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HOW THE MONETARY INCENTIVES INCREASE THE MOTIVATION OF THE EMPLOYEE'S PERFORMANCE? : A CONCEPTUAL ANALYSIS

KEY WORDS: Monetary Incentives, Employee motivation, Employee Performance, Employee Satisfaction

Dr. K. RAMESH

MCS, M.Phil, MBA, M.Com, SET, Ph.D., Professor, PG & Research Department of Commerce, K.S.Rangasamy College of Arts & Science (Autonomous), Tiruchengode, Namakkal (DT), Tamilnadu, India

ABSTRACT

The aim of this research is to ascertain the relationship between monetary incentives and its impact on employee performance. The essence or purpose is also to affirm that monetary incentives is a good motivational tool on employee performance in a society like ours; where the cost of living is very high. It is also to bring to light that monetary incentive alone is not sufficient to motivate all categories of employee to perform better on their job. Employees are a priceless possession in the achievement of organizational goals and to ensure that all hands are on deck, they must be motivated, to inspired as one of the tools employed by management to motivate on inspired employee is incentive. In this research, a conceptual based discussion has been attempted for identify how the monetary incentives step in to increase the motivational level of the employees and increase the job performance and job productivity. From the discussion, it is identified that the researchers have focused and examined the monetary incentives increases the motivation of the employee performance.

INTRODUCTION

The most asset an organization could possess is the human resource because according to Armstrong (2006) the workers individually and collectively contribute to the achievement of an organization's objectives. As a result of the importance of human resource its management impacts significantly on employees' turnover and productivity and corporate financial performance (Adams, 1999). The current business environment is changing rapidly and very unstable. Alderfer (1972) assert that the economic environment is changing rapidly and it is typified by variables such as deregulation and globalization of the markets, unstable customer and investor demands and continually increasing product-market competition. This has become the standard for most corporate organizations. Thus, in all the sector, as a result of the dynamic environment needs highly competent and motivated human resource for it to remain competitive in the global market and changing technological environment. One of the major problems facing most employers in both public and private sector is how to motivate their employees in order to improve performance. Economics is largely based on the assumption that monetary incentives improve performance. It is generally believed that effect of monetary incentives is unambiguously positive a large monetary incentive improves employee performance.

The issue of employee performance cannot be over emphasized. The general believed is that employees will not perform to the best of their ability unless they are motivated to do so. Various researchers have come up with various ways to motivate people at work. However, because human beings are different from one another in terms of needs, culture, religion etc. so does what motivate them also varies. Some employees are motivated by financial and other incentives and some nonfinancial incentives.

Recent studies have shown that a combination of financial and non-financial incentives can motivates employee to perform well on their job. Company authorities continuously seek for ways to create a motivating environment where employees will work at their optional levels to achieve the organizational objectives. Work place motivators include both monetary and non-monetary incentives. Monetary incentives can be diverse while having a similar effect on associates. The purpose of monetary incentives is to reward employees for excellent job performance through money. Research shows that desired monetary incentives differ for employees based on career stage and generation. Since human resource is the most valuable resource of any organization, it must activate, train, develop and above all motivate in order to achieve individual and organizational goals.

An individual who has possessed skills, ability and knowledge will not do much without being motivated. However, an individual with skills, ability and knowledge added with motivation is some to succeed. Motivation is the willingness to work. It is the drive and stimulation, which enables individual to perform their work. Some individual defines motivation as money and most people are motivated by money. Monetary rewards as a motivator is high in developing in countries due to high cost of living and low quality of lives which they are facing. Most activities of man are related to making money. The truth here is that primarily, people are motivated by economic rewards. It is believed that man, if motivated will go extra mile in satisfying his employer.

OBJECTIVE OF THE STUDY

- To discuss the influence of monetary incentives on employee performance, employee satisfaction and job performance.
- To discuss the review about the influence of monetary incentives on employees' satisfaction.
- To observe the results about the influence of monetary incentives on motivation and performance.

Concept Of Monetary Incentives

A motivation is a prize given to an individual to invigorate their activities to an ideal heading. Motivators have inspirational powers and are broadly used by people and enormous associations to persuade workers. They can either be money related or non- financial is of the view that money related Incentives are monetary motivators utilized for the most part by businesses to persuade workers towards meeting their objectives. Cash, being an image of force, status and regard assumes a major part in fulfilling the government managed retirement and physiological requirements of an individual. Cash notwithstanding, seizes to be a helper when the mental and security needs are fulfilled. By then it's anything but a support factor, while making a prize program to inspire representatives, leaders and friends' proprietors need to comprehend that the award or motivation neither ensures quality yield nor dedication yet a reward that urges labourers to meet their objectives without settling on quality.

DEFINITION OF MOTIVATION

A motive is a reason for doing something, Oxford Dictionary defines motive as what makes a person do something. To motivate someone is to make him keen to achieving something. Motivation is a predisposition to act in certain manner. That motivation is concerned with the factors that influenced people to behave in certain ways. To motivate an individual, is to make individual, move in the direction you want him or her to go in order to achieve a result. Human

beings are motivated based on needs, whether consciously or sub consciously by primary or secondary needs. Primary needs such as: the physiological needs for water, air, food, sleep and shelter and secondary needs such as self-esteem, status affection, accomplishment etc. In psychology, motivation refers to the initiation, direction, intensity and persistence of behaviour motivation is having the desire and willingness to do something.

Types Of Motivation

Intrinsic Motivation: Intrinsically motivated behaviour as those in which a person engages to feel competent and self-determining. It is a self-generated factor that influences people to behave in a particular way. These factors include responsibility, autonomy (freedom to act) interesting and challenging within an individual that gingers the individual to doing something. Intrinsic motivation is evident when people engage in an activity for its own sake, without some obvious external incentive present.

