

A STUDY ON IMPACT OF MONETARY AND NONMONETARY INCENTIVES ON EMPLOYEE MOTIVATION IN IT SECTOR

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KEYWORDS	ABSTRACT
incentives, monetary, non- monetary, employee motivation, job satisfaction, recognition, benefits.	Incentives are the additional benefits provided to the employees in organization for their services. They may be in the form of financial and non-financial benefits. Monetary incentives includes bonus, wages, pension, perquisites, etc. Non-monetary includes medical facilities, housing rent, educational allowance and so on. The main objective of the study is to discuss the impact of monetary and non-monetary incentives on employee's motivation in IT Sector. The data has been collected through well-structured questionnaire. Both primary and secondary data were taken as the source

INTRODUCTION

The most valuable asset of IT Sector is the human resources because the workers individually and collectively contribute to the achievement of an organization's objectives. Therefore, the success and failure of the business depends upon the performance of the employees in the sector. As a result of the importance of human resources, its management impacts significantly on employee's turnover and productivity. The challenge today is not only in retaining the talented people, but also in engaging all the employees in work. Employees engagement is more important in the IT Sector. Employee engagement is defined as "the emotional attachment of an employee with their organization, how hard they work and how long they stay to complete the target as a result of the attachment". To improve the productivity of the employees, the IT Sector management captures the mind and heart of the employees to know about the expectation of the employees. Once if the expectation of the employees were satisfied, the performance of work would increase. To satisfy the employees expectation, the management rewards extra benefits as incentives to the employees to encourage them to perform better.

INCENTIVES

An incentive is a contingent motivator used to promote or encourage specific or special actions or behaviour of an individual or group of people in the organization during a defined period of time. Incentives are specifically used in business organizations and in sales to motivate employees and to attract and retain customers. Scientific literature also refers this concept as "pay for performance". In simple terms, anything that can attract or capture an employee's attention and motivate them to do better work can be called as incentive. An incentive aims at improving the overall performance of work in an organization. Incentives can be classified as direct and indirect allowance or benefits or compensation. They can be planned as individual plans, group or teamplans and organizational plans.

These incentives are broadly classified into two categories, they are;

- Monetary Incentives
- Non-Monetary Incentives

MONETARY INCENTIVES

Monetary Incentives are financial incentives used mostly by organizational managements to motivate employees towards meeting their targets. Money, being a symbol of power, status and respect plays a big role in satisfying the security and needs of a person. Money however, exercise

to be a motivator when the common needs and security needs are satisfied. When drawing a reward recognition program to motivate employees, decision makers and company managements need to understand that the reward or incentive neither guarantees quality output nor loyalty but just a bonus that encourages employees to meet their targeted goals without compromising on quality of work.

NON-MONETARY INCENTIVES

Compensation given to a particular person in a transaction which does not involve cash is called non-monetary incentives or non-financial incentives. A non-monetary reward mostly consists of some object such as jewellery, precious metals or movie tickets or automobile, etc. in business point of view, a non-monetary incentive can also be a service such as improvements made on a poverty or repairs done on car. At the same time many reputed organizations add these non-monetary incentives with their monetary incentives to hold productive employees. Especially high positioned employee is offered with non-monetary incentives such as job security, promotions, performance appraisal, etc. Non-monetary incentive is defined as “it is used to reward participants for highly productive behaviour. Non-monetary incentives may include flexible work hours, premium contributions, access to day care centres, training programs, etc.”.

EMPLOYEE MOTIVATION

The organization motivates its employees to work with engagement and wholeheartedness to optimize the performance of work and credits. Employee Motivation depends on the Initiation, Interest, Strength, Dedication, Ability and Capacity of the employees. The motivation of the employees has a direct impact on the performance of the work. It is important to offer constant motivation to the employees so that the organization would expect better performance from the employees and it would help the organization to achieve the goal or objective with great success.

SCOPE OF THE STUDY

The research work is carried to examine the impact of monetary and non-monetary incentives on employee’s motivation with a view to IT Sector in Chennai city. The study enables to understand the job satisfaction and performance of employees in the IT Sector. The study also covers the influence of the employees towards the target for extra benefits or incentives.

