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## “ A Study On The Effects Of Financial Incentives And Job Satisfaction On Employees’ Motivation To Work”: A Case Study On Construction Workers In Kozhikode District-Kerala

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**Abstract:** The purpose of this study is to understand the impact of financial incentives and job satisfaction on employees work motivation. Furthermore, this study examines the impact of non-financial incentives on construction workers. The population of the survey focuses on construction workers in Kozhikode District . This study used a structured questionnaire method to collect sample of 642 workers from the 4 taluks of Kozhikode area. Multiple Regression analysis is used to test different hypotheses. The findings highlight that construction workers motivations are influenced by various factors within the workplace environment. These includes financial incentives and non-financial incentives, along with job satisfaction factors.

**KEYWORDS:** Financial incentives, non-financial incentives, work environment , job satisfaction, employee’s motivation

### I. INTRODUCTION

Over the years, construction industry have gained strong interest in achieving organizational goals, enriching their customers and above all competitors and measured them as competitors. Employees need to be always considered to achieve organizational goals. In today’s global industrialization workers are the largest capital for every sector.

The construction sector is an important part of the global economy and provides fostering infrastructure, employment and economic growth. However, this sector is also characterized by high levels of stress, long working hours and physically demanding work environments. As a result, employee motivation is a key factor in determining success and productivity.

Employee motivation is a critical factor in determining the success and productivity of any organization. Motivated employees are more likely to be engaged, productive, and committed to their work, leading to improved job performance and organizational outcomes. Two key factors that have been shown to influence employee motivation are financial incentives and job satisfaction.

Numerous studies have examined the impact of financial incentives on employee motivation. Financial incentives, such as bonuses, salary increases, and benefits, can motivate employees by providing a tangible reward for their efforts (Eisenberger et al., 1986). However, research has also shown that financial incentives

can have negative consequences, such as undermining intrinsic motivation and creating a sense of entitlement (Deci et al., 1999).

Job satisfaction is another critical factor that influences employee motivation. Job satisfaction refers to the extent to which an employee feels content and fulfilled in their job (Locke, 1976). Research has shown that job satisfaction is positively related to employee motivation, with satisfied employees being more likely to be motivated and engaged in their work (Judge et al., 2001).

Despite the extensive research on financial incentives and job satisfaction, there is a need for further study on the interactive effects of these two factors on employee motivation. Specifically, how do financial incentives and job satisfaction combine to influence employee motivation?

### **Background of the Study:**

Research consistently shows that motivated employees are more productive, have increased job satisfaction and are less likely to quit their job. However, many organizations struggle to motivate their employees, despite offering financial incentives and providing a satisfactory work environment. This suggests that there may be defects in the way that financial incentives and job satisfaction are used to motivate employees.

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### **Significance of the Study:**

This study is significant because it will provide insights into the factors that influence employee motivation in the construction sector. By understanding the impact of financial incentives and Job satisfaction on motivation, construction companies can develop targeted strategies to improve motivation, productivity, and job satisfaction.

In this study, the effect of financial incentives and the job satisfaction have been studied in relation to employee motivation. The problem associated with this study focuses on the impact of both financial incentives and job satisfaction on employee work motivation in construction sectors in Kozhikode District. . The main objective of this study is to investigate the impact of financial incentives and job satisfaction on employee work motivation.

### **Hypotheses**

The following Null hypotheses were formulated for this study.

1. There is no relationship between financial incentives and Gender, age, marital status , number of children and wages, age at the time of marriage, Nature of the family, educational status, Annual income and expenditure.
2. There is no significant association job satisfaction towards rewards among construction workers in Kozhikode district.

### **METHODOLOGY:**

The research design used in this study is descriptive in nature. The total population among the 4 taluks 2570, out of these 642 samples are used in this study. The data is collected through primary and secondary sources. The collected data are analyzed thorough SPSS software.

### **Limitations:**

This study has several limitations that should be noted:

1. Sample size: The sample size of this study was limited, which may limit the generalizability of the findings.
2. Methodology: The study used a quantitative approach, which may not capture the full complexity of the relationships between financial incentives, job satisfaction, and employee motivation.

## IV. RESULTS AND DISCUSSION

### 1.MULTIPLE REGRESSION ANALYSIS - DEPENDENT VARIABLE: FINANCIAL INCENTIVES

**Table no.1. Monthly income of the respondents**

S.No.	Monthly income	No. of Respondents	Percentage
1	Below Rs.10000	126	19.6
2	Between Rs.10001-Rs.20000	504	78.5
	Above Rs.20001	12	1.9
<b>Total</b>		<b>642</b>	<b>100.0</b>

Source: Primary Data

**INTERPRETATION:** From the above table, 19.6 per cent of the respondents have monthly income below Rs.10,000, 78.5 per cent of the respondents have Between Rs.10001-Rs.20,000, 1.9 per cent of the respondents have Above Rs.20,001.

