



ENHANCING EMPLOYEE PERFORMANCE THROUGH NON- MONETARY INCENTIVES

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ABSTRACT

This study studied the effect of non-monetary incentives on the workplace environment, which focused on employee job satisfaction. Incentive management is becoming increasingly important in today's fast-paced and competitive business environment. Businesses may hire and retain employees, as well as boost productivity. For this reason, we can conclude that non-monetary benefits have a significant impact on employee happiness in their workplaces. Workers' commitment to firms can be influenced by a variety of non-financial factors. This study will look at the impact of these factors, as well as others, on employee commitment. A variety of non-monetary motivations were found, including job stability, decent working conditions and participation in goal-setting, achievement and employee recognition, as well as fringe benefits.

KEYWORD

Incentives, non-monetary, employee, Organization, Job Satisfaction

INTRODUCTION

These days, a company's success depends on its employees being happy in their jobs. In the long run, it is one of the most important aspects in determining whether or not a company is successful. In order for an organization's employees to perform at their best and provide the finest outcomes, they must be happy and pleased. [1] Their dedication to the achievement of the organization's objectives aids in its expansion and development. HRM is therefore essential in any company, as it ensures that employees are properly rewarded for their hard work.

As a result, contented employees tend to be more satisfied with their work, and more likely to be interested in their jobs. It is because of this that employees tend to become invested in the company and are eager for outcomes. In the long run, it improves the financial success of the company, and because the employees give better services, customer happiness and loyalty go up dramatically. Because of this, job satisfaction is a critical component of every company's success. [2]

People are the lifeblood of any business. Without them, no business can thrive. There is a clear correlation between employee productivity and the company's remuneration practices. Employee performance

can be improved through a variety of approaches. In addition to providing monetary compensation, organizations also provide non-monetary incentives in an effort to boost employee morale and, in turn, increase productivity. [3] Changing a person's attitude in the workplace through effective non-monetary rewards can have a favorable impact on the atmosphere and employee performance. They become more dedicated to the company when they have a favorable attitude toward their work.

VALENCE, INSTRUMENTALITY, AND EXPECTANCY (VIE) THEORY

Motivational theory proposed by Vroom is called Valence, Instrumentality, and Expectancy (VIE) (1964). People's motivation is usually driven by their expectations of rewards as well as their capacity to complete activities, according to VIE. People are more likely to work hard if they believe that their efforts will be rewarded and that their efforts will lead to improved performance (see Fig.1). For one thing, it is founded on the idea that people are rational decision-makers who are willing to put in the effort to get what they want out of life's experiences. [4]

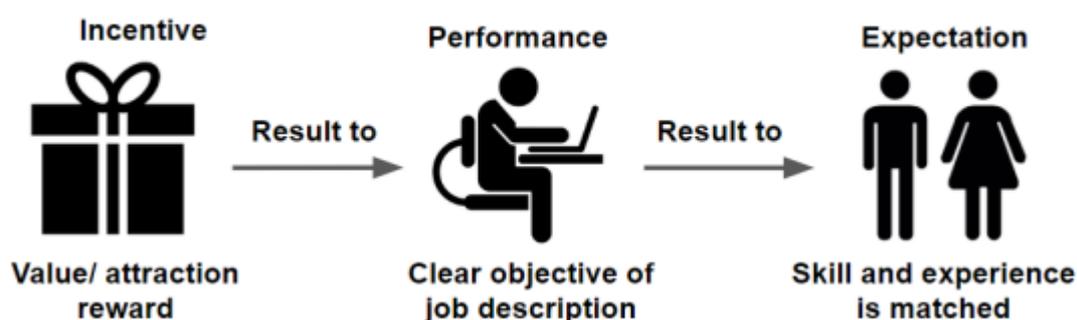


Fig. 1 Valence, Instrumentality, and Expectancy

Individual motivation is affected by these three factors, but they must all be high for an employee to be considered highly motivated. For example, if a person feels confident in his or her abilities but does not expect or desire a reward for the achievement, he or she is less likely to put up the work necessary. When employees are given incentives that they find meaningful, they will be more likely to meet their goals. [5]

TYPES OF NON-MONETARY REWARDS

Non-monetary rewards can be classified into 3 groups;

- “Tangible Non-Monetary Rewards”,
- “Social Non-Monetary Rewards” and
- “Job Related Non-Monetary Rewards”.

