

# A Study on Incentives Effects on Employees

Anirudh Sharma, Sapna Kumari, Dr. Seema Thakur

*1,2 Bachelor of Commerce Honors, Galgotias University, Greater Noida*  
*3 Assistant Professor of Department of SFC, Galgotias University, Greater Noida*

Submitted: 01-06-2022

Revised: 05-06-2022

Accepted: 08-06-2022

## ABSTRACT

An incentive is a commodity that helps or derives a person to do something or it helps in motivating people for doing their jobs. there are two types of incentives that help people motivate themselves: Financial and non-financial. A financial incentive is a type of monetary benefit given to employees to do better work in a particular area at a particular time. for example stock options, profit sharing, bonuses, etc. however nonfinancial incentives are the types of prizes that are not a part of an employment contract Typically, they cost the company little or no money, yet carry significant weight. ... As companies continue to make cuts to employee compensation, non-financial incentives for employees are more crucial than ever.

It is a form of appreciation for the exceptional performance of their employees. the inactive can usually pass the salary and the employment contract as giving something extra above the salary means the incentive to employees. Today, many employees are paid based on individual performance or have a feature that includes financial incentives based on individual performance. As one success is difficult to measure, financial incentives are focused on measurable accomplishments. This means that many employees Sare being rewarded upon their efforts originating from observed performance metrics, particularly at a specific stage Administrators or with a large portion of recognizable success (sales, consulting) When the pay is sufficient and capable of fulfilling the individual's needs, financial rewards in the workplace become the most significant and powerful influence on the individual's willingness to perform the work. However, it is observed that pay has never been and will perhaps never be sufficient for employees.

It is very important to give employees both financial and nonfinancial incentives from time to time as it helps the productivity of the employees and increases their efficiency. it helps a creating a work culture for employees. with the help of incentives, the company can get their top performers . these incentives help the company and

help the employees in making them help in their growth in the company. It helps them in motivating their staff to their goals.in factories giving incentives helps them in taking the best out of the labor it helps them in less staff turnover or strikes. it also brings more loyalty to the firm and helps them in their daily work routines. incentives help the organization in many ways so they are important to a firm, company, or factory.

## I. INTRODUCTION

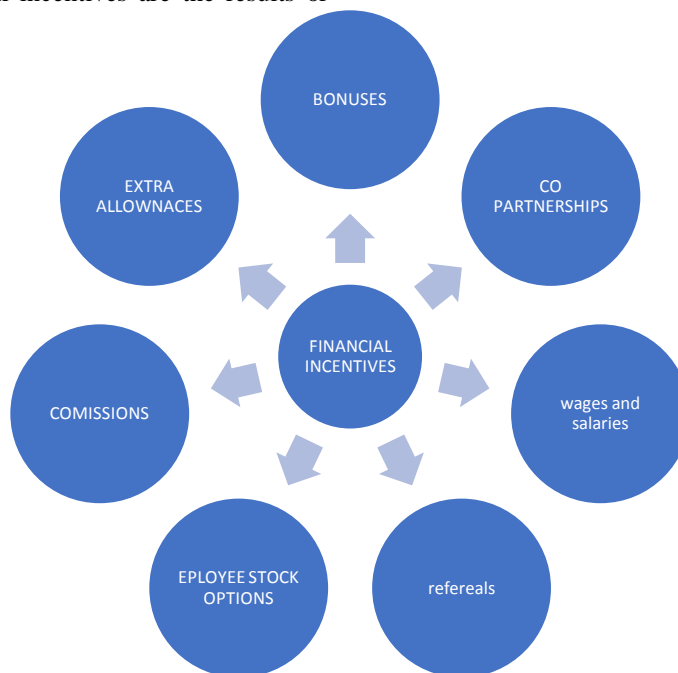
Incentive simple meaning can be said as anything that motivates a person to work harder or anything that encourages people to do their work efficiently and helps achieve their goals. Incentives are the type of reward given to employees for their hard work by the company to their employees. These incentives motivate the employees and bring out their best in the company to do the work. incentives are the best form of reward given to the employees for their work in their company. Many companies give incentives in the form of money and money gives incentives in the form of nonmonetary. it mainly depends on the different organizations that choose financial incentives or nonfinancial incentives. Companies have different forms of giving incentives they give incentives in the form of bonuses, parts in the profit, employees stock options, extra allowances, referral programs, and many more further will be discussed in the report these are some of the financial incentives given to the employees by the different companies. There are some employees for whom money is not a form of incentive, some employees in the organization work for learning, status, and career development opportunities. there are both types of employees in the organization. The companies figure out the difference between the employees and give according to it. As a financial incentive is given to a CEO of the companyt maybe not be important to him but the same thing which is given to the junior staff may be very important to him. So the organizations need to figure out what incentives are to be given to different employees as it will help them know their employees better and help them motivatethem .moreover these incentives are

the best way of motivating the employees in the organization.



There are two types of incentives financial incentives and non-financial incentives. Financial incentives mean financial incentives can be provided on an individual or group basis and satisfy the monetary and future security needs of individuals. Financial incentives are a type of incentive that companies provide to motivate and encourage productivity and performance and to identify the doings of the employees. And most importantly, financial incentives are the results or

rewards for knowing when employees do work beyond their daily routine of work. Salary is an important motivator. Money can be used as an incentive are in the form of bonuses, wages salary retirement benefits, etc. management companies need to keep changing the financial incentive to keep a hold on the employees so that they don't move to other organizations for this purpose many big organizations give gratuity money when the employees work for more than 5 years in the same company or they give employee stock option in which they give some of the shares of the company to the employees this is a way of showing the employees that they are the part of the organization and they are important to them .it not only motivates them but it also brings a sense of responsibility that their doings know will not only affect the company but it will affect them also.



Know comes the nonfinancial incentives. Non-financial incentives are the types of awards that are not included in an employee's pay contract. They cost the company little or no money, yet carry significant weight. As companies continue to make cuts to employee compensation, non-financial incentives for employees are more crucial .non financial incentives motivate the employees in full in a different way than financial incentives do. Apart from financial and job security, an employee also has social, psychological, and emotional needs. Fulfilling and satisfying these needs is also very important to the employees. The focus of nonfinancial needs is mainly on these

things only. these things cannot be measured in terms of money.

