



# Interlinkages of Non-Financial Incentives, Job Contentment & Employees' Job Performance

**Simant Pratap Singh**  
(Research Scholar)

Department of Commerce, Shyama Prasad Mukherjee Govt. Post Graduate College  
(A Constituent Post Graduate College of University of Allahabad)

**Dr. Sarvesh Singh**  
(Assistant Professor)

Department of Commerce, Shyama Prasad Mukherjee Govt. Post Graduate College  
(A Constituent Post Graduate College of University of Allahabad)

## *Abstract*

This paper conceptually conveys evidence through both policy and research regarding the consequences of job satisfaction & non-financial incentives on job performance. In the study, it is discussed how job performance as a dependent variable is directly correlated with both non-monetary incentives and job satisfaction as independent variables. The study supported using both theoretical and empirical data, this hypothesis evaluates how job satisfaction & non-financial incentives affect job performance. According to the study, non-financial incentives & job satisfaction both significantly and favorably affect job performance., mainly when a few non-financial incentives are applied by engaged employees in a company.

**Key Words:** *Recognition, Non-Financial Incentives, Job Performance, Job Satisfaction.*

## *Introduction*

Financial incentives, while essential to employees' motivation, only have a short-term impact on their levels of drive, according to Ellis and Pennington (2004). In order to replace the short-term impacts of money incentives and provide a long-term motivating effect, non-financial incentives must also be used. Non-monetary incentives are things like enabling authority, taking part in management, job enrichment, promotions, holidays, and improved working environments (such the chance to have air conditioning, less noise, etc.). They also include things like boosting a sense of belonging.

Non-financial incentives are thought of as reasonable forms of payment for workers, attracting, motivating, and retaining them. They continue to contribute to the supportive workplace culture despite the state of the economy. Recognizing how non-cash rewards and job satisfaction affect employees' performance is essential. The study conceptually examines the existing relationships between these indicators and employee work performance in considering the significance of non-financial rewards & job contentment in boosting employee performance.

## Non-Financial Incentives

The research on organizational behavior and human resource management indicates that non-financial incentives can effectively encourage employees. Incentives are intended to establish a link between desired behavior and an outcome that gives an employee a sense of value. Non-financial awards significantly influence how an employee perceives the reward culture at work. When a company considers non-financial instruments like the opportunity to expand holiday and family incentives, employees may see it favorably and compassionately.

Rewards are essential in describing some employment traits that are very important to the organization, such job satisfaction. The organization's financial incentives, such as cash, promotions, verbal thanks, and duties, all fall under the category of rewards. Recognition is the most often utilized and effective strategy in the organization to increase employee engagement.

To use a recognition tool effectively, the following three conditions must be met:

- 1) To make employees feel valued, recognition should be given frequently—every week at the very least.
- 2) Recognition should be specific, and making it clear what is being acknowledged makes it important.
- 3) Rewards should be given promptly, that is, soon after the employee does something deserving of praise.

The motivation and output of employees are significantly impacted by recognition. Organizations perform better when they use recognition successfully. Staff morale is raised as a result of recognition, which is seen by employees as a part of their sense of value and thankfulness. This eventually enhances organizational effectiveness. A positive work atmosphere that motivates people to perform well is generated when rewards and recognition are implemented properly. Good managers acknowledge their staff members' contributions by rewarding them with something genuine. Many studies have already examined the effect of employee recognition as an indicator of their contribution. A survey conducted online looked at how financial and non-financial incentives affected employee turnover. As per the findings of the study, limited variation in staff turnover was found. Later, among the personnel of three charitable organizations, the connection between internal motivators, external rewards, and motivation is examined. Extrinsic rewards directly correlate with employee motivation, according to 127 samples analyzed in the study. In contrast, intrinsic rewards have little to no effect on employee motivation.