NEED OF THE STUDY

The study helps to understand the purpose of monetary and non-monetary incentives on employee’s motivation in IT Sector. It also helps in assisting the management to engage in staff welfare development in order to improve employee’s productivity. The study helps to determine whether incentives influence on employee’s performance.

OBJECTIVE OF THE STUDY

- To find the satisfaction level of employees with monetary incentives provided by the organization.
- To study the employees’ level of satisfaction towards non-monetary incentives in the organization.
- To study the relation between job position and type of reward.
- To rank the factor which motivates the employee to the best.

LIMITATIONS OF THE STUDY

- Questionnaire may be simple to complete; however, some people simply don’t like to complete them.
- Findings of the study may be influenced by personal opinion of the respondents.
- Findings of the study can’t be generalized.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problems. It may be understood as a science of study how research is done scientifically. It includes various steps that are generally adopted by researcher in studying his research problems along with the logic behind them. This is a descriptive and analytical study based on the primary data collected from the various respondents in IT Sectors in Chennai city through well-structured questionnaire to obtain the fair response from the respondents.

TOOLS USED

Analytical techniques are used to obtain findings and arrange information in a logical sequence from the collected. After tabulation of the data, following quantitative techniques were used

- Weighted average
- Friedman test

Statistical Package for Social Science (SPSS) and Ms. Excel was used to analyse the data.

REVIEW OF LITERATURE

- Christopher Chukwudi and Paulinus Chigozie (2018), studied on the topic “Investigating the effect of non-financial rewards on staff productivity in Shoprite company, Enugu” revealed that non-financial rewards impacted on staff productivity which resulted in completion of task in better way, encouraged to do hard work in overtime, self-reliance and improved productivity of labour force. Thus, they concluded that organization used non-financial incentive reward as a key tool for average and low performers to follow high performers with unexpected rewards.
- Wayan Sukanta and Anik Yuesti (2018), studied on the topic, “The influence of financial incentives and non-financial incentives to job performance: motivation of work as a variable of moderation in employee cooperation” revealed that their study showed that there is a positive significant on incentives, job performance and employees’ motivation. Both incentives are equally rewarded to the employees but non-financial incentives practically resulted and improved the employee’s performance.
- R. Rina Novianty and Siti Noni Evita (2018), studied on the topic “Financial incentives: The impact on employees’ motivation” stated that financial incentives over the regular salary motivates the employees to achieve the target optimally. Their study aimed to make employees in the company more improve personal performance and team performance so that the employees would complete the targeted goal on time. Thus, financial incentive and position placement to employees increased the work efficiency in the organization.
- Amar Kumar Chaudhary and Snigdha Ghosh (2017), studied on the topic “Monetary and non-monetary incentives in LIC of India and its impact – A case study of Ranchi district” said that incentive system encouraged the employees to achieve their best performance and job satisfaction. From their findings, they concluded that when employees get extra rewards apart from the salary package, they were motivated and the level of interest towards the work increased accordingly. And they said that the non-monetary incentives ranked high when compare to monetary incentives.
- Dr. Sudhamsetti Naveen and Dr. Prasadarao Yenugula (2017), studied on the topic “The impact of monetary and non-monetary incentives on performance of employees on beverage industry, A.P, in India” revealed that their study established that the level of application of non-monetary incentive is accepted by the employees and it effected in the motivation of employees in the industry. According to their respondents, non-monetary incentives are valued highly by the employees when compared to monetary incentives.
- The study conducted by Agarwal (2010) stated that the most significant factor in motivating employees is money. Out of all the perquisites offered to them, money holds

the highest potential to motivate the employees to perform better. Non-monetary rewards do play an important role in stimulating employees. However, employees tend to give preference to monetary rewards over non-monetary rewards after reaching a certain stage in their career.