Moreover, there are chances that one nonfinancial incentive may include a financial incentive too. For example, when a person is promoted his psychological needs are fulfilled as he gets more authority, his status increases but at the same time, he has benefitted monetarily also as he gets a raise in salary. Recognition for a job well done is the obvious answer, but that's just good management. The idea behind non-financial incentives is that they are incentives, meaning they are known about in advance and so give employees

a little something extra to work for. Here are some examples that might work for your organization



## II. LITERATURE REVIEW

According to Hartman, Kurtz, and Moser state incentives are the techniques by which employees carry out their end of employment contract, that is compensating employees for their efforts. In general, an incentive scheme is any compensation that has been designed to recognize some specific accomplishment of their employees. It is to be believed that incentive schemes will help the organizations in bringing the best out of the employees

### 1. Newman and Gerhart, 2011:

Employee incentive programs have been established by corporations to inspire their employees and boost their performance in both individual and group settings. While giving incentives used to be the domain of large corporations, small businesses have begun to use it as a tool to attract top management and employees in a competitive market for various jobs, as well as to increase employee efficiency. It has also been stated that awards and rewards can play an important role in persuading employees to approach work. Because awards can be anything worthwhile and beneficial to the recipient, competent and talented people are less likely to be motivated by prizes that do not match their values and preferences.

### 2. Armstrong M., 2010 :

In a business, reward management entails the creation, implementation, and maintenance of incentive systems that are controlled to improve the company's performance. However, this definition is insufficient to grasp the essence of motivation. Motivation is a technique for persuading employees to work hard and be rewarded for their outstanding performance. The main reason for establishing reward management in companies is to motivate employees to work hard and do their best to achieve the company's goals. Reward management typically includes not only traditional, quantifiable elements like salary, valuable pay, and benefits, but also more intangible non-cash benefits.

### 3. Sibson and Co. and Association :

Traditional solutions in the context of salary and bonus increases are ineffective without additional non-material rewards, according to the Center for Manufacturing Excellence. Operation executives, general managers, vice presidents, and other executives from 50 manufacturing companies in the United States and Canada provided replies. Almost half of the respondents said that, in addition to cash incentives, other types of rewards, such as group incentives and recognition programs, were very significant. Traditional reward schemes, including profit sharing and time-based pay, are still used by the majority of responding organizations. These programs were found to be the

least successful in terms of improving positive performance. Nonetheless, these organizations were actively beginning to implement recognition programs and enhance the level of self-management among their workers.

Motivated employees are more quality-conscious and committed to achieving objectives. By motivating and keeping human resources, businesses can obtain a competitive advantage over their competitors. High-performing employees are rewarded both financially and non-financially, which stimulates employees and improves job satisfaction. Employee motivation is influenced by both financial and non-financial incentives, and both are linked to performance. The significance of financial and non-financial rewards varies with age. After a certain level of pay, non-monetary rewards have a stronger influence on motivation.

### III. OBJECTIVES

What are the main reasons that firms give incentives to their employees?

The reasons are:

Financial and non-financial incentives can be remarkably beneficial motivators in the working environment. Companies that provide financial and non-financial incentives for exceptional work performance or team recognition are more likely to foster a great working environment, build supportive relationships and encourage higher quality outputs. It also encourages the employees to work hard for the incentives or the rewards they get. It also boosts employee satisfaction and helps them in fulfilling their objectives and their team objectives. These incentives help their employees. According to Caruth, the general objective of incentives is to improve the productivity and motivate the employees, by giving the monetary benefits the employer is attempting to induce employees to turn in a greater volume of work thereby lowering the cost of productivity, moreover, the purpose of financial incentives is to improve performance, reduce absenteeism, tie pay to performance, recognize the difference in employee performance and attract and retain productive employees. Incentives schemes are not a relief for an organization's productivity problems, nor are they universally applicable to all types of work organizations. The main reason behind the employers giving the incentives is to increase employees' productivity, it mainly gives them a sense of belonging, also helps management to

increase output. Incentives schemes are generally related to the productivity of an individual employee.

Organizations have to find adequate incentives which can be helped to improve employees' motivation and productivity. Most incentives are organized in such a way that helps the companies to achieve their targets. In recent times during the COVID virus, the organizations are not able to maximize their profit for this the organizations are giving incentives to their employees so that they perform well which helps the organizations in maximizing their profits. The objective is to also find out how the organizations are using the incentives policy to bring the employees to get back to work? These are some of the objectives of the study and objectives of financial and non-financial incentives

### IV. RESEARCH METHODOLOGY

The research methodology is going to show the preliminary survey showing the flexibility of the study, the tools and techniques used in gathering the data, it also shows the method and design for the questionnaire and it will also show the statistical tools used in the analysis of the information and help in showing the outcomes of the study. The research work is undertaken to find do the incentives help in increasing the growth of an individual employee.

#### Design of study

In this research paper, a questionnaire will be used to collect the data to know the use of incentives as an instrument to find does the incentive helps in increasing the performance of an individual employee. There will be multiple-choice questions to which the respondents agree or disagree. For this purpose, the workers will be divided into 3 groups top management, middle-level management, and lower-level management. The technique being used in the collection of data will be the sample technique which means a group of people will be taken from a larger population it is simply a smaller part of the larger group, samples are useful because it allows the researcher to examine the type of population which means characteristics of the population. Since the findings will help I to generalize the population. All the employees will be given equal chances. This sample has 50 staff members including all levels of management.

Category of staff	Number of staff
Top management	4
Middle management	10
Lower management	36
total	50

As we can see there are only 8% of the top level of management, 20% of the middle level of management, and 72% of the lower level of management. there are both types of data used primary and secondary. The tools used the sampling method for acquiring the primary and secondary data. the secondary data was taken from the journals, the internet, bulletins, etc. while the primary data was collected from the questionnaire circulated through the internet and the verbal asking of questions. The method which is used to generate and collect the data is a questionnaire through online emails and verbal questions. The presentation through the method of a questionnaire is open-ended and close-ended. The type of data ensures the integrity and strengthens the reliability of this data. as it was collected to find out do the employees get motivated and perform better with incentives given?. There are 2 sections in the questionnaire.

The first part shows the biodata. the name of the employee, se age and working category and employee duration in an organization, and the elite information. the second part contains the variables designed in such a way that shows whether the employee gets motivated by incentives. The total number of questions is 15. At the time of designing the questionnaire, the researcher followed the following procedure

1. Deciding what type of information should be asked.
2. what type of question should be asked'
3. Editing and draft of the questionnaire

### COLLECTION OF DATA

The purpose of the report is to show how the employees get motivated by the incentives provided to them by their employers. all the data is collected online and verbally one by one by asking questions. The questionnaire was made in such a way that it shows how big organizations perform and provide incentives to their employees. The questionnaire covers the area which shows the opinion of the employees which Can motivate them or demotivate them and how these all incentives work towards their performance in the organization. All the analysis is done by using the percent method. the results of the questionnaire are depicted by the answers provided by the respondents in the questionnaire