Extrinsic Motivation: This is something external to an individual that gingers the individual to doing something it is what is to or for people to motivate them to act in a particular manner such as reward, pay-increase, praise, promotion etc. The Evolution of Motivation One of the most difficult issues to predict in the work environment is the human behaviour the problem that has always and will continue to occupy the mind of management is productivity. This was what led Taylor in the 1920's to device a wage incentives system in order to motivate employees to be more productive. His approach however did not work; because he did not understand that employees are also social beings not only economic needs, but also psychological needs. This led to the Hawthorn experiment which discovered that psychological factors were playing a higher motivational role in high productivity. Since 1940, the behavioral science management started to focus on need as the primary motivators of behaviour, hence, the concept and practices of motivation became a critical issue in management.

Influence Of Incentives On Motivation

Bergum and Lehr (2005) asserts that because people are suspicious of self-interest and incentives, motivating employees through incentives is being opposed because to him it is inconceivable that people's actions could be associated to a response to incentives. The practice of using monetary incentives to attract employees from one bank to the other may be a disadvantage to career development because the tendency will be for bankers to move from one bank to the other without considering prospect of their career. Cole (2002) attacks the use of incentives for compensation not only for the executives but also in the society because economics views rational behaviour as self-interested and that this proposition is wrong both in a positive sense and in a normative sense (because if they did behave in a self-interested way, the world would be a more brutish and undesired place). Drucker (1999) agrees with Brennan on the fact that people may not sometimes behave in a rational way but that there is no evidence that support his view on incentives.

According to Quadri AA (2019), a compensation package is when an incentive is used as a strategic tool to compensate an employee for their performance and retain them by achieving employee satisfaction and improving their health for achieving the best job performance at the same time. Some researchers believe that incentives are used by employers to trigger and influence the motivation of employees.

From the discussion of the authors Masood SA, Dani SS, Burns ND, Backhouse CJ (2006), Prasad TS, Siddhardha D, Lakshmi PM (2019), and Waqas Z, Saleem S (2014) whenever the employees are motivated that leads to improvements in general health, skill and they will also be satisfied with their

work. Most organizations perceive incentives as a way of achieving their goals. The authors Winston BE, Patterson K, (2006) HemaMalini PH, Washington A (2014) and Uzair M, Razzaq W, Sarfraz M, Nisar QA (2017) explained Employee loyalty is defined as the commitment or psychological attachment of employees toward the organization. Employee loyalty is also defined as the capability of the employee to stay in an organization. It might also depend on how much time they have spent in an organization and what type of work they do in an organization.

Influence Of Incentives On Job Satisfaction And Performance

Employee performance is very paramount in organization and it is believed that job satisfaction leads to employee performance. Egwuridi (1981) assert that Fowler (2001) expectancy theory suggests that performance leads to job satisfaction through the provision of intrinsic and extrinsic rewards. With these argument for and against the use of monetary incentives to motivate employees in the banking sector in Nigeria it is imperative to empirically examine if the use of monetary incentives motivates bankers to high level of performance.

The researchers Isfahani AN, Jooneghani RBN, Azar M. (2013), and Masood SA, Dani SS, Burns ND, Backhouse CJ (2006) have outlined that compensation was an important factor in providing health allowances, job satisfaction, and employee empowerment are also considered to be important factors in cases of employee loyalty. According to Elqadri ZM (2013), the reward in satisfying the needs of employees, for example, the healthcare of their family, as stated by Victor H. Vroom under the theory of expectancy.

The researcher Bulgarella CC (2005) pinpointed that Job performance is defined as a certain behavior that organizations expect an individual to carry out. Different researchers have defined job performance as a multidimensional concept that includes both task performance as well as contextual performance. The author Motowidlo SJ expressed that task performance is defined as an employee's contribution toward the organization i.e., their technical competencies and job proficiency, whereas contextual performance is not linked with the formal job requirements of an employee.

According to the author Ineson EM, Berechet G. (2011) described that performance is composed of many other different concepts but on a basic level. It can be described as behavioral engagement with an expected outcome, where behavior shows the action people perform to complete the work, outcomes exhibit the results of individual job behavior. Performance is considered a multi-dimensional concept. Job performance has received research attention in the last few decades. The author Luthans K. (2000) explains that effectiveness of job tasks involves evaluating the results of employee performance (i.e., financial value of sales). In comparison, productivity is defined as the ratio of effectiveness to the cost of attaining the outcome. For example, the ratio of hours of work that an employee is investing as input and the product they assemble as output both describe the productivity of an employee. Therefore, performance must be evaluated separately from efficiency and effectiveness in productivity.

RECOMMENDATIONS AND CONCLUSION

Based on this study discussion, following suggestions and conclusion were offered;

- The authors have clearly discussed and recommended to the company managements that they should increase the incentives according to the performance of employees because less incentive is down the performance of employees instead of increase the performance of the employees.
- While deciding the incentive, the management should be careful that the incentive should not be too high because if the incentive is more according to the work, then the employees crave to get more incentive by doing less work.
- Management should continue appreciate the employees through financial

and non-financial rewards because human mind needs inspiration.

- Management should continue to allow their employees to enjoy incentives and job work on the workplace.
- Monetary incentives encourage employees and there are positive significant differences among the monetary incentives and employees' performance used basic pay, bonus, rewards, profit sharing, gain sharing etc.
- There is also positive significant relationship between non-monetary incentives and employee's performance. Organizations encourage employees through participation, feedback, career development programs, recognition, job satisfaction etc.

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