- Huang et al., (2006) conducted a study on a Taiwanese construction firm with the objective of evaluating the impact of various factors on job retention. It was done by collecting data from 180 employees. The study concluded that the factors leading to maximum job retention are firm-based, such as the wages offered to the employees

DATA ANALYSIS AND INTERPRETATION:

Table No.1 Showing Weighted Average on Satisfaction Level of Employees With Monetary Incentives

FACTORS	MEAN WEIGHT	RANK
Reasonable periodical increase in salary	41.33	1
Rent / Medical allowance	40.6	3
Bonus	40.6	2
Retirement Benefits	35.26	5
Perquisites	35.26	4

Source: Primary data

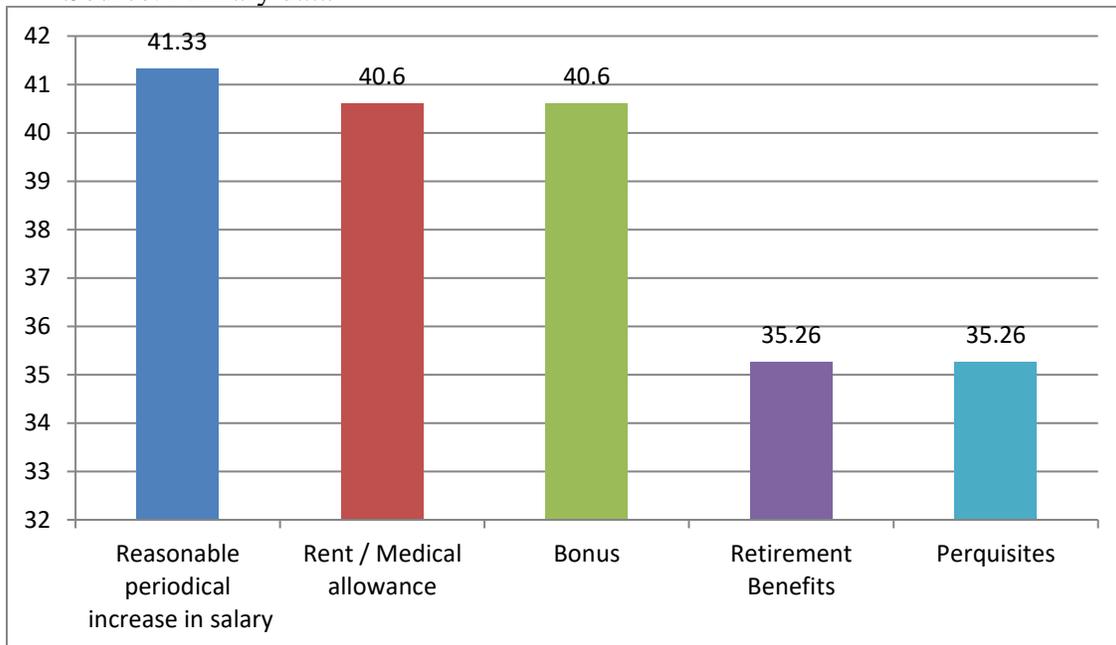


Table no. 1 showed that employees were highly satisfied with a reasonable periodical increase in salary and it has secured 1st rank (41.33).

Table No.2 Showing Weighted Average on Satisfaction Level of Employees With Non-Monetary Incentives

Factors	Mean Weight	Rank
Job security	45.0	1
Good relationship with co-workers	44.6	2
Effective performance appraisal	38.93	4
Effective promotional opportunities	36.53	6
Good safety measures adopted in the organization	41.73	3
Company recognize and acknowledge your work	37.13	5
Feedback from superior	35.47	7
Day care for children	29.87	8