Different reward groups serve different goals, and the results of those functions can be presented in a variety of ways. [6]

THE TANGIBLE NON-MONETARY REWARDS: Gifts from the organization can include anything from office supplies and coffee mugs to clothing and gift certificates to spas, free food and drink, and holiday excursions. These awards give employees tangible evidence of their accomplishments, which they can then display. Coworkers and friends are often shown tangible non-monetary rewards as a form of recognition for a job well done. Providing employees with items that they appreciate might help them feel valued as human beings by the firm. [7] However, the implementation of tangible non-monetary benefits may lead to organizational strife. When employees' performance requirements are not clearly stated, this might lead to circumstances where there are perceived inequities at work.

SOCIAL NON-MONETARY REWARDS: These concerns are directly affected by the dynamics of the workplace. These social advantages meet certain needs of employees, such as social acceptability and connection, self-esteem and realization. A letter of commendation or gratitude, public acknowledgment in a meeting or newsletter, employee of the month award, invites to coffee/lunch with the CEO, etc. are examples of social rewards that can be utilized to convey that employees are valued, cared for, and appreciated by their superiors.

JOB-RELATED NON-MONETARY REWARDS: By addressing the issues in the workplace, employee motivation can be boosted. As a result of a meaningful job assignment, an employee's desire to work more increases. Workers may be more motivated by non-monetary incentives such as the ability to participate in decision-making at their place of employment, as well as career advancement chances including training programs, promotions, and overseas work trips. [9]

IMPORTANCE OF JOB SATISFACTION

Employees must be satisfied with their jobs in order to perform successfully at work. It has an effect on employee morale and, in the long run, on the company's employee turn over. Taking care of the needs and satisfaction of employees is essential to the overall efficiency and smooth operation of a company. Worker satisfaction is a significant indicator of an organization's success and performance. As a result of increased job satisfaction, customer loyalty, staff productivity, and profitability all rise. The future of a company is influenced by its workforce. [10] It's critical that these assets are properly cared for. Employee retention is critical to the success of an organization. The well-being of a company's employees has a direct bearing on its overall well-being. One's devotion and dedication to a company is enhanced when one has a good outlook on one's job. There is an ever-increasing amount of respect for the company among them. As a result, employees are recommended to focus on their professional development within their current firm rather than looking for a new job elsewhere. It ensures that as many people as possible are employed. It also helps to build a good working relationship between coworkers and to maintain a harmonious working atmosphere. [11] In the workplace, negativity and role conflicts can be readily eradicated and it can help foster a sense of community. A high level of job satisfaction reduces absenteeism among employees and eliminates a lazy attitude among workers. As long as employees are happy in their jobs, they are less likely to defect to a competitor that offers a better salary and benefits package. One might conclude that the company's growth and competitive advantage can be attributed to its employees' high level of job satisfaction. [12]

REVIEW OF LITERATURE

In fact, with the current global financial boom, many corporations have understood that productivity is essential for their businesses to prosper and that their employees' productivity is crucial in shaping the success of their organizations. The success of a firm is in large part dependent on the ability of its personnel to enhance their performance as a result of these endeavors. "Lebelici, 2012" (Lebelici) [13]

Even if a company is publicly traded or privately held, all businesses want their workers to be engaged and productive. In order for an organization to be successful, it must have a motivated workforce that is committed to achieving its goals. Companies must ensure that their personnel are highly motivated as a result.