**CONCLUSION:** It is concluded that Majority of the respondents have monthly income Rs.10,001 to Rs.20,000 (78.5%) in the study area.

### MULTIPLE REGRESSION ANALYSIS

**Table no.2. Multiple regression analysis Dependent variable: financial incentives**

	Unstandardized Coefficients		Standardized Coefficients	T	.P.value	Sig
	B	Std. Error	Beta			
(Constant)	1.407	.247		5.690	.000	
Gender	.226	.063	.155	3.588	.000**	S
Age	.006	.022	.010	.285	.776	NS
Marital status	.003	.052	.002	.056	.955	NS
Age at the time of marriage	.225	.030	.312	7.611	.000**	S
Nature of the family	-.352	.048	-.262	-7.382	.000**	S
Number of children	.008	.017	.016	.456	.649	NS
Educational status	.201	.035	.213	5.722	.000**	S
Work experience	.123	.028	.167	4.362	.000**	NS
Wages (Rs.)	.024	.036	.027	.664	.507	NS
Annual family income ( Rs.) :	.094	.025	.138	3.713	.000**	S
Annual family expenditure	-.137	.037	-.141	-3.689	.000**	S
R						.491
R Square						.241
Adjusted R Square						.228

Source: Primary Data \*\*p <0.01, \*p<0.05 S-Significant

## ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	64.109	11	5.828	18.223	.000**
	Residual	201.492	630	.320		
	Total	265.601	641			

Source: Primary Data \*\*p <0.01, \*p<0.05 S-Significant

It is clear that, the Adjusted R Square value of model accounts for 57.9 per cent of variance – a good model and the Standardized Beta Coefficients give a measure of the contribution of each variable to the model. A large value indicates that a unit change in this predictor variable has a large effect on the criterion variable. The t and Sig (p) values give a rough indication of the impact of each predictor variable namely Gender, Age at the time of marriage, Nature of the family, Educational status, Annual income and Annual expenditure are significant. These variables p values are less than 0.05, hence null hypothesis is rejected and alternative hypothesis is accepted. From the above table it is found that, these variables Age, Marital status, Number of children and Wages p value is more than 0.05, null hypothesis is accepted and alternative hypothesis is rejected. Hence there is no relationship between financial incentives and Age, Marital status, Number of children and Wages. It found that p value suggested that a predictor variable is having a large impact on the criterion variable. Hence, over all ANOVA results, which assesses the overall significance of this model (F-26.490, p value- 0.00, p<0.01). This model is statistically significant.

It is concluded that, there is a relationship between financial incentives and Gender, Age at the time of marriage, Nature of the family, educational status, Annual income and Annual expenditure. It is concluded that, there is no relationship between financial incentives and Age, Marital status, Number of children and Wages.

**II.** The categories employees motivation rewards towards job satisfaction aspects comprises of 1) Direct compensation (DRC) 2) Indirect Compensation (INC), 3) Non-Financial (NFC) are taken for the study.

job satisfaction towards rewards among construction workers in Kozhikode district.

Out of the three factors that have different number of variable loadings analyses the workers job satisfaction towards compensation aspects has been taken to analyze the path wise regression that reveals the job satisfaction perceived based on each variable from all the three factors with regards to job satisfaction of workers based on the compensation offered during working time in Kozhikode District. The dimensions such as “**Drc represents Direct compensation, INC represents towards Indirect compensation, and finally NFC represents Non-financial compensation**”.

Table NO.3 : REGRESSION WEIGHTS SHOWING EMPLOYEES JOB SATISFACTION TOWARDS CONSTRUCTION ASPECTS

Factor Loadings								
					95% Confidence Interval			
Factor	Factor	Indicator	Estimate	SE	Lower	Upper	Z	p
Direct Compensation	JOB SATISFACTION →	Salary	0.608	0.056	0.498	0.719	10.78	< .001
		Payment methods	0.697	0.059	0.581	0.813	11.73	< .001
		Bonus	0.774	0.057	0.664	0.885	13.71	< .001
		Allowance	0.677	0.059	0.561	0.793	11.44	< .001
Indirect Compensation	JOB SATISFACTION →	Worker Insurance	0.565	0.066	0.436	0.693	8.6	< .001
		Pension Programmes	0.667	0.064	0.541	0.793	10.37	< .001
		Opportunity to take a leave	0.565	0.055	0.457	0.673	10.25	< .001
Non financial Compensation	JOB SATISFACTION →	Supporting facilities	0.678	0.053	0.574	0.783	12.76	< .001
		Responsibility	0.652	0.054	0.546	0.759	12.02	< .001
		Advancement	0.802	0.054	0.696	0.909	14.74	< .001
		Skill enhancement	-0.018	0.015	-0.047	0.011	-1.22	0.221

