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Impact of Non – Financial Incentives on Job Satisfaction and Employee Productivity – An Empirical Study With Reference to the Indian Banks

Dr.Nagaraju Battu [1] & Gudavalli Radhika [2]

(1)Head, Department of Human Resource Management, Acharya Nagarjuna University, Guntur, Andhra Pradesh, India.

(2) Research Scholar, Department of Human Resource Management, Acharya Nagarjuna, University, Guntur, Andhra Pradesh, India.

Abstract:

The role of non – financial incentives is found to be vital in the organizations. The impact of non – financial incentives over the job satisfaction levels of the employees is found to be very high in the service sectors and the banking sector is not exceptional. All the Indian banks are implementing the various incentives programmes to attain the satisfaction among their work force. This study is aimed to understand the various non – financial incentives such as career development, job enrichment, employee recognition and employee empowerment impact over the job satisfaction in the Indian banking sector.

Keywords: Incentives, Non – Financial Incentives, Career Development, Job Enrichment, Job Satisfaction

Introduction

The roots of the Indian banking system prevailed in the rural area, where the money lenders lend their funds to the farmers and other individuals for the interest. This scenario has existed in both the northern and southern parts of India. In south India the Vaishyas act as the major bankers. In north India the community of "Seth" or "Sethi"means "chief" acted as either professional bankers or the money lenders. There are other communities namely Chttis, Mahajans, Sahukars and Shroffs who contributed in the indigenous banking system development in various parts of the country. The basic banking principles are condemned even in Manusmriti as money lending is a permitted way of obtaining prosperity. It also fixed the rate of interestto different casts such as to Brahmins - 24 %, Kshatriyas - 36%, Vaishyas - 48% and Shudras 60%. This phenomenonroved that the ancient banking system in India is so stringent and so exhaustive and helped for the development of human civilization. Such banking system cannot be found in any other country around the globe by that time. However, the Indian indigenous banking system undoubtedly supported and acted as the back bone for the growth and development of Indian agriculture, trade and commerce (Aziri (2011); Balkin E et al., (2017)).

Classification of Incentives

Incentiveplays the key role of motivator in any kind of organization be it production or service sector. It can add to the efficiency level of any employee and create a desire amongst the employees to give their best to the organization by putting in more energy and working with better accuracy. These concepts of "incentive", "reward" and "recognition" can be aptly applied to any sector be it production or service sector or otherwise banking as well (Hackman et al., 2011).

Hence, Incentives could be classified under two core classes:

- MonetaryIncentives
- Non – Monetary Incentives

Significance ofIncentives

The studies done by various renowned management institutes and the theories of different management gurus explain the fact that human resource manpower) isthe most valuable asset of any organization to be cherished and groomed in order to achieve the desired optimization by the firm. Hence, putting it in simpler terms thesuccess of any organization depends heavily on the performance of its employees.Thus, any factors existing in the organization that could affect the performance of the employees cannot be ignored. It is important for any organization to concentrate on such factors like ability, opportunity and motivation which affect employeeperformance.[1]Here, these three factors can be explained as 'Ability' being the function of improving educational qualifications of an employee, inculcating skills in him or imparting training and experience to the employee. This will give an employee a wider vision to expand his knowledge base. Similarly, 'Opportunity' basically refers to the basic necessary resources and infrastructure like technology and data base required in performing any particular job. Whereas, 'Motivation' is the reason behind the performance of the human resource provided the rest of the conditions are satisfied (Irvine et al., (2015).

Review of Literature

Igbaekemem Goddy, (2020): his main purpose of the research was to ascertain the relationship between monetary incentives and their impact on employee performance. Secondary data was used for collecting data in the research. Results concluded that, giving regular monetary incentives is not the key to all locks. It should also be kept in mind that a balanced mosaic of monetary and non-monetary incentive should be sprinkled as it is well known that "variety is the spice of life" Monetary and non-monetary incentives have different faces, structures and behaviors. Only equilibrium between monetary and non-monetary incentives can grasp the nettle of employees' needs and wants.