Source: Primary data

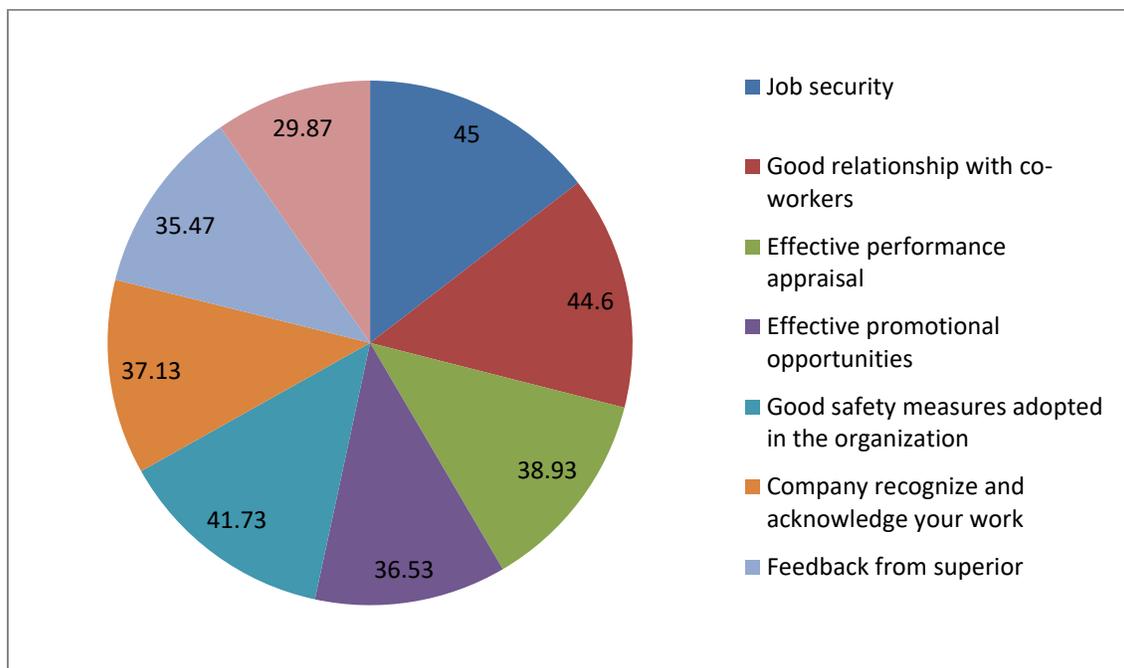


Table no. 2 showed that employees were highly satisfied with job security provided by the organization and it has secured 1st rank (45.06).

Table No.3: Friedman Test Showing Ranking of Factors Influencing Motivation

Factors	Mean Rank	Rank
Promotions	2.33	2
Job security	1.64	1
Social trips	3.03	4
Salary increment	3.00	3

Source: Primary data

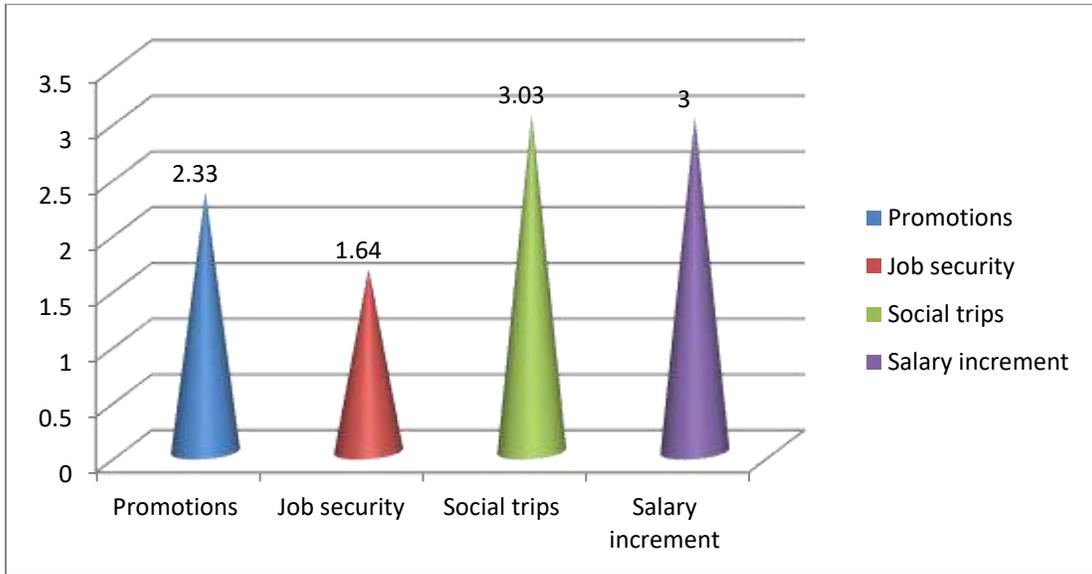
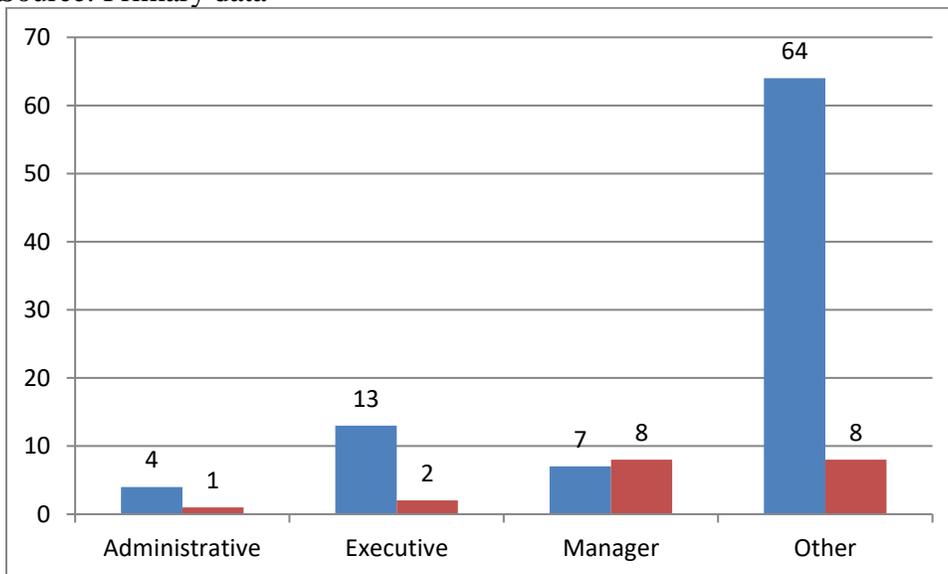


