A STUDY ON EFFECT OF NON-MONETARY REWARDS TOWARDS EMPLOYEE MOTIVATON

PAVITHRA G.S. & DR. PRINCY A.S

MBA Student, School of Management Studies,
Sathyabama Institute of Science and Technology, Chennai ,Tamil Nadu, India
Assistant Professor, School of Management Studies, Sathyabama Institute
Of Science and Technology, Chennai, Tamil Nadu, India

ABSTRACT:

This study is an investigation of the impact of non-monetary rewards toward employee motivation. The main objective is to analyze the effect of non-monetary such as recognition, training, and rewards & incentives on employees' productivity. When employees are motivated, they develop the drive to work hard and, hence increasing the output. Data was collected using questionnaires from the Technical University of Kenya from a sample size of 100 respondents and analyzed by descriptive analysis. The study reveals at employee recognition; training; rewards and incentives affect and contribute to the success of an organization as they directly affect employee motivation. The study reveals. TUK employees appreciate, and value non-monetary incentives and they would like the institution to provide them with a variety of such rewards. This study recommends that Employee recognition, there should be Training and career development programs to motivate workers and rewards and incentives program has been implemented at TUK and need to be evaluated per year to ensure its effectiveness. Key words: Recognition, Incentives, Rewards, Training and Career Development Programs.

KEYWORDS:

Non-monetary Rewards, Employee Motivation, Incentive Program & Motivational Techniques.

INTRODUCTION:

Successful and profitable management of business operations is the fundamental objective of any business enterprise. Literature and studies on human resource management have always and continue to emphasize the importance of motivational programs including rewards and recognition, towards molding a productive workforce, competitiveness, and employee loyalty (Bate and Snell, 2007). Findings show that business firms spend billions of moneys on courses and incentives, to increase employee motivation, but these interventions do not always translate to higher levels of employee motivation. Therefore, there is need to investigate the effectiveness of motivation systems as people are motivated by different rewards at different levels of the organization.

Bagraim et al. (2007) stated that employees have different needs, some have financial goals, others have professional goals, and others have personal goals. Therefore, same incentives cannot apply to all employees as they all are at different stages of their lives and this call for different management styles. If managers had a clue on what the employees really need to be motivated, then we would have a happy workforce and companies would generally benefit from this as it would eventually reflect on the output. It would as well reduce employee turnover which is costly as companies lose talented and experienced employees and spend millions in fresh recruitment, training and development of new staff. Such costs can only be avoided if employers motivate their staff so that their employees remain loyal to their respective companies.

For mutual benefit in that employees can achieve their own goals as well as the company goals. Herzberg argued that, for an employee to be truly motivated, the employee's job must be fully enriched where the employee has the opportunity for achievement and recognition, stimulation, responsibility, and advancement. Herzberg outlined those employees to be motivated, they must be given personal responsibility of the output of their tasks a s this gives them the drive to work hard to achieve their goals. Workplace motivators are divided into monetary and non-monetary incentives.

Non -monetary incentives promote employees' excellent job performance through opportunities (Ballentine et al, 2003). Non-monetary incentives and rewards offer employee autonomy and personal recognition and include pleasant work environment, flexible

work hours, training, new and challenging opportunities, allowances such as free telephone calls, free fuel, fringe benefits such as leave i.e. extra days off for excellent employees, pension, free lunch, health insurance. These incentives are sometimes called rewards, as they meet the employee's internal needs such as recognition, self-esteem and fulfillment, thereby influencing employee motivation.

When it comes to monetary incentives, private companies are deemed to have more capability in terms of finance resources to motivate their employees than the public organizations. It is known that public employees' payment levels in Kenya are generally low compared to private sector employees. Moreover, while many private organizations have monetary incentives, it is quite challenging for the public sector to provide such incentives in adequate levels in a week national economy. As a result, it is important to look for any possible alternative means that can be used to motivate employees in the public sector (Ryan and Deci, 200). It would be important to look 2at a few studies that have been conducted in different countries all over the world on topics of employee motivation and employee performance. A case study conducted by Yavuz in Turkey in July 2004 on the use of non-monetary incentives as a motivational tool in the public sector revealed that absence of employee willingness to perform; capacity and opportunity would not generate the company's desired results. As per the findings, the public sector employees preferred monetary incentives to satisfy their basic needs after which they would seek non-monetary incentives. This means that non-monetary incentives would not be effective in a situation where the employees are struggling to fulfill their physiological needs as this are the most basic in reference to the Maslow's pyramid of needs. Therefore, for non-monetary incentives to be effective in Turkey's public sector, the employees must be paid satisfying wage levels to compensate for their desire for monetary incentives at the workplace. They need good salaries to be able to afford the basic needs which include food, shelter and clothing. If employees' strain to fulfill the physiological needs, it would be difficult for them to appreciate non-monetary rewards as needs are fulfilled from the most primary/basic (physiological needs) to the secondary needs on the Maslow's hierarchy.