Adisa Delic et al (2017): focused on "the impact of monetary and non- monetary incentives on job satisfaction". The data was collected through direct contact with each respondent, their study concluded that monetary factors still have a very strong influence on the overall job satisfaction. Elements such as salary level compared to job complexity, salary comparison across different positions and employers, overtime compensation, financial support for professional development and pension expectations were the most significant material compensation factors that influence the overall level of employee job satisfaction in the banking sector (Chew, 2015)[55].

McCloy et al., (2014): pragmatic goal of this investigation was to explore that whether employee welfare program could help to achieve accelerated labour output in the service sector. Data was collect through previous studies. Results concluded that worker welfare schemes and facilities have positive effects on labour productivity. Magnetic fields of such schemes can hold the employees, helping them with their bread and butter. Subsequently they also reduce per unit production cost, elevating mental peace, assuring job stability and shedding off managerial diplomacy. The text also furnishes ways to heal the soaring thumbs that stand out in administration of welfare program for workers, which now no longer be kept under the carpet.

Morrison (2014): their study is a praiseworthy exploration of the methods that can be applied to keep the employees engaged in their work and how this working capacity and desire can be enhanced using monetary and non-monetary rewards.

Rast et al., (2017): their study investigated the effects of monetary and non-monetary rewards on motivation with respect to lower level employees in the retail industry. An empirical investigation was undertaken using a sample of fifty (50) lower level employees drawn using the random samplingtechnique. Results concluded that modicum important relationship was there between the non-monetary rewards and lower-level employee motivation. There was an affirmative but feeble significant relationship between casually given rewards and work motivation.

Zaini et al., (2019) conducted a study to find out the impact of corporal work environment and its features onthe performance of workforce. Features of work environment certainly have a bearing on employee productivity and play a significant role in augmenting and affecting the level of efficiency. Job aid supervisors' support and physical working conditions were taken as different variable for the research. The study suggested that the work output can be augmented from 5 to 10 % if the employees are provided with good or improved working conditions.

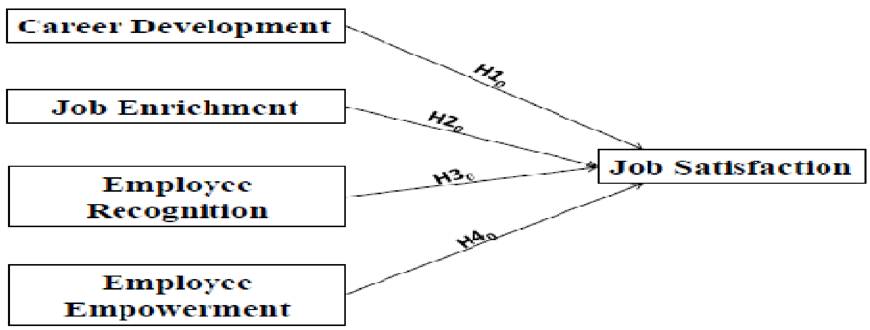
S. Sajuyigbe et al (2013): Attempted to find out the effects of rewards on employees' performance. Success of this survey is attributed to 100 propitious respondents; structured questionnaire was used for data collection with purposive sampling method and data analysis was mediated by multiple regression analysis.Results concluded that parameters concerning with reward positively affect employees' performance, which gave a total of 71% variance of performance. Suggestions were made that management should sow the seeds of commitment in its workers, nurture it with elements of rewards and appreciation, and it would definitely bloom to bears fruits of personal upliftment and organizational success (Tymon et al., 2010).