## Job Satisfaction

A pleasant or positive emotional state resulting from an assessment of one's employment or work experiences is what is meant when someone says they are satisfied with their job. The concept of "job contentment" describes how individuals feel about their jobs and all of its facets. A person's level of delight (satisfaction) or distaste (dissatisfaction) for the work they do is referred to as their degree of job contentment. High levels of job satisfaction reduce a worker's propensity to hunt for other employment and depart an organization. The more job satisfaction workers have, the more likely they are to be dedicated to the business and to view their jobs favorably. A variety of emotional responses to one's employment are included in job satisfaction. All three cognitive (evaluative), affective (or emotional), and behavioural components are present in these responses. Therefore, an important aspect is job satisfaction because it explains the employee's clear overview on their work.

In terms of assessment, attitude variables include job satisfaction. It is said in the definition of attitude that it is the "aggregate of experiences, ideas, and thoughts that an individual develops with respect to his knowledge of his context." Employee opinions of their jobs were the main focus of the conventional job satisfaction paradigm. However, job satisfaction and discontent depend on a person's perceptions, attitude, and expectations about their work as well as the type of the work that they do. Additionally, because businesses rely on people (i.e., employees), how those employees act depends on how the managers run their operations. Because of its importance, sensible managers

prioritize employee job satisfaction. Employees are crucial because they continue to be the ones that plan, create, and carry out an organization's progress toward accomplishing its goals.

It is believed that job contentment is somewhat connected with performance, turnover, and absenteeism. The degree of overall job contentment can be different from enjoyment of a specific aspect or function. Therefore, in order to fully comprehend the needs, attitudes, and motivations of the employees, studies on the job contentment in an organisation should concentrate on many aspects of workplace pleasure. Each employee has a different level of satisfaction. Some workers may experience greater levels of job satisfaction than from the actual labor. The relationships they have with their managers and coworkers may give some people the most fulfillment from their jobs, whereas a competitive salary may keep some people in their positions although they find the work to be less fulfilling and the aspects of the job to be less satisfactory.

Also, studies have shown a connection between job contentment and employee engagement. An organization's continued existence depends on the engagement and satisfaction of its workforce. 83% of US workers stated they were generally content with their jobs, according to a study in US. Further research showed that senior workers—those 67 years of age and above—were happier at work than those who were between the ages of 31 and 61. There is a correlation between job contentment and engagement, as evidenced by the fact that employee job satisfaction results in moderate employee engagement.

## **Job Performance**

A behavior or action that is pertinent to the objectives of the organization is what is meant by job performance. Similar to behavior, performance is defined as an action taken or a behavior displayed by an employee for the benefit of the organisation. It is scrutinized based on operational performance variables, income, shareholder dividend declared, sales volume, turnover, and both the quality and amount of services rendered. Therefore, rather than being a single, unified idea, job performance is a concept with numerous points of view that includes a variety of behavioral kinds. As an example, service organizations provide intangible things, and the effectiveness of the people providing the services is essentially what distinguishes them from one another. As a result, it is possible to say that job performance is a result of the efforts of the employees.

The ability to foster an environment where workers may work productively, to build a proper philosophy that aids in shaping employees' commitment to organizational goals, and to articulate strategy are all ways that managers can indirectly affect productivity and performance. Additionally, it is projected that organizational atmosphere will increasingly be linked to staff retention, customer happiness, financial performance, and employee satisfaction. With each unnoticed victory, the desire for the job decreases when businesses don't actively acknowledge and promote good performance. Employees' motivation to perform well is motivated by performance feedback. Employees who are actively involved in selection and the execution of changes that affect them perform better and implement changes more quickly than those who are just informed of the change. When autonomy is not ensured, employees perform poorly, especially when they have developed the necessary abilities for functioning independently.

## ***Review of Literature***

- According to him, the only way to convince many individuals to quit their jobs is by satisfying their "higher needs and meta-needs." The most crucial instruments for rewarding employees are actually non-financial incentives. Non-financial incentives, according to **Dessler (2005)**, are compensation or rewards in the form of services. This covers things like health care services, insurance plans, and recreational

amenities, as well as things like flextime, unique rewards for lengthy service, and a welcoming work atmosphere.