Public employees in Turkey are not generally satisfied with their wage levels as they rank satisfying wage as the most important factor that would increase their effectiveness in job performance. It was evident that the employees' priority was to have satisfying wages as they first seek to satisfy their physiological/basic needs after which they go for non-monetary rewards. Therefore, 3from this research we realize that non-monetary incentives are only effective when money is not an issue, that is, only if employees are satisfied with their salaries. Lindner (1998) did research on understanding employee motivation at Ohio State University's Piketon Research and Research and Extension Center and Enterprise Center. The study revealed that two factors emerged as being the most crucial to staff motivation.

These factors are interesting work and competitive salary. Interesting work, which emerged the most important factor falls under self-actualization on the Maslow's hierarchy; followed by competitive salary as the second most important and which falls under physiological needs on Maslow's hierarchy. This is unlike our expectation that employees will first seek physiological needs and rise to self-actualization needs as per the need's hierarchy. Therefore, motivation needs differ from organization to another and from region to another depending on so many factors such as the country of operation, the inflation rate, age, preferences, and education level among other factors.

Lindner (1998) recommended that companies should also consider the following factors in motivating the employees; tailored reward systems that cover cash and non -cash compensation, job enlargement and enrichment, job promotions, and internal and external stipends. For motivation to be effective, managers need to understand what motivates employees and match to the roles they perform, and this can clearly be done by linking employee incentives to their levels in the organization so that their needs are clearly represented. This is because as employees get promoted, they rise in the organization level and their pay increases as well since research suggests that as income increases, money becomes less of a motivator (Lindner, 1998).

A study conducted by Kiangura and Stephe n in Kenya year in 2012 on the effect of motivation practices on volunteer motivation to volunteer and perform; a case study of volunteer organizations in Kenya where data was collected using coded questionnaires that were analyzed using descriptive statis tics. The results indicated that volunteers value social action, feeling useful and productive in the organization was their key motivator to perform. In most organizations, volunteers are not entitled to pay, and other company benefits and therefore it is important to note what really motivates them to perform.

 Further study revealed that rewarding and recognizing volunteers motivated them to perform. Therefore, in this case, non-monetary rewards play a very important role since volunteers are not entitled to any form of payment. In an organization, this would also apply to interns and those on attachment since in most organizations, such are not entitled to full pay and other financial benefits. Kiangura and Stephen (2012) concluded that motivation is the most crucial factor in boosting volunteer performance. Organizations need to ensure that they offer valuable and most relevant forms of incentives in order to achieve high employee performance such as creating a sense of belonging, employee recognition, offering opportunities, rewards, and involvement in decision making boosts performance. Companies should put in place different motivation systems for different audiences.

OBJECTIVES:
- To determine the degree of the employee recognition and the impact of this as a motivational tool.
- To identify the rewards given to employees and how the rewards reflect on their motivation towards organizational performance.
- To determine the degree of utilization of employee incentives. To determine which rewards best motivate employees at different levels.

- To Analysing the impact of non-monetary rewards on employee motivation involves exploring factors like job satisfaction, productivity, and overall work performance.

SCOPE OF THE STUDY:

- To covers the background and statement of the research problem, research objectives and questions, the relevance and organization (scope) of the study.
- The literature review, conceptual definitions, theoretical and empirical analysis, research gap, conceptual and theoretical framework, hypotheses, and summary.
- Entails of the research design and procedures, variables and measurement procedures, data collection & analysis, and expected results of the study.
- Concerned with the presentation and discussion of results
- Presents the summary of findings, conclusion, recommendations, contribution of the studies to theory and direction for future research.

NEED FOR THE STUDY:

- Diverse Motivational Strategies: Monetary rewards, such as salaries and bonuses, are only one aspect of a comprehensive employee motivation strategy.
- Cost-Effective Motivation: Non-monetary rewards can be cost-effective compared to monetary incentives.
- Enhanced Employee Engagement: Non-monetary rewards often focus on enhancing the overall work experience.
- Long-Term Sustainability: Non-monetary rewards can contribute to long-term sustainability by fostering a positive work culture.