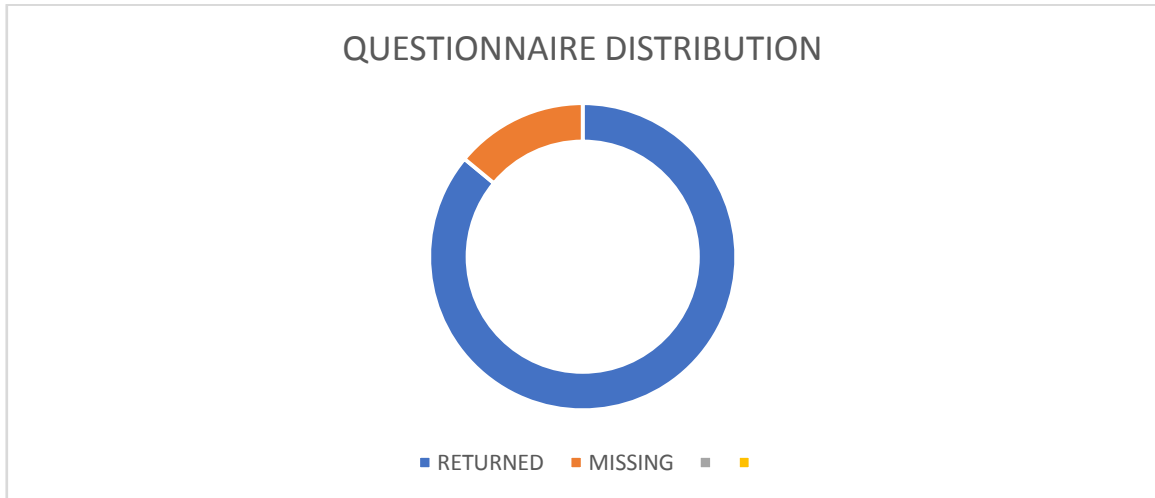
### QUESTIONNAIRE DISTRIBUTION

The data provided by the respondents is who are the different employees in different big MNC s is thoroughly analyzed. there were 23 questionnaires circulated only 20 questionnaires were answered and they were answered correctly by the respondents. The results are shown in the table

Variables	Staff responses	Percentage
Returned	20	86
Missing	3	14
total	23	100

The table shows that there were 23 questionnaires sent to different employees of different big MNCs but only 20 were returned and which were answered correctly. there are 4 parts to the questionnaire the 1 part constitutes the personal

details of the respondents, the second constitutes the question related to the effectiveness of incentives and t3 part constitutes of the employee's motivation and increase in performance of the employee.



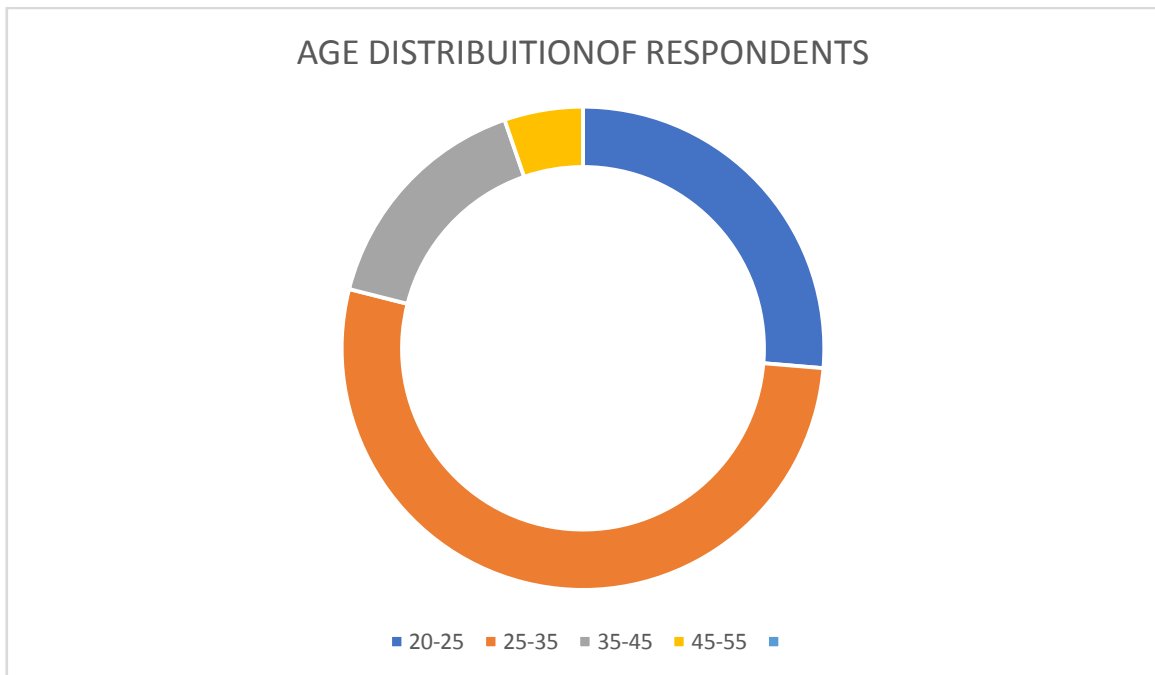
#### AGE DISTRIBUTION OF THE RESPONDENTS

I was able to find different age groups in different organizations.

Age	Density	percentage
20-25	2	25
25-35	10	50
35-45	5	15
45-55	3	5
55-65	nil	nil
total	20	100

From the table as we can see the maximum number of employees are from the age group of 25 -35 consisting the 50 % population of the survey and

further the employees are of the age group of 35 - 45. so it can be said that the employees are enough mature to know the issue addressed in the study.