Table no. 3 showed that job security and promotions ranked 1 and 2 followed by salary increment and social trips ranked 3 and 4.

Table No.4: To study the relation between job position and type of reward.

Job Position	Type of reward		Total
	Monetary	Non-monetary	
Administrative	4	1	5
Executive	13	2	15
Manager	7	8	15
Other	64	8	72
Total	88	12	100

Source: Primary data



Most of the respondents, that is 88, give preference to monetary rewards, while only 12 respondents prefer non-monetary rewards. Out of 88 respondents preferring monetary rewards, 64 respondents are employed at positions other than administrative, executive, and manager. The majority of people holding administrative, executive, and managerial positions have a preference for monetary rewards, which is shown in the table.

FINDINGS:

The major findings of the study were

- 37% of the respondents were belonged to the age group of 25 and 35 years.
- 52% of the respondents were male.
- 40% of the respondents were salaried between 2,00,000 to 4,00,000 rupees per annum.
- 29% of the respondents were belonged to Accenture company.
- 45% of the respondents were experienced between 3 to 5 years in a particular field. 59% of the respondents were satisfied with the allowance benefits like rent and medical.
- 67% of the respondents were satisfied with the support from the HR Department.
- 45% of the respondents were agreed that the management is really interested in motivating the employees.
- 59% of the respondents were highly satisfied with secured job.
- 63% of the respondents were highly satisfied with a good relationship with their co-workers.
- 73% of the respondents were motivated to do better performance for extra benefits like incentives provided by the organization.

SUGGESTIONS:

- The employees in an organization expects good food and snacks to be provided at low cost inside the premises as they feel it is difficult to carry their food from home.
- Working women faces many problems in the society so their request is to have some leave concessions especially in pregnancy time.
- Some aged employees are not fully satisfied with the work place as the organization is fully compacted with air conditioners and there is no space for fresh airs inside the organization.
- Women employees feel there are too many security and rules to be followed. They feel atleast if mobile phones are allowed inside the work place it would be comfortable for them to keep in touch with home.
- Most of the IT Sectors comes under BPO, so they suffer from rotational shift and they expect atleast fixed shift timings.
- Employee in the organization feel so stressed because of work pressure and personal problems. Thus, they expect Yoga or some motivational programs to be conducted in the organization to relieve themselves from the work pressure.

CONCLUSION:

From the study, it is clear that both Monetary and Non-Monetary incentives are highly influenced on employee motivation and employee engagement in the organization. The needs and expectation of the employees varies as per the profile of the employees because different employees lay different priority. Majority of the employees work hard and take over time duty in their own interest only for the extra rewards provided by the organization. Thus, it improves the productivity of the employees and performance of work. A special note from the employee is that weekly performance appraisal and star rating of work motivates the employees to work hard. Thus, it shows that the organization can expect positive behaviour and good performance of work only when the employees are rewarded with both monetary and non-monetary incentives especially appreciation and bonus plays a major role.

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