REVIEW OF LITERATURE:

Pink, D. H. (2009) Drive:
The Surprising Truth About What Motivates Us
Pink explores the role of autonomy, mastery, and purpose in motivating individuals, challenging traditional views on rewards and punishments.

Grant, A. M. (2008):
The Significance of Task Significance: Job Performance Effects, Relational Mechanisms, and Boundary Conditions
This study explores the impact of task significance on employee motivation emphasizing how understanding the meaningfulness of one's work influences performance.

Latham, G. P., & Locke, E. A. (2006):
Enhancing the Benefits and Overcoming the Pitfalls of Goal Setting. This review delves into the nuances of goal setting, discussing how well-designed goals can significantly impact employee motivation and performance.

Gagné, M., & Deci, E. L. (2005):
Self-Determination Theory and Work Motivation. This work extends Self-Determination Theory, examining its application to work settings and the role of autonomy, competence, and relatedness in employee motivation.

Pink, D. H. (2005):
A Whole New Mind: Why Right-Brainers Will Rule the Future. Pink's exploration of the changing nature of work and the importance of right-brain thinking sheds light on creative and intrinsic motivators in the modern workplace.

Locke, E. A., & Latham, G. P. (2002):
Building a Practically Useful Theory of Goal Setting and Task Motivation: A 35-Year Odyssey
This classic work emphasizes the importance of setting clear and challenging goals for employee motivation, a factor that ties into both non-monetary and monetary aspects.

Frey, B. S., & Jegen, R. (2001):
Motivation Crowding Theory. Frey and Jegen's work introduce the concept of motivation crowding theory, exploring how external incentives can either enhance or undermine intrinsic motivation.

Ryan, R. M., & Deci, E. L. (2000):
Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions. This work by Ryan and Deci provides a comprehensive overview of intrinsic and extrinsic motivations, exploring their impact on behavior and well-being.

Luthans, F., & Stajkovic, A. D. (1999):
Reinforce for Performance: The Need to Go Beyond Pay and Even Rewards. This article advocates for a broader perspective on reinforcement, highlighting the importance of non-monetary factors like recognition and positive feedback.

Ilgen, D. R., & Pulakos, E. D. (1999):
The Changing Nature of Performance: Implications for Staffing, Motivation, and Development. This study discusses the evolving nature of performance management and its implications for motivating employees in contemporary workplaces

Stajkovic, A. D., & Luthans, F. (1998):
Self-Efficacy and Work-Related Performance: A Meta-Analysis. This meta-analysis examines the impact of self-efficacy on work-related performance, providing insights into how employees' beliefs in their capabilities influence motivation.

Pinder, C. C. (1998):
Work Motivation in Organizational Behavior. Pinder's book offers a comprehensive overview of work motivation, covering various theories and their practical implications for organizations

RESEARCH DESIGN:

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

Descriptive approach is one of the most popular approaches these days. In this approach, a problem is described by the researcher by using questionnaire or schedule. This approach enables a researcher to explore new areas of investigation.

SOURCES OF DATA:

Primary Data – Questionnaire given to 121 respondents
Secondary Data - Websites and, Published reports &Review of literature from published articles.

HYPOTHESIS:

HYPOTHYSIS -1

H0: There is no significant difference in the perception of recognition and appreciation culture between different age groups.
H1: There is a significant difference in the perception of recognition and appreciation culture between different age groups.
HYPOTHYSIS-2

H0-There is no association between gender and the perception of salary relevance.
H1-There is an association between gender and the perception of salary relevance.

PERCENTAGE ANALYSIS:
Research questions are always answered with a descriptive statistic generally either percentage or mean.

PARTICULARS					
Age	**18 - 20**	**21 - 25**	**25 - 30**	**30 - 35**	
	31%	43%	17%	9%	

General level of motivation of performance level	BAD	GOOD	NOT BAD	VERY GOOD	
	3%	44%	26%	26%	
Gender	FEMALE	MALE			
	40%	60%			
Satisfied with the current salaries	AGREE	DISAGREE	NEUTRAL	STRONGLY AGREE	STRONGLY DISAGREE
	27%	18%	27%	23%	4%

INTERPRETATION

- Table it is interpreted that the number of respondents were 31% are 18-20, 43% are 21-25, 17% are 25-30 and 9% are 30-35.
- Table it is interpreted that the number of respondents 3% are Bad, 44% are Good, 26% are Not Bad and 26% are Very Good.
- Table it is interpreted that the number of respondents 40% are Female and 60% are Male.
- Table it is interpreted that the number of respondents were 27% are Agree, 18% are Disagree, 27% are Neutral, 23% are Strongly Agree and 4% are Strongly Disagree.