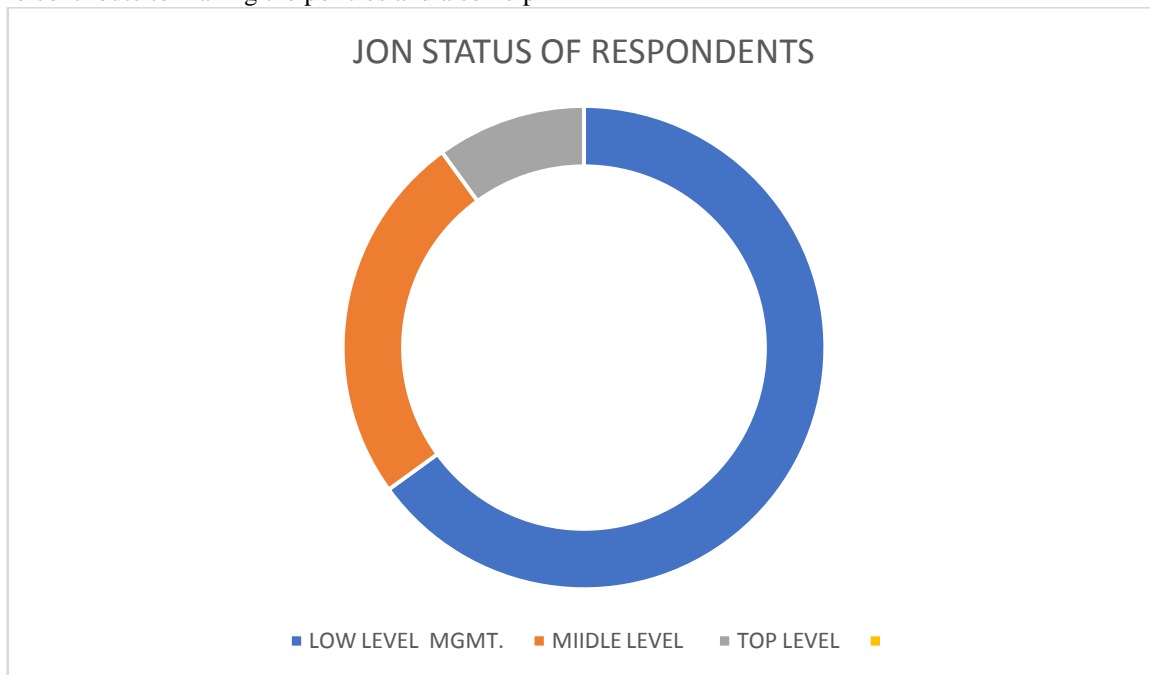
### JOB-STATUS OF THE RESPONDENTS

I was able to seek out the different respondents' job status, which is presented in the table below.

JOB-STATUS	DENSITY	PERCENTAGE
LOW-LEVEL MANAGEMENT	13	65
MIDDLE-LEVEL MANAGEMENT	5	25
TOP-LEVEL MANAGEMENT	2	10
Total	2	100

The table gives us an idea about the different job statuses of different respondents, junior staff which is 65 % of the total respondents these low-level management people have a very less amount or have no contribution in making any decisions. the middle levels of management which are 25 % of the total respondents and are the people who contribute to making the policies and also help

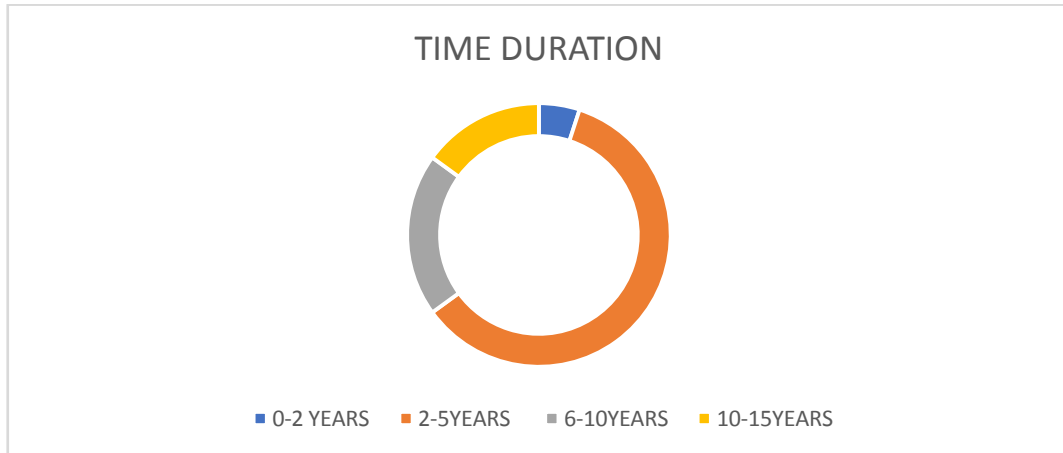
in imposing the policies. the top-level management which is 10 percent of the total respondents these are the people who make the policies of the organizations and help the organization work properly these are the people who are responsible for the proper management and profit of the organizations.



### LENGTH OF TIME IN THE ORGANISATION OF THE RESPONDENTS

I was able to find the time of the service provided by the different people in different organizations. The table below shows the different times of service provided by the people

Time of service	Density	Percent
0-2 years	1	5
2-5 years	12	60
6-10 years	4	20
11-15 years	3	15
15 years +	nil	Nil
<b>Total</b>	<b>20</b>	<b>100</b>



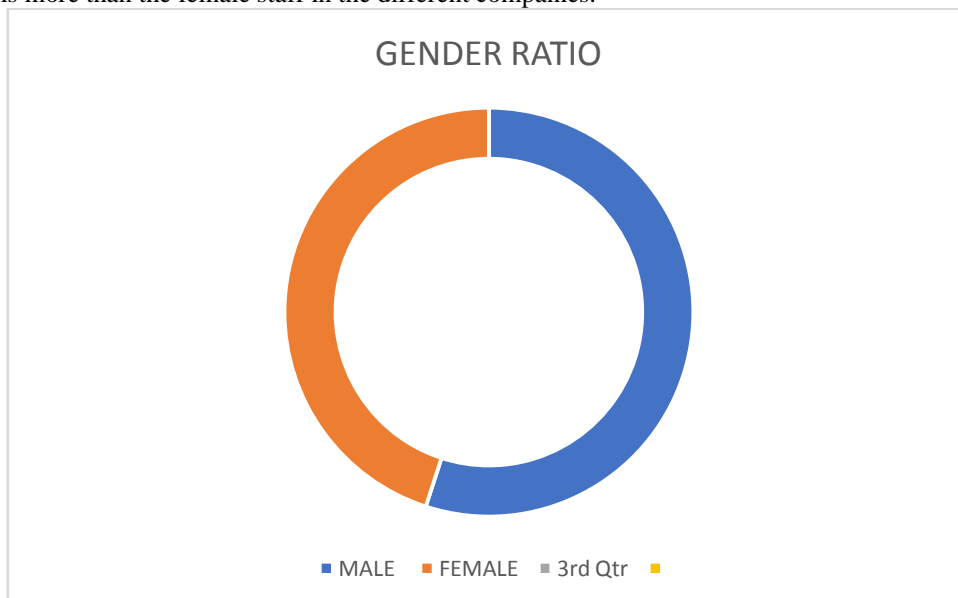
As we can see in the table I was able to find only 1 or 5% of the employee were below 2 years of service in the organizations while 60% or 12 of the employees have an experience of 2 to 5 years which is highest in the study according to the

surveys. 4 of the respondents have an experience of 6 to 10 years in the job and only 15 % of the employees have an experience of more than 10 years. therefore it can be said that there is a vast amount of diversity in the study.

**NUMBER OF MALE AND FEMALE EMPLOYEES**

Gender	Density	percentage
Male	11	55
Female	9	45
Total	20	100

The table shows there are 11 male and 9 female respondents in the study. this indicates that the population of the male staff is more than the female staff in the different companies.