An interrelationship between an individual's capability and inspiration has long been the focus of companies in measuring and rewarding employee performance (Axelsson & Bokedal, 2009). In order to improve individual performance, an enabling environment must be carefully planned, with clear objectives and standards, ample resources, and managerial assistance and support at all times (Torrington, Hall & Stephen, 2008) [16].

If we ever reach the ultimate degree of Maslow's theory, self-actualization, which refers to achieving our full potential, we will never run out of ideas. In the business world, Maslow's model has been widely adopted, but only those who have taken a basic management coaching or company supervision course are likely to be familiar with this paradigm. [17]

It was noted in (Rane, 2011) [18] that in light of the current volatile market, work satisfaction is essential. As the market becomes more competitive, employee satisfaction and retention are becoming increasingly crucial considerations. As a result, incentives are critical to ensuring that employees are satisfied and motivated to perform at their best in order to accomplish the organization's objectives. A variety of methods for enhancing the organization's performance were also discussed.

Workplace incentives are often linked to monetary compensation because of this frequent association. The researchers looked into the relationship between pay and job satisfaction. Non-monetary and monetary rewards have a major impact on employee motivation, according to Wethington, B. L. (2006) [20]. The employee's benefit depends on the manager's and employee's relationship, as well as the current circumstances. According to Solati (2019), [21] the incentive system is one of the most important management tools for enhancing the productivity of employees in a company.

OBJECTIVES

- To investigate and measure the efficiency of non-monetary incentives as a means of improving performance.
- To examine the current mix of incentives and how well it motivates workers.
- To find out if non-monetary incentives can be used as a strategy to improve the performance of employees.
- To find out which non-monetary incentives have a long-term impact on staff engagement and productivity.

RESEARCH METHODOLOGY

Research at the most basic level has been carried out using the internet's wealth of information. A secondary source collects the data. The information has been gathered and assembled from an outside source. Using information and data stored in computerized systems, the entire study was conducted using only sources outside of the university. For this investigation, researchers consulted the Google Scholars collection of academic literature.

RESULT AND DISCUSSION

The majority of the survey participants are aware of their company's non-monetary incentives. [22]