INFERENCE

- Majority 43% of the respondents are 21-25.
- Majority 44% of the respondents are Good.
- Majority 60% of the respondents are Male.
- Majority 27% of the respondents are Agree and Neutral

ANOVA

Age of the respondents

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.379	4	.595	.695	.597
Within Groups	99.324	116	.856		
Total	101.702	120			

INTERPRETATION

The p value 0.597 which is greater than the significance value (0.05) hence null hypothesis (H0) is accepted, and Alternate hypothesis (H1) is rejected

INFERENCE

Therefore, There is no significant difference in the perception of recognition and appreciation culture between different age groups.

CORRELATION

		Gender of the respondents	Qualification_and_Experience
Gender of the respondents	Pearson Correlation	1	.093
	Sig. (2-tailed)		.308
	N	121	121
Qualification_and_Experience	Pearson Correlation	.093	1
	Sig. (2-tailed)	.308	
	N	121	121

INTERPRETATION

The p value 0.093 which is greater than the significance value (0.05) hence null hypothesis (H0) is accepted, and Alternate hypothesis (H1) is rejected

INFERENCE

Therefore, There is no association between gender and the perception of salary relevance.

FINDINGS:

- From the above table we found that 31% of the respondents are 18-20, 43% of the respondents are 21-25, 17% of the respondents are 25-30 and 9% of the respondents are 30-35.
- From the above table we found that 40% of the respondents are Female and 60% of the respondents are Male.
- From the above table we found that 9% of the respondents are 1, 26% of the respondents are 2, 23% of the respondents are 3, 21% of the respondents are 4 and 21% of the respondents are 5.
- From the above table we found that 3% of the respondents are Bad, 44% of the respondents are Good, 26% of the respondents are Not Bad and 26% of the respondents are Very Good.
- From the above table we found that 33% of the respondents are Agree, 20% of the respondents are Disagree, 28% of the respondents are Neutral, 12% of the respondents are Strongly Agree and 7% of the respondents are Strongly Disagree.
- From the above table we found that 27% of the respondents are Agree, 18% of the respondents are Disagree, 27% of the respondents are Neutral, 23% of the respondents are Strongly Agree and 4% of the respondents are Strongly Disagree.
- From the above table we found that 23% of the respondents are Agree, 10% of the respondents are Disagree, 31% of the respondents are Neutral, 23% of the respondents are Strongly Agree and 12% of the respondents are Strongly Disagree.
- From the above table we found that 29% of the respondents are Agree, 13% of the respondents are Disagree, 29% of the respondents are Neutral, 24% of the respondents are Strongly Agree and 5% of the respondents are Strongly Disagree.
- From the above table we found that 33% of the respondents are Agree, 12% of the respondents are Disagree, 23% of the respondents are Neutral, 21% of the respondents are Strongly Agree and 10% of the respondents are Strongly Disagree.
- From the above table we found that 22% of the respondents are Agree, 23% of the respondents are Disagree, 26% of the respondents are Neutral, 21% of the respondents are Strongly Agree and 8% of the respondents are Strongly Disagree.
- From the above table we found that 54% of the respondents are No and 44% of the respondents are Yes.
- From the above table we found that 31% of the respondents are Agree, 14% of the respondents are Disagree, 29% of the respondents are Neutral, 19% of the respondents are Strongly Agree and 7% of the respondents are Strongly Disagree.
- From the above table we found that 31% of the respondents are Agree, 13% of the respondents are Disagree, 26% of the respondents are Neutral, 22% of the respondents are Strongly Agree and 7% of the respondents are Strongly Disagree.
- From the above table we found that 25% of the respondents are Agree, 13% of the respondents are Disagree, 33% of the respondents are Neutral, 22% of the respondents are Strongly Agree and 7% of the respondents are Strongly Disagree.
- From the above table we found that 14% of the respondents are 1, 36% of the respondents are 2, 21% of the respondents are 3, 21% of the respondents are 4 and 8% of the respondents are 5.
- From the above table we found that 46% of the respondents are long term and 54% of the respondents are short term.
- From the above table we found that 28% of the respondents are Agree, 21% of the respondents are Disagree, 27% of the respondents are Neutral, 14% of the respondents are Strongly Agree and 9% of the respondents are Strongly Disagree.
- From the above table we found that 28% of the respondents are Agree, 15% of the respondents are Disagree, 31% of the respondents are Neutral, 17% of the respondents are Strongly Agree and 9% of the respondents are Strongly Disagree.
- From the above table we found that 26% of the respondents are Agree, 13% of the respondents are Disagree, 30% of the respondents are Neutral, 20% of the respondents are Strongly Agree and 11% of the respondents are Strongly Disagree.