**SALARY ASSESSMENT OF THE EMPLOYEES**

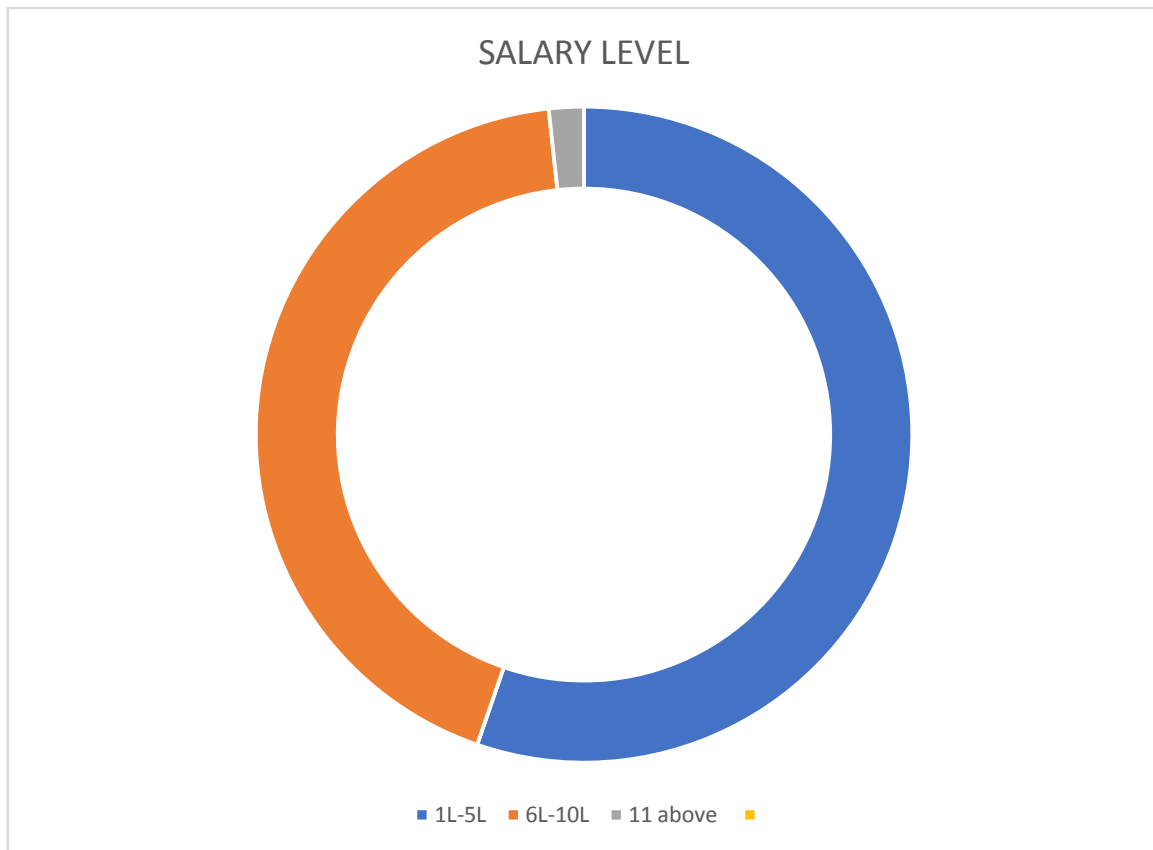
I was able to find the differences between the employee’s salaries in the organizations which are shown in the below table.



Salary level	Density	Percentage
1-5	9	45
6-10	7	35
11 above	4	20
total	20	100

45 % or 9 of the respondents get a salary between 1 to 5 lakhs per annum and the 7 or 35 % of the employees to get a salary between 6 to 10 lakhs per annum while 20 % of the respondents get a salary above 11 lakhs per annum. the salary

represented by 45% of the employees is junior or lower-level management. The salary represented 35 % of the mainly middle-level management. And the salary represented by the 4 respondents is the top-level management

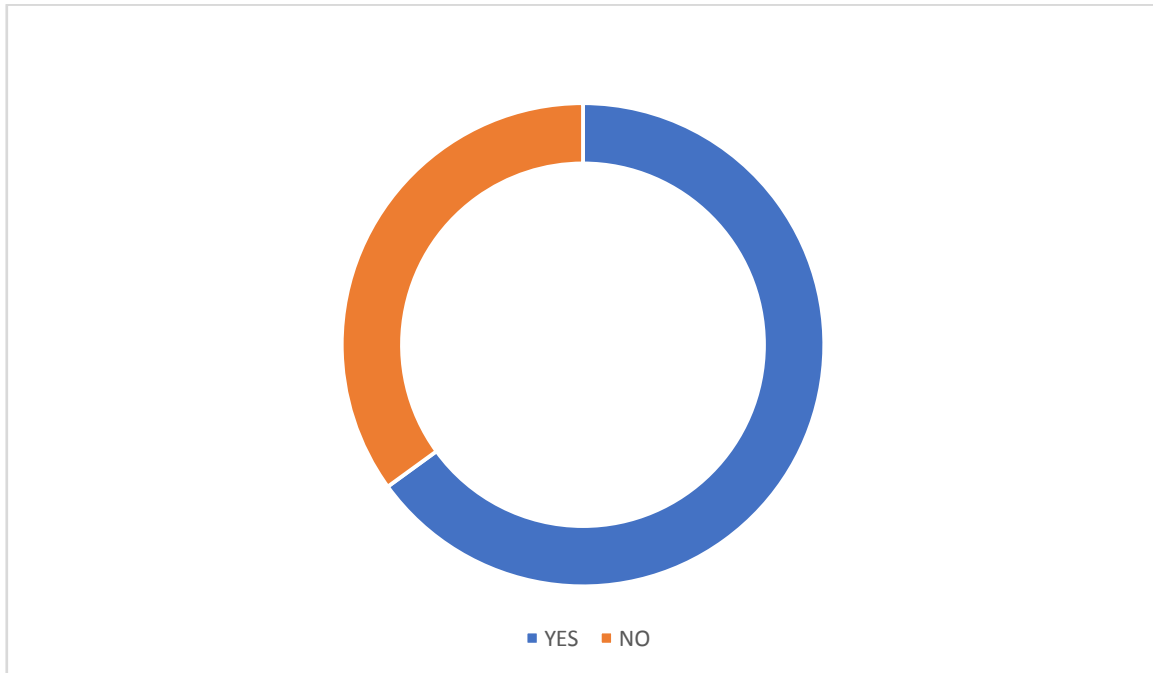


**MOTIVATION THROUGH FINANCIAL INCENTIVES TOWARD WORK**

Motivation towards the work of the respondents through financial incentives can be seen below the table.

Opinions of the respondents	Density	Percent
Yes	13	65
No	7	35
total	20	100

The table shows that 65 % agreed that in their workplace they were motivated by the management policy and 35 % of the employees disagreed with the management policy.