- According to **Milne's (2007)** research findings, incentive and recognition programmes boost employee engagement, performance, and motivation.
- According to the research, employees or supervisors need rewards for pride and prestige whether they work for a company or not. Despite the fact that dissatisfaction with them hinders performance, non-financial incentives are unable to make up for a dislike of economic rewards, further supporting the idea that money benefits are not the only main sources of positive motivation. **(Drucker Peter, 1954)**.
- Typically, job satisfaction can be divided into two categories. specifically, intrinsic and extrinsic job satisfaction **(Clark, Oswald, & Warr, 1996)**.

### *Objectives*

- To investigate the effect of non-monetary incentives on job contentment.
- To study the influence of Non-monetary Incentives & job satisfaction on Job Performance.

### *Findings & Proposition*

#### **Non-Financial Incentives and Job Satisfaction**

To boost job contentment, employees should have easy access to incentives for self-determination improvement, effort optimization, and employee autonomy.

Maslow (1998, page no. 237) declares that, "Non-financial factors frequently outweigh financial ones in influencing individuals". According to him, the only way to convince many individuals to quit their jobs is by satisfying their "higher needs and meta-needs." The most important ways to reward employees don't actually involve money. Nearly 70% of businesses reportedly used non-cash incentives (Airoldi, 2006).

Studies have demonstrated a strong relation between non-financial rewards and job contentment. Hayati and Caniago (2012) discovered a significant relationship between internal driving force & job contentment in their study. This results in happier, more organically driven employees. In three private airlines, Rast and Tourani (2012) made an examination of the factors (job attributes) which seriously affect employees' job fulfillment. The results demonstrate that factors like supervision, relationships, income, the nature of the job, and opportunities for promotion only have a minor link to job fulfillment. Tymon et al. (2010) found a significant link between internal motivators and job contentment. Intrinsic & hygienic factors have huge impact on employee satisfaction with firms. Tausif (2012) looked into the connection between non-cash incentives and teachers' satisfaction with their jobs in Pakistani public schools. 200 randomly chosen samples were used in the investigation. The findings show that non-monetary incentives are the top determinants of job contentment. Therefore,

**Proposition 1: Non-financial rewards have a favourable impact on job contentment.****Job Performance & Non-Financial Incentives**

The effect of non-cash incentives on personnel' work performance is supported by empirical data. Lewis (2013) asserts the fact that since adulation and appreciation are regarded as the most significant rewards, they are effective tools for altering employee behavior inside an organization. According to Aktar et al. (2012), non-monetary rewards include praise, educational opportunities, challenging jobs, and professional advancement, are an effective method for energizing employees and, as a result, enhancing their performance. Because it allows employees to advance their talents, which may eventually result in a higher financial return, this incentive is highly regarded. In a same vein, Erbasi and Arat (2012) In a study of the effects of financial and non-financial incentives for the food industry in central Anatolia, Turkey, it was established that both monetary and non-monetary rewards are vital for work performance. The equitable implementation of prizes had a substantial impact on employee performance, according to Agwu (2013), who examined how the reward system at a Nigerian oil business affects workers' performance at work. Hence,

**Proposition 2: Non-monetary incentives have a positive impact on workplace performance.****Job Performance & Job Contentment**