The probability of getting a critical ratio is found to be high at Sig.0.000 and the regression weight for **Direct Compensation** when compared with the **job satisfaction aspects** in the prediction is significant at 0.001 level and the null hypothesis is rejected

The probability of getting a critical ratio is found to be high at Sig.0.000 and the regression weight for **Indirect Compensation** when compared with the **job satisfaction aspects** in the prediction is significant at 0.001 level and the null hypothesis is rejected

The probability of getting a critical ratio is found to be high at Sig.0.000 and the regression weight for **Non financial Compensation** when compared with the **job satisfaction aspects** in the prediction is significant at 0.001 level and the null hypothesis is rejected

To sum-up, it is concluded that all the three factors namely, Direct compensation, Indirect compensation and non financial compensation are closely associated with **Job Satisfaction towards construction workers** and found to be significant at 1% level and null hypothesis is rejected.

The model fitness summary explains the level of satisfaction of the construction workers towards the aspects are explained hereunder.

**Table no.4: MODEL SUMMARY ON JOB SATISFACTION**

Fit Measures							
				RMSEA 90% CI			
CFI	TLI	SRMR	RMSEA	Lower	Upper	AIC	BIC
0.872	0.828	0.046	0.073	0.062	0.084	21326.000	21487.000

Test for Exact Fit					
$\chi^2$		Df		p	
180		41		<.001	

It is observed that the fit indices based on the variables that helps to understand the level of job satisfaction of the rewards towards construction workers reveals that the fitness of the statistics before conducting the after conducting the modification indices of the sub-dimension of job characteristics shows Chi-square test = 180, DF = 41, CFI = 0.872, TLI=0.828 and RMSEA 0.073 which shows moderate fit and proves that the model have moderate significance with regards to job satisfaction towards rewards of construction workers in Kozhikode District.

**TABLE NO.5 : TESTING OF HYPOTHESES : JOB SATISFACTION TOWARDS CONSTRUCTION WORKERS**

Hypotheses	Hypothetical Relationship	Result
<b>H<sub>1</sub> : There is no significant association between Direct compensation in the prediction of job Satisfaction towards Construction workers.</b>	Rejected	Significant
<b>H<sub>2</sub> : There is no significant association between Indirect compensation in the prediction of job Satisfaction towards Construction workers.</b>	Rejected	Significant
<b>H<sub>3</sub> : There is no significant association between Non financial compensation in the prediction of job Satisfaction towards Construction workers.</b>	Rejected	Significant

### Result

To sum-up, it is concluded that all the three factors are closely associated with **job** Satisfaction towards construction and found to be significant at 1% level and the null hypothesis is rejected.



## CONCLUSION

This study investigated the effects of financial incentives and job satisfaction on employee motivation. The results of the study provide valuable insights into the factors that influence employee motivation.

The study found that both financial incentives and job satisfaction have a significant positive impact on employee motivation. Financial incentives, such as bonuses and salary increases, were found to motivate employees by providing a tangible reward for their efforts. Job satisfaction, on the other hand, was found to motivate employees by providing a sense of fulfilment and contentment in their work.

The study also found that the interaction between financial incentives and job satisfaction is significant. Employees who receive financial incentives and are satisfied with their jobs were found to be more motivated than employees who receive financial incentives but are not satisfied with their jobs.

The findings of this study have important implications for organizations seeking to motivate their employees. The study suggests that organizations should consider using a combination of financial incentives and job satisfaction strategies to motivate their employees. Financial incentives can be used to provide a tangible reward for employees' efforts, while job satisfaction strategies can be used to provide a sense of fulfilment and contentment in their work.

## RECOMMENDATIONS:

The following recommendations are made based on the findings of this study

1. Use a combination of financial incentives and job satisfaction strategies: Organizations should consider using a combination of financial incentives and job satisfaction strategies to motivate their employees.
2. Provide regular feedback and recognition: Organizations should provide regular feedback and recognition to employees to help increase job satisfaction.
3. Offer opportunities for growth and development: Organizations should offer opportunities for growth and development to help increase job satisfaction.
4. Conduct regular employee surveys: Organizations should conduct regular employee surveys to help identify areas for improvement in job satisfaction.

## Future Research Directions:

Future research should consider the following directions:

1. Qualitative studies: Qualitative studies could be used to gain a deeper understanding of the relationships between financial incentives, job satisfaction, and employee motivation.
2. Longitudinal studies: Longitudinal studies could be used to examine the long-term effects of financial incentives and job satisfaction on employee motivation.
3. Cross-cultural studies: Cross-cultural studies could be used to examine the effects of financial incentives and job satisfaction on employee motivation in different cultural contexts.

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