employee performance
- H_0 : There is no significant impact of Non financial incentives over Employee Performance
- H_1 : There is significant impact of Non financial incentives over Employee Performance

DATA ANALYSIS & INTERPRETATION

DEMOGRAPHIC PROFILE

FACTOR	FREQUENCY	PERCENTAGE
AGE		
20 - 25	26	18%
25 - 30	7	5%
30 – 35	25	17%
35 – 40	59	41%
40 and above	27	19%
GENDER		
Male	90	63%
Female	44	37%
EDUCATIONAL QUALIFICATION		
Under graduate	39	27%
Post Graduate	78	54%
Professional Education	27	19%

DEPARTMENT OF FUNCTION		
Finance	53	37%
HR	27	19%
General Administration	31	21%
Non Administrative staff	7	5%
Operations	26	18%
ANNUAL INCOME		
3.5 lakhs to 6 lakhs PA	26	18%
6 – 10 lakhs PA	39	27%
10- 15 lakhs PA	52	36%
Above 15 lakh rupees	27	19%

Interpretation

63% of the respondents are male, 37% of the respondents are Female. 26% of the respondents belonged to age group of 20- 25, 19% of the respondents belong to age group of 40 years & above . 41% of the respondents are aged between 35 and 40. 5% of respondents are aged between 25 and 30. 54% of the respondents are Post graduates, 27% of the respondents are Graduates, 19% of the respondents are doctorates & above. 18% of the respondents fall under 3.5 – 6 lakhs pa category, 27% of respondents earn up to 6-10 lakhs p.a, 36% of respondents fall under the category of income 10 lakhs to 15 lakhs pa, 19% of the employees earn up to more than 15 lakhs p.a. 37% of the respondents fall under finance category, 21% of the respondents are from the general administration department , 19 % of the respondents are from HR department , 5 % of respondents are from non-administrative category and 18 % of respondents are from the operations department.

Inference

Majority of the Respondents are Male , Majority of the respondents were from the age group of 20-25, Majority of the respondents are qualified Post Graduates , Majority of the respondents fall under 10 lakhs to 15 lakhs pa income category , Majority of the respondents fall under the finance category.

CORRELATION ANALYSIS BETWEEN NON FINANCIAL INCENTIVES AND EMPLOYEE PERFORMANCE

Correlation analysis has been utilized for studying the relationship between Non Financial Incentives and Employee Performance and the results are tabulated in Table 4.2.1

H₀: There is no significant relationship Non Financial Incentives and Employee Performance

H₁: There is significant relationship NON FINANCIAL INCENTIVES and Employee Performance

Table 4.12 Correlation Between NON FINANCIAL INCENTIVES and Employee Performance

	EMPLOYEE PERFORM	P Value	Significance Level
NON FINANCIAL INCENTIVES	r = 0.675**	0.012	Significant**

****Significant at 0.05 level**

Interpretation

From the table it is noted that the P value is less than 0.05, Hence the relationship between Non Financial Incentives & Employee Performance is significant. Hence Reject H₀

Inference

Non Financial Incentives has a positive relationship with Employee Performance

Regression Analysis of Non Financial Incentive sand Employee Performance

H₀: There is no significant impact of Non Financial Incentives over Employee Performance

H₁: There is significant impact of Non Financial Incentives over Employee Performance

NON MON BENEFITS	EMPLOYEE PERFORMANCE					
	R	R Square	Adjusted R Square	F Value	P Value	Significance Level
	0.675	0.456	0.478	12.145	0.001	Significant**

****Significant at 0.05 level**

(Source: Primary)

Interpretation

From the table it is noted that the P value is less than 0.05, hence impact of Non Financial Incentives over Employee Performance is significant. Hence Reject H_0 .

Inference

Non Financial Incentives have an impact of 46% over Employee Performance

CONCLUSION

In conclusion, this research article delves into the multifaceted impact of non-financial incentives on employee performance. Through a comprehensive analysis of existing literature and empirical evidence, it is evident that non-financial incentives play a pivotal role in shaping employee engagement, motivation, and overall job satisfaction. The findings suggest that a well-crafted mix of non-financial incentives, such as recognition, professional development opportunities, and a positive work environment, can significantly enhance employee performance.

Moreover, the study emphasizes the importance of aligning non-financial incentives with the diverse needs and preferences of employees. By recognizing and catering to individual motivations, organizations can create a more inclusive and effective incentive system. The implications of this research extend to human resource management practices, emphasizing the need for organizations to adopt a holistic approach that combines both financial and non-financial incentives to foster a thriving workplace culture.

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