Dr D. B. Rane (2016): his work declares that for each and every organization employee job satisfaction is consequential. And still herculean is heaping up productivity of the organization to the hilt. No situations in any business remainharmoniousandhenceworkforceshouldnotbehuffilyreplacedin period of low level fiscal tides. Leaders of the organization need to go the whole hog to improve efficiency of workforce, retrofitting equipment, renewed class of production and augmented yield. All these listed features are essential to create high level of fulfillment amongst the personnel. To motivate the Human Resource is a tough ride but can be achieved by following: Positive work culture, remunerating appropriate aspirants, employee's participation, accelerating worker's skills and capacity, reduce employee tensions, encourage flexible work scheduleetc (Zaman et al., 2011).

Research Gap

With respect to the available literature over the impact of incentives on job satisfaction the role of incentives such as either the financial or non-financial incentives are considered to be vital in motivating the employees(Ali, 2019). This is not an exemption to the banking sector. However, though there are many studies which disclosed about the impact of financial and non-financial incentives on the job satisfaction levels of the employees still it is needed to understand well. Hence, this study initiated to consider the factors of both the financial and non-financial incentives and expected to check their impact over the job satisfaction levels of the employees in the banking sector. So, it is highly necessary to understand the impact of non-financial incentives impact over the job satisfaction.

Conceptual Model of the Study



Data Analysis:

$H1_0$: Career Development will not effect the Job Satisfaction

Table –1: Model summary table of the analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.576[a]	0.331	0.331	0.86247
a. Predictors: (Constant), Career Development				

With reference to the above table – 1, the statistic results revealed that the R-Square value is found to be 33.1. The adjusted R-Square is denoted as 33.1. The standard error of the model is 0.86247. With these results the researcher may conclude that the predictor variable i.e Career Development have moderate impact over the Job Satisfaction.

Table – 2: ANOVA table of the model

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	403.059	1	403.059	541.85	0.000[b]
	Residual	813.778	878	0.744	--	--
	Total	1216.836	879	--	--	--
a. Dependent Variable: Job Satisfaction						
b. Predictors: (Constant), Career Development						

The analysis of variance (ANOVA) table – 2elicited that the F-value of the model is 541.85 and the p-value is found to be 0.000. This phenomenon indicates that the relationship between the Career Development and the Job Satisfaction is found to be highly significant.

Table – 3: Coefficients of the model

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.522	0.091	--	38.492	0.000
	Career Development	0.430	0.018	0.576	23.278	0.000
a. Dependent Variable: Job Satisfaction						

The coefficient of the regression model is presented in table – 3. The results disclosed that the constant i.e β_0 is found to be 3.522 and β_1 of the model is estimated as 0.430. Further the results of the analysis elicited that the standard error of the model is 0.018; t – value of the model is 23.278 and the p-value of the model is 0.000. Based on these results the researcher concluded that the relationship between the Career Development and the Job Satisfaction is strongly significant.

$H2_0$: Job Enrichment will not effect the Job Satisfaction
Table -4: Model summary table of the analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.544[a]	0.296	0.295	1.00484
a. Predictors: (Constant), Job Enrichment				

With reference to the above table – 4, the statistic results revealed that the R-Square value is found to be 29.6. The adjusted R-Square is denoted as 29.5. The standard error of the model is 1.006484. With these results the researcher may conclude that the predictor variable i.e Job enrichment have moderate impact over the Job satisfaction.

Table – 5: ANOVA table of the model

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	464.150	1	464.150	459.68	0.000[b]
	Residual	1104.620	878	1.010	--	--
	Total	1568.770	879	--	--	--
a. Dependent Variable: Job Satisfaction						
b. Predictors: (Constant), Job Enrichment						

The analysis of variance (ANOVA) table – 5 elicited that the F-value of the model is 459.68 and the p-value is found to be 0.000. This phenomenon indicates that the relationship between the Job enrichment and the Job satisfaction is found to be highly significant.