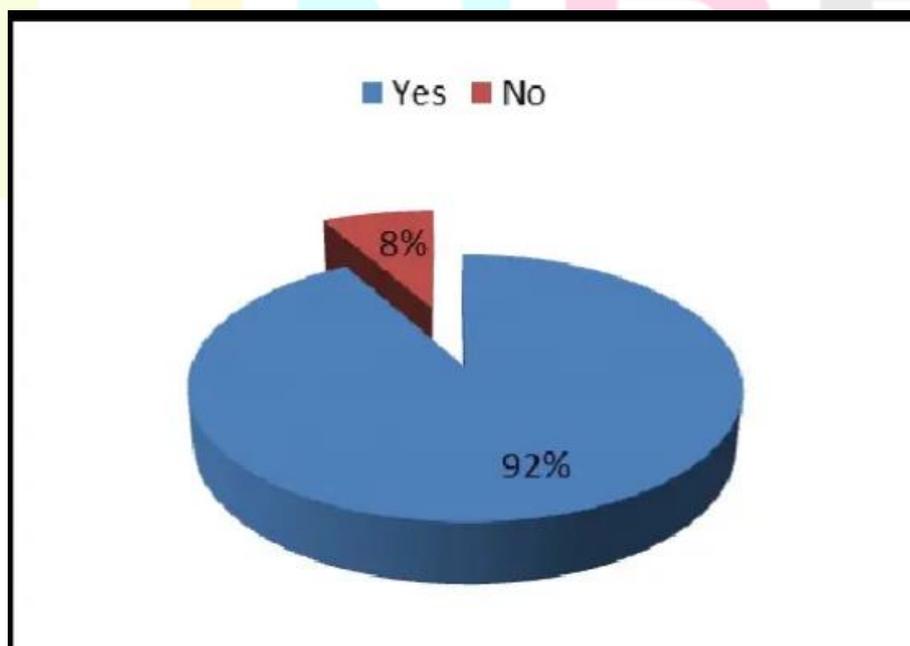


Fig. 2 Knowledge of Non-Monetary incentives

Only 8% of the survey participants were unaware that the organization offers non-monetary incentives as a manner of motivating employees, according to the graph shown in the next section. [23] Employees who didn't understand the question or who don't have any prior experience with non-monetary incentives may be new hires who have yet to get any. This is a problem because the chosen instrument does not allow for further inquiry or the search for further information.

An agreement, strong agreement, and disagreement scale was used to assess the effect stated non-monetary incentives had on performance. The results were as follows:

| Rank | Determinant |
|---------|-----------------------------|
| First | Recognition |
| Second | Authority |
| Third | advancement and opportunity |
| Fourth | Autonomy |
| Fifth | Job security |
| Sixth | Responsibility |
| Seventh | job title |
| Eighth | challenging work |

Table 1 The rankings of non-monetary incentives determinants

Among the top four non-monetary rewards for employee performance were recognition, authority, development and opportunity, and autonomy. Responsibility was sixth, job title seventh, and challenging work eighth in the list. Recognition and authority both scored highly, as shown above, and they are placed first and second, respectively. [24] This demonstrates that the expected non-monetary motivation variables are dominated by both factors. Next on the list of non-motivational variables is career progression and opportunity, followed by autonomy, job stability, responsibility, job title, and tough work, according to respondents. [25]

Participation by employees serves as a link between their own motivations and the company's public image.

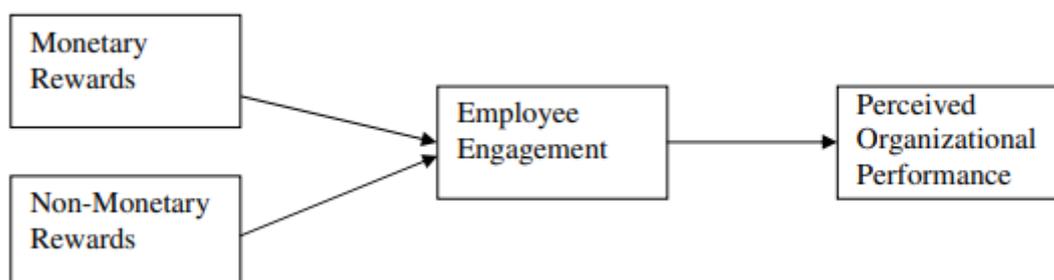


Fig. 3 Theoretical Framework

It is shown in Figure 4 that the average importance of various incentives for employees is represented. Recognition was voted the most important form of compensation by employees. Recognition was valued at an average of 4.4 out of 5. Employees ranked monetary incentives as their second most important form of motivation. Financial rewards were also given an average relevance as high as non-monetary ones (4,3). [26]