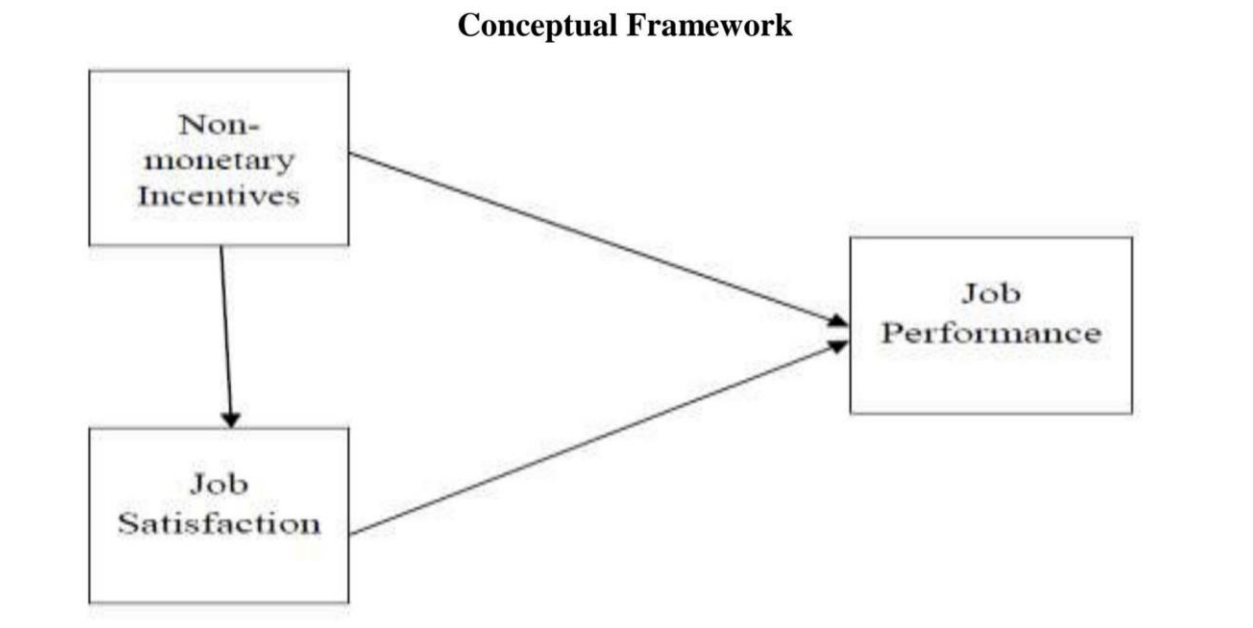
The degree to which people feel satisfied in their jobs depends on how people perceive and evaluate their particular responsibilities, which is defined by the requirements, expectations, and priorities that each person has (Sempene et al. 2002). It is exaggerating the significance of job contentment in affecting employees' views toward their work. According to Spector (1997), a worker's attitude and a number of characteristics of their employment are affected by how satisfied they are with their work. Job satisfaction at work leads to improved job performance, a decrease in absenteeism, and a reduction in behavior that undermines productivity (Morrison, 2008). According to Robbins, the tasks combined to create particular occupations had a direct impact on employee performance and satisfaction (2003, p. 206) It is common knowledge that feelings and job happiness are interconnected.

Job satisfaction affects greater productivity, organizational responsibility, and physical and mental wellness. An employee typically gains new skills and feels happy as a result, both of which enhance job performance (Coomber and Barriball 2007). An organization's effectiveness can be measured by employee job satisfaction. According to widespread belief, a company's ability to perform at its highest level is greatly influenced by how happy its employees are with their jobs. Job happiness and performance have been found to be correlated empirically.

Participants in the study were workers from a local branch of a large furniture company who were in their early and mid-career stages. According to the results, hard work assignments and job performance are positively correlated with the employees. Hayati and Caniago (2012), who looked at the correlation between job satisfaction and performance, came to similar conclusions. They discovered that employees who are happy in their positions work harder for the business. Accordingly,

**Proposition 3: Job contentment has a favourable impact on job performance.**

In the hypothetical model shown in the image below, job performance is the dependent variable, while non-cash incentives and job contentment are the independent variables. Non-financial incentives and job contentment are depicted as having a linear link between each other in the conceptual paper's framework (job performance). It is hypothesized that job satisfaction and non-financial factors both significantly and favorably affect job performance. Similar to this, it is suggested that job satisfaction and non-monetary benefits can anticipate an employee's performance at work.

**Fig. 1****Conclusion**

This paper discusses how the explanatory and explained variables are conceptually related. Several research have empirically explored the relationship, and as the study in the paper demonstrates, non-financial rewards and job contentment directly enhance workers' ability to do their jobs. Theoretically, non-financial incentives may also have a positive impact on job contentment. The paper proposed the testing of three hypotheses. Realistic ways for raising employee productivity would include testing these linkages.

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