SUGGESTIONS:

- Recognition and Praise: Regularly acknowledge and praise employees for their achievements. Implement an employee of the month/year program.
- Flexible Work Arrangements: Offer flexible schedules or remote work options to enhance work-life balance. Consider compressed workweeks or part-time arrangements.
- Professional Development: Provide opportunities for skill development and career advancement. Support attendance at conferences, workshops, and training programs.
- Employee Wellness Programs: Implement wellness initiatives, such as gym memberships, yoga classes, or mental health support. Offer health-related incentives, like discounts on health insurance premiums.
- Team-building Activities: Organize team building events or retreats to strengthen interpersonal relationships. Encourage collaboration through team projects and activities.
- Flexible Time Off Policies: Allow employees to take advantage of flexible time off policies. Consider unlimited vacation policies or additional leave
- Opportunities for Autonomy: Provide employees with autonomy in decision-making and project management. Encourage innovation and creative thinking.
- Meaningful Work Assignments: Match employees with projects that align with their interests and strengths. Foster a sense of purpose by highlighting the impact of their work.
- Mentorship Programs: Establish mentorship programs to facilitate knowledge transfer and career guidance. Encourage experienced employees to mentor newer team members.
- Celebrating Milestones: Recognize work anniversaries and other significant milestones. Host celebrations or small events to commemorate achievements.

LIMITATIONS OF THIS STUDY:
- If the study involves a specific industry or company, the results may not represent a broader range of workplaces.
- Short-term studies might not capture the long-term impact of non-monetary rewards on sustained employee motivation.
- External variables such as economic conditions or changes in leadership that are not controlled for in the study could impact employee motivation.
- Individual perceptions of what constitutes a meaningful non-monetary rewards may differ, impacting the study's outcomes.

CONCLUSION:

In conclusion, the impact of non-monetary rewards on employee motivation is undeniable, shaping a workplace culture that goes beyond financial compensation. By embracing recognition, flexible arrangements, professional development, and holistic well-being initiatives, organizations can cultivate an environment where employees feel valued and engaged. These non-monetary incentives not only contribute to increased job satisfaction and loyalty but also foster a sense of purpose and fulfillment. As businesses recognize the multifaceted needs of their workforce, the integration of thoughtful non-monetary rewards emerges as a powerful tool in driving sustained motivation and productivity.

In summary, non-monetary rewards play a pivotal role in enhancing employee motivation, fostering a positive work environment, and contributing to overall job satisfaction and loyalty. Embracing initiatives such as recognition programs, flexible work arrangements, and professional development opportunities proves instrumental in creating a workplace where employees feel valued and motivated.

- Improved Employee Retention: Non-monetary rewards contribute to higher employee retention rates by creating a sense of attachment and loyalty.
- Enhanced Team Morale: Positive reinforcement and non-monetary incentives contribute to a happier workplace, boosting overall team morale.
- Adaptability and Innovation: A motivated workforce, nurtured through non-monetary rewards, is more likely to embrace change and contribute to innovative solutions.
- Cultivation of Positive Company Culture: Non-monetary rewards reinforce a positive company culture, where appreciation and employee well-being are integral components.
- Increased Productivity: Motivated employees are often more productive, contributing to the overall efficiency and success of the organization.
- Attracting Top Talent: A workplace known for its non-monetary reward initiatives is likely to attract high-caliber talent seeking a supportive and rewarding work environment.
- Continuous Feedback and Improvement: Non-monetary rewards provide opportunities for continuous feedback, allowing organizations to adapt and improve their employee motivation strategies.
- Alignment with Organizational Values: Tailoring non-monetary rewards to align with organizational values reinforces a shared sense of purpose and direction among employees.
- Strengthened Employee-Management Relations: Recognition and non-monetary incentives build stronger bonds between employees and management, fostering a collaborative and trusting relationship.
- Long-Term Employee Well-Being: Non-monetary rewards contribute to the long-term well-being of employees, recognizing that fulfillment extends beyond financial considerations.

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