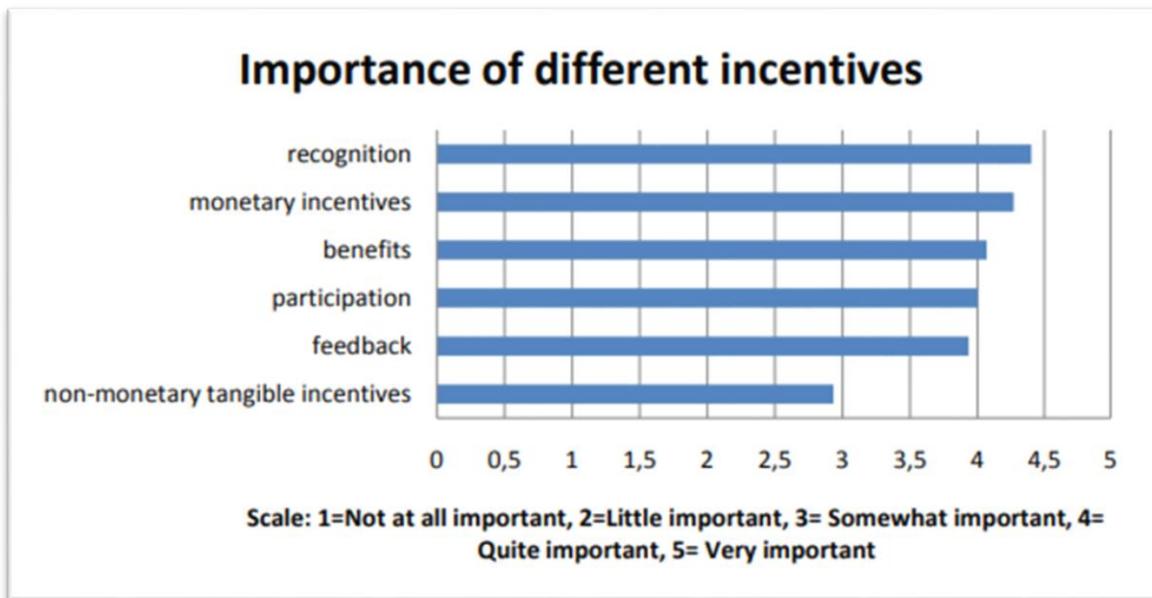


Fig. 4 The average importance of different incentives

Non-monetary tangible incentives were the least important form of reward. There were only three types of incentives that had an average importance of less than three (2,9). [27] The average importance of benefits was determined to be between three and four, while the importance of feedback and involvement was found to be in the same range.

| I- Individual Characteristics | II- Job Characteristics | III- Work Environment Characteristics |
|---|---|--|
| 1- Interests 2- Attitudes e.g. <ul style="list-style-type: none"> • Toward self • Toward job • Toward aspects of the work situation 3- Needs e.g. <ul style="list-style-type: none"> • Security • Social • Achievement | Types of intrinsic rewards Degree of autonomy Amount of direct performance feedback Degree of variety in tasks | 1- Immediate work environment <ul style="list-style-type: none"> • Peers • Supervisor(s) 2- Organizational actions <ul style="list-style-type: none"> • Reward practices • System wide rewards • Individual rewards • Organizational climate |

Table 2. Variables Affecting the Motivational Process in Organizational Settings

Employee motivation is a hot topic because it has the potential to bridge the gap between what employees really do and what they say they want to do for the company, as well as to motivate people to work

both independently and collaboratively. [28-29] In order to find out what the organization's values and aims are, the organization needs to find out what its employees are. Table 2[30] shows three tiers of factors that influence employee motivation in the workplace.

CONCLUSION

Every organization's success hinges on its employees being happy in their jobs. Given the importance of work satisfaction in determining a company's performance, every business should identify and apply the variables that contribute to it. Non-Monetary and monetary incentives are two aspects that have a significant impact on employee job satisfaction. Both contribute to a worker's understanding of his or her place within the company. These incentives will have no impact if they are misused by either the employees or the company. Therefore, the design of an incentive package should be completely objective and stable. The amount of satisfaction employees receive from non-monetary incentives is higher since these create inner motivation. Both sorts of incentives are crucial foundations for the level of job satisfaction at the workplace. The way an employee treats his or her coworkers and the company is a direct reflection of how he or she is being treated at work. Disappointment sets in and performance suffers if they feel excluded and discriminated against. As long as they get paid, these workers are not interested in putting in the extra effort that could help the company become more productive. To them, the labor is a hassle. Because of this, non-monetary incentives are essential. They will only perform at their best if they see themselves as an integral component of the group. When employees are given non-monetary incentives, they are more likely to feel that they are part of the team. The majority of their time is spent working with a positive attitude and having a good time.

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