Table – 6: Coefficients of the model

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.738	0.163	--	10.658	0.000
	Job Satisfaction	0.618	0.029	0.544	21.440	0.000
a. Dependent Variable: Job Enrichment						

The coefficient of the regression model is presented in table – 6. The results disclosed that the constant i.e β_0 is found to be 1.738 and β_1 of the model is estimated as 0.618. Further the results of the analysis elicited that the standard error of the model is 0.029; t – value of the model is 21.440 and the p-value of the model is 0.000. Based on these results the researcher concluded that the relationship between the Job enrichment and the Job satisfaction is strongly significant.

$H2_{0c}$: Employee Recognition will not effect the Job Satisfaction
Table – 7: Model summary table of the analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.357[a]	0.127	0.126	0.80047
a. Predictors: (Constant), Job Satisfaction				

With reference to the above table – 7, the statistic results revealed that the R-Square value is found to be 12.7. The adjusted R-Square is denoted as 12.6. The standard error of the model is 0.80047. With these results the researcher may conclude that the predictor variable i.e Employee Recognition have moderate impact over the Job Satisfaction.

Table – 8: ANOVA table of the model

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.153	1	102.153	159.42	0.000[b]
	Residual	700.982	878	0.641	--	--
	Total	803.135	879	--	--	--
a. Dependent Variable: Employee Recognition						
b. Predictors: (Constant), Job Satisfaction						

The analysis of variance (ANOVA) table – 8 elicited that the F-value of the model is 159.42 and the p-value is found to be 0.000. This phenomenon indicates that the relationship between the Employee Recognition and the Job Satisfaction is found to be highly significant.

Table – 9: Coefficients of the model

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.536	0.107	--	42.265	0.000
	Job Satisfaction	0.255	0.020	0.357	12.626	0.000
a. Dependent Variable: Employee Recognition						

The coefficient of the regression model is presented in table – 9. The results disclosed that the constant i.e β_0 is found to be 4.536 and β_1 of the model is estimated as 0.255. Further the results of the analysis elicited that the standard error of the model is 0.020; t – value of the model is 12.626 and the p-value of the model is 0.000. Based on these results the researcher concluded that the relationship between the Employee Recognition and the Job Satisfaction is strongly significant.

$H2_{0d}$: Employee Empowerment will not effect the Job Satisfaction
Table – 10: Model summary table of the analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.402[a]	0.162	0.161	0.80787
a. Predictors: (Constant), Job Satisfaction				

With reference to the above table – , the 0statistic results revealed that the R-Square value is found to be 16.2. The adjusted R-Square is denoted as 16.1. The standard error of the model is 0.80787. With these results the researcher may conclude that the predictor variable i.e Employee Empowerment have moderate impact over the Job Satisfaction.

Table – 11: ANOVA table of the model

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	137.571	1	137.571	210.79	.000[b]
	Residual	713.995	878	0.653	--	--
	Total	851.566	879	--	--	--
a. Dependent Variable: Employee Empowerment						
b. Predictors: (Constant), Job Satisfaction						

The analysis of variance (ANOVA) table – 11 elicited that the F-value of the model is 210.79 and the p-value is found to be 0.000. This phenomenon indicates that the relationship between the Employee Empowerment and the Job Satisfaction is found to be highly significant.

Table – 12: Coefficients of the model

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.365	0.108	--	40.299	0.000
	Job Satisfaction	0.296	0.020	0.402	14.519	0.000
a. Dependent Variable: Employee Empowerment						

The coefficient of the regression model is presented in table – 12. The results disclosed that the constant i.e β_0 is found to be 4.365 and β_1 of the model is estimated as 0.296. Further the results of the analysis elicited that the standard error of the model is 0.020; t – value of the model is 14.519 and the p-value of the model is 0.000. Based on these results the researcher concluded that the relationship between the Employee Empowerment and the Job Satisfaction is strongly significant.

Conclusion:

The statistical results of this research study disclosed that all the proposed non – financial incentives have the impact over job satisfaction. Hence, the banks are suggested to maintain all the non – financial incentives in their banks.

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