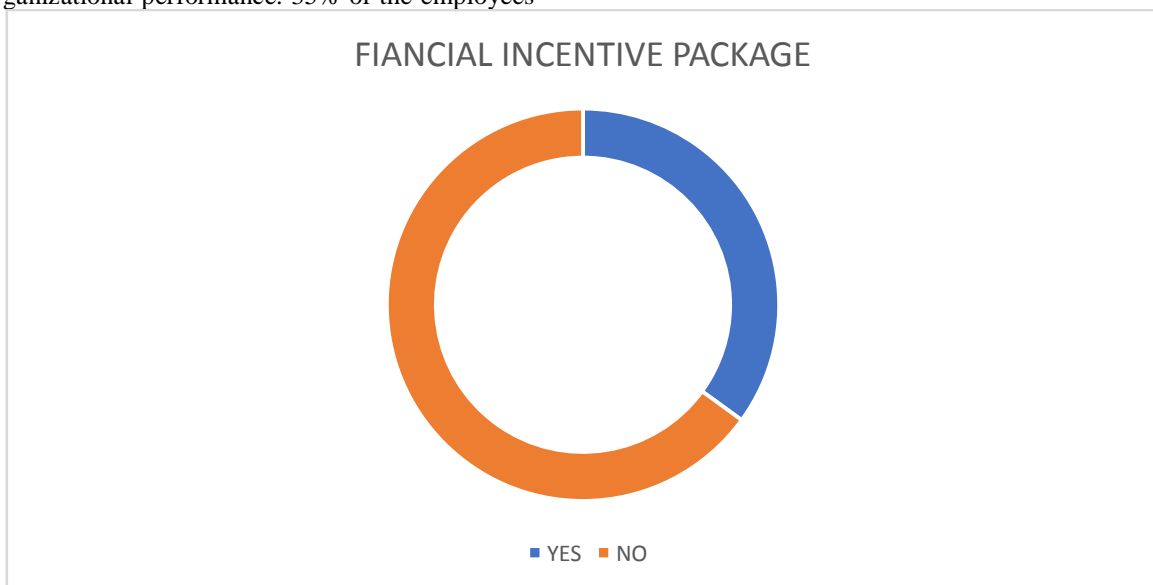
**FINANCIAL INCENTIVE PACKAGE**

I was able to find out how the workers perform when they are given less or no incentive package. the results are shown in the below table.

Opinions of the respondents	Density	Percent
Yes	7	35
No	13	65
Total	20	100

From the above data, it can be seen that the results are that both financial and non-financial incentives work as motivating factors to induce workers’ performance and productivity to achieve organizational performance. 35% of the employees

believe that the employees can perform without the incentives while 65 % of the employees say it is not possible for the employees that they can perform without any incentives as they will lose motivation.

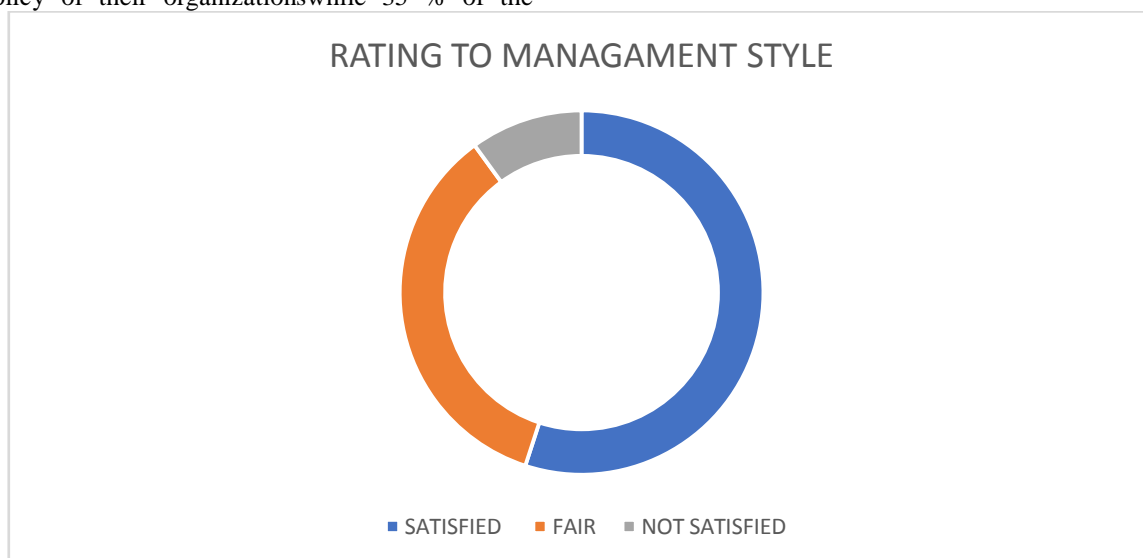


**RATING TO THE MANAGEMENT STYLE**

I was able to find different types of management styles in the different organizations the respondents were satisfied and not satisfied which is shown in the below table

Opinion of the respondent	Density	Percent
Satisfied	11	55
Fair	7	35
Not satisfied	2	10
Total	20	100

The above table shows that 55 % of the respondents are satisfied with the management policy of their organizations while 35 % of the respondent considered it to be a fair management policy but 10% of the respondents considered it non-satisfactory.

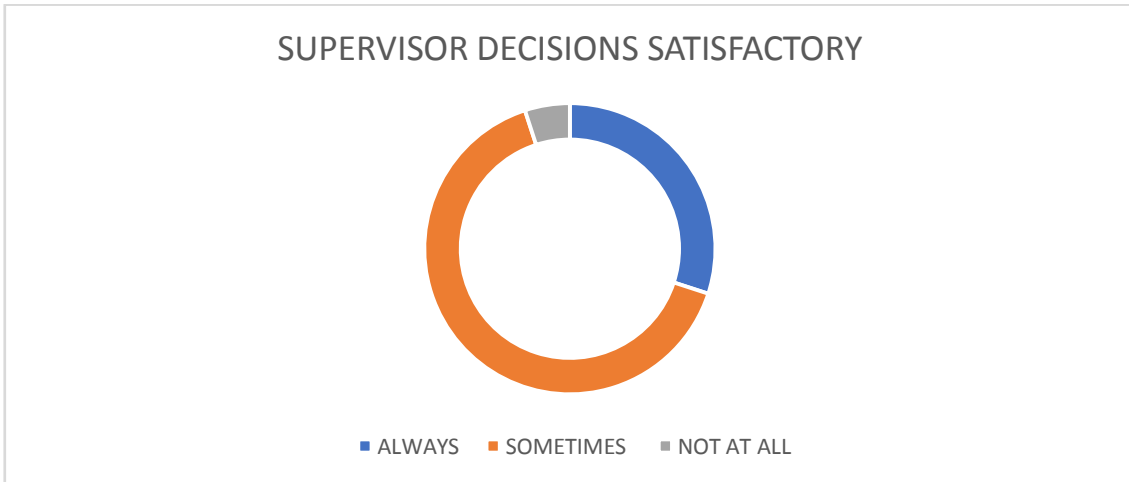


**DECISIONS OF THE SUPERVISOR AFFECT THE WELFARE OF THE ORGANISATION**

I was able to find out do the decisions of the supervisor affect the welfare of the organizations. it can be shown in the table below.

Respondents opinion	Density	Percent
Always	6	30
Sometimes	13	65
Not at all	1	5
Total	20	100

The results shown in the table say 30% of the respondents agree that the decisions of the supervisor affect the welfare of the job and the organization while 65% of the employees say it affects but only in some cases while 5 % of the employees disagree completely.

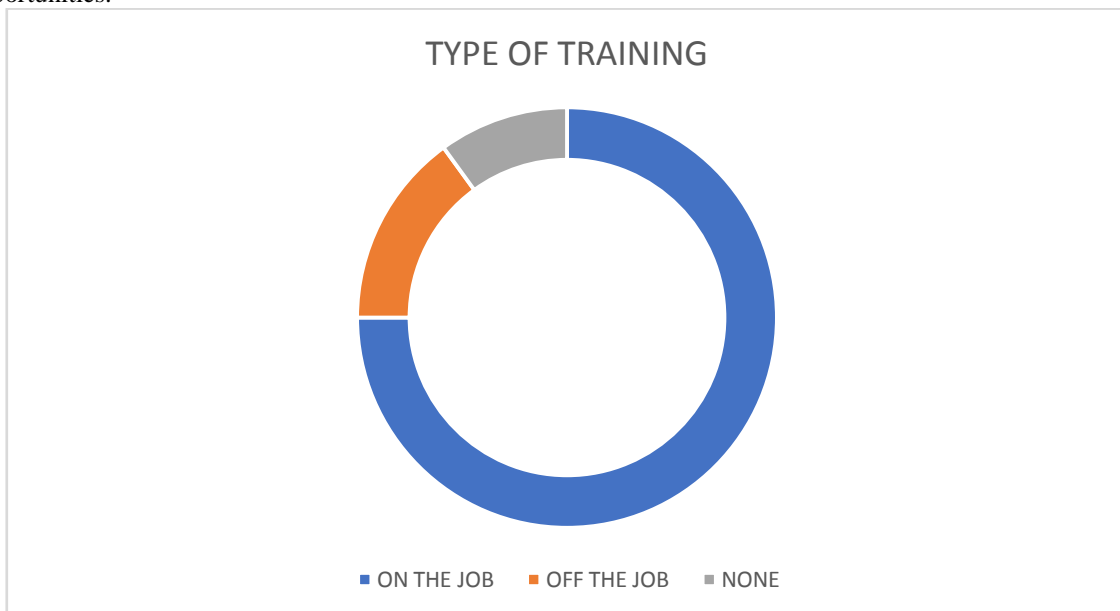


**ON THE JOB AND OFF THE JOB TRAINING**

I was able to find that the company organizes different types of training programs for their employees which can be shown in the table below.

Opinions of respondents	Density	Percent
On the job training	15	75
Off the job training	3	15
None	2	10
Total	20	100

The table shows us that 75 % of the employees usually go through on-the-job training programs and 15 % of the employees go through off-the-job training while 10 % of the employees are given no training opportunities.

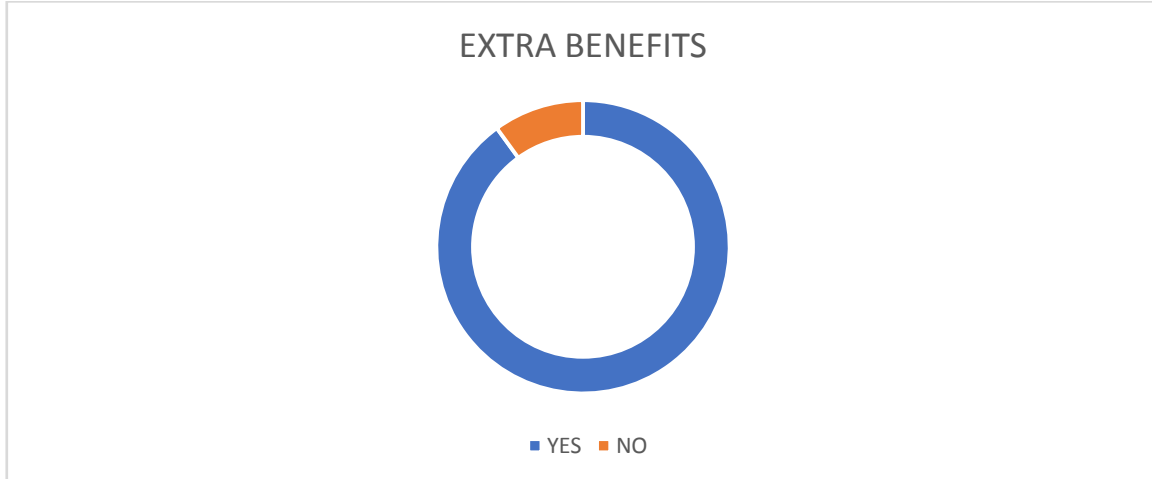


**EXTRA BENEFITS**

I was able to find out the employees are also satisfied with the medical benefits, and housing benefits in the organization which are shown in the table below

Opinions of respondents	Density	Percent
Yes	18	90
No	2	10
Total	20	100

The results show most of the employees are satisfied with the management policy regarding the extra benefits provided to them.



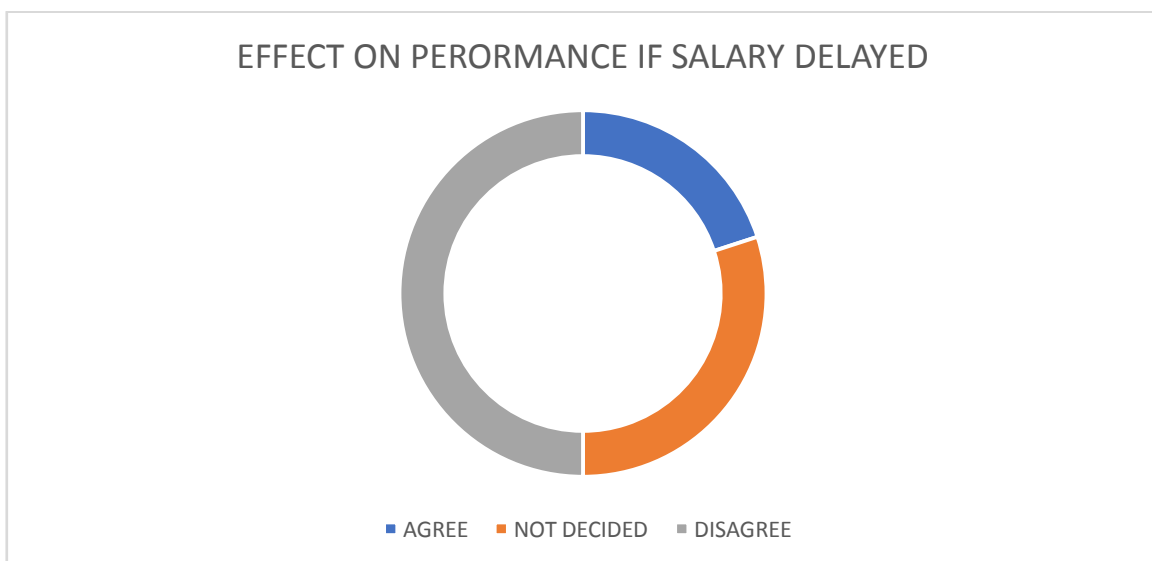
**PERFORMANCE IF SALARY IS DELAYED**

I was able to find out will the employees perform with the same motivation if there are salaries are delayed which is shown in the table below.

Opinions of respondents	Density	Percent
Agree	4	20
Not decided	6	30
Disagree	10	50
Total	20	100

It is said that incentives are the best way to motivate their employees other than salary. Incentives help the organization as the incentives are usually goal-driven like bringing X number of

clients and taking the incentives. that is why 50 % of the respondents disagree that their performance maybe not be good if the incentives are not reached on time to them.



### RELATIONSHIP BETWEEN TOP-LEVEL MANAGEMENT AND STAFF

I was able to find a relationship between top-level management and the staff members if this

relationship missing between the staff and management there will be negative consequences. the results are shown in the table below

Opinions of respondents	Density	Percent
Agree	18	90
Not decided	0	0
Dis agree	2	10
Total	20	100

The relationship between the top level and staff helps to stabilize the environment in the organization. As we can see 90 % of the people agree with having a good relationship between their employees and top-level management while the 10 % of the people disagree with having a good relationship between top-level and staff members good communication can be built with the tone while talking, body language, etc. for building a good relationship between both they have to show a sense of belongingness

### V. CONCLUSION

The study aimed to find out what is the effect of financial and non-financial incentives on the performance of an individual employee. The reaction of employees to their duties when motivation is used by the employer is also explored in the study, as well as how managers might use motivational theories of management in their endeavor to guide employees' job behavior towards the aims of their institution.

The conclusions were reached after the survey results had been presented and analyzed. In summarising the study's conclusions, we will concentrate on financial incentives, which include the following. Recognition, good working conditions, and job stability are all important factors. high compensation and benefits, advancement with pay, and demanding assignments Workers' identification and recognition, as well as the provision of fringe benefits, are all examples of this. Researching the impact of financial incentive programs on enhancing staff motivation and productivity in the organization is a smart idea for a potential manager.

The responders unanimously agreed with this viewpoint. Various issues unique to the administration of employee incentive schemes were identified as a result of the research, as well as solutions to these issues. The research also includes the Employees often support the idea that they should be compensated in direct proportion to their labor rather than the group's effort. It's also worth noting that financial incentive schemes should be

well-planned so that employees can receive the incentive scheme that best suits their needs. According to the findings of the study, while establishing a financial incentive system for their staff, managers of various organizations must consider the following elements.

Increased productivity is a decisive element in the welfare of any firm and its personnel, according to this study. Employees often support the idea that they should be compensated in direct proportion to their labor rather than the group's effort. It's also worth noting that financial incentive schemes should be well-planned so that employees can receive the incentive scheme that best suits their needs. According to the findings of the study, while establishing a financial incentive system for their staff, managers of various organizations must consider the following elements.

Increased productivity is a decisive element in the welfare of any firm and its personnel, according to this study.

Incentive systems are quickly becoming a popular strategy for attracting, motivating, developing, and retaining staff in Nigerian businesses. Employee performance is more likely to be good in organizations that give effective incentives, according to experience. The key conclusion gained from the reviews is that incentive systems have a significant link with employee motivation and productivity in Nigerian organizations. Employee production capacity is most typically increased with an increase in their interest and morale, according to research and experience. Since motivation is a means of incentivizing and encouraging employees to achieve optimal production.

It implies that their productivity will be proportional to the extent to which such financial incentives are provided; as a result, the issue of worker motivation cannot be separated from the issue of worker motivation. Alberto has difficulty with worker training, involvement, and production (2014). All of the complicated organizational challenges elicited insatiable desire and worry

among industrial sociologists, psychologists, and those involved in the meaningful solution and reconciliation of those interest problems in contemporary organizations without it. For the organization to reach its maximum potential, the correct financial incentives and atmosphere are required.

#### BIBLIOGRAPHY

- [1]. Aina, S. C. (2005): Personnel management in Nigeria. Ikeja: Edition Communication.
- [2]. Ajuogu, M. O (2001): Organisational Behaviour: Theory and Practice. Calabar: Waco Publishing Limited.
- [3]. Akintoye, I.R. (2000): the Place of Financial Management in Personal Psychology, University of Ibadan, Nigeria, 2000.
- [4]. Asika, N. (1999): Research methodology in the Behavioural Science. Ikeja: Longman Nigeria Plc.
- [5]. Banjoko, S.A. (2007): Human Resource Management, Saban Publishers, Lagos.
- [6]. Bateman, T.S. and Scott A. S. (2000) "Management Building Competitive Advantage" 4th Edition (2000) The McGraw-Hill Companies, Inc.
- [7]. Bem, D. J. (1995): Self-Perception, an Alternative of Cognisance Dissonance Phenomena. Psychological Review 132, Work & Motivation, Wiley New York.
- [8]. Chanda, A. and Chanda, R (2010): Strategic Integration of Recruitment practice and its impact on performance in India enterprise. Research and practice in human resource management (2).
- [9]. Chrisnall, P. M. (1995): Marketing: A Behavioural Analysis. London: McGraw-Hill Book Company (UK) Limited.
- [10]. Cole, G.A (1996): Management: Theory and practice. 5th Ed, Great Britain: Ashford Colour Publishing Limited.
- [11]. Corporate Counsel: Avoiding Liability for Office Romances through Use of Love Contracts', Martin W. Aron; April 2007.
- [12]. Dale, E. (1993): Management: Theory and practice. 4th Ed, Japan: McGraw Hill Book Company.
- [13]. Dhar R. and Werten B. K. (2000): Consumer Choice Between Hedonic and Utilitarian Goods, Journal of Marketing Research.
- [14]. Egbere, E (2004): The impact of employee participation in Decision making and Organizational productivity Unpublished B.Sc. Project Institute of Management and Technology (IMT), Enugu. 141
- [15]. Gbadamosi, G. and Moruf A. A. (1997): Organisational Behavior: A Basic Introduction. Ikeja: Pumarck Nigeria Limited Educational Publishers.
- [16]. Gluck, W.E (2000): Business Policy and Strategies Management. New York: McGraw-Hall international Books Company.
- [17]. Hodelts, R. (1997): Introduction to Business. New York: Addison-Wesley Publishing Company.
- [18]. Jucious, M. J. (1995): Personnel management. New York: Mc Graw- Hill.
- [19]. Lillis, J. C. (2000): Management practice. New York: McGraw-Hill.
- [20]. Lucy, T. (1995): Management information system. 7th Ed; London: ELBS with DP publications.