THE ENHANCING EMPLOYEE PERFORMANCE THROUGH MONETARY INCENTIVE

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ABSTRACT

This study explores the impact of monetary incentives on employee performance within organizations. It develops into various types of monetary incentives, such as bonus, commissions, and profit-sharing, and their effectiveness in motivating employees to achieve higher levels of performance. Additionally, it examines the role of intrinsic and extrinsic motivation in shaping employees' response to monetary incentives. By synthesizing existing research findings, this paper aims to provide insights into designing effective incentive programs that align with organizational goals and fosters a culture of high performance. These incentives serve as tangible rewards for employees' efforts and accomplishments, providing a clear link between performance and compensation.

KEYWORDS: EMPLOYEE PERFORMANCE, MONETARY INCENTIVE, COMPETITIVE WORK

INTRODUCTION

Monetary incentive or financial rewards for employee performance lead a crucial role to motivate employee toward their work in a competitive work environment. As per the economic report, monetary incentive is a very common way to enhance employee performance in an organization or company through using financial rewards. Monetary reward is important to increase employee performance due to various reasons. This particular study paper analyzes properly monetary incentives, and the importance of monetary incentives to enhance performance in a competitive business environment.

Monetary incentive come in various forms, including, bonuses, commission, profit-sharing, and performance-based pay. These incentive provide tangible rewards for employee who exceed expectations, meet targets, or contribute significantly to the company's goals. Such rewards not only recognize and appreciate employee's efforts but also encourage continuous improvement and commitment to excellence.

FEATURES

Motivation: Offering bonuses, commissions, or performance-based pay motivates employees to work harder and achieve better results to earn more money.

Attraction and Retention: Competitive salaries and financial rewards attract top talent to the organization and encourage them to stay, reducing turnover rates.

Goal Alignment: Monetary incentives tied to specific goals or Key Performance Indicators (KPIs) align employees' efforts with organizational objectives, fostering a results-driven culture.

Recognition: Monetary rewards serve as tangible recognition of employees' contributions, boosting morale and job satisfaction.

Productivity: Financial incentives can drive productivity by encouraging employees to be more efficient and focused on tasks that contribute directly to their performance objectives.

Innovation: Incentives tied to innovation or problem-solving initiatives can stimulate creativity and initiative among employees.

Fairness: When implemented transparently and equitably, monetary incentives promote a sense of fairness and equity among employees, fostering a positive work environment.

SCOPE OF THE STUDY

- Monetary rewards serve as powerful motivators, encouraging employees to strive for excellence and achieve organizational objectives.
- Financial incentives can lead to increased productivity as employees are driven to perform at their best to attain the associated rewards.
- Offering monetary rewards contributes to employee satisfaction and retention by recognizing and valuing their contributions, reducing the likelihood of turnover.

- Monetary incentives create a competitive yet positive work environment, where employees are inspired to outperform their peers, driving overall team success.

REVIEW OF LITERATURE

Milkovich & Newman (2005): They emphasized the need for organizations to align reward systems with their overarching goals and individual performance metrics. By discussing various approaches to compensation design and implementation, they provide valuable insights into how organizations can effectively utilize monetary incentives to drive desired employee behaviours and outcomes.

Luthans &Stajkovic (1999): Luthans and Stajkovic argued for a broader approach to reinforcement beyond monetary rewards in their article. They suggest that while monetary incentives are essential, they should be complemented with non-monetary forms of recognition and feedback. By incorporating a variety of reinforcement mechanisms, organizations can create a more holistic approach to motivating employees and sustaining high levels of performance.

OBJECTIVES OF THE STUDY

1. To know about monetary incentive of employee.
2. To analyse the quality of work and business productivity through an incentive system.
3. To review the relationship between employee and customers to increase the company’s productivity.
4. To study the various incentive method that has been followed in the company.
5. To learn on monetary incentive, employee satisfaction, motivation and performance.

CONSTRUCTION OF TOOLS: Questionnaire

The researcher constructed a questionnaire and was circulated to the sample of 50 respondents.

Sample design:

By adopting random sampling method, 50 sample respondents was selected from Hero Karunya Motors. The questionnaire was distributed to get the primary data.

FINDINGS

- ✓ 48% of the respondents effective the overall effectiveness of monetary incentives at workplace.
- ✓ 48% of the respondents strongly agree the motivate employees to perform better at work.
- ✓ 40% of the respondents performance-based raises the type of monetary incentives most motivating.
- ✓ 28% of the respondents accuracy the aspects of work quality.
- ✓ 96% of the respondents individual performance they believe on individual performance, team performance or a combination of both.
- ✓ 72% of the respondents no the impact the quality of work produced by organization.
- ✓ 66% of the respondents team-building activities the improve the relationship between employee and increased productivity.
- ✓ 100% of the respondents review the relationship between employee and customers to ensure productivity.
- ✓ 44% of the respondents training and development programs the promoting a positive attitude toward the performance.
- ✓ 76% of the respondents the maintain a positive attitude among employee toward their performance.
- ✓ 56% of the respondents somewhat increase my motivation the monetary incentive affects your level of motivation at work.
- ✓ 74% of the respondents positive the overall attitude toward your performance in the organization.
- ✓ 44% of the respondents important the incentives in shaping tour attitude toward your performance.
- ✓ 68% of the respondents transparent the criteria for receiving monetary in organization.
- ✓ 54% of the respondents very important the important of monetary incentives in motivating at work.
- ✓ 44% of the respondents neutral and agree are the monetary incentive directly impacts your performance.

- ✓ 100% of the respondents the preference to receive monetary incentives for performance.
- ✓ 40% of the respondents the overall quality of work produced by organization.

TABLE 1.1

HYPOTHESIZED ASSOCIATION BETWEEN THE GENDER AND THE MOTIVATION LEVEL TO PERFORM BETTER AT WORK

HO: There is no significant association between the gender and the motivate employees.

H1: There is significant association between the gender and the motivate employees.

Chi-Square			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.990[a]	2	0.224
Likelihood Ratio	3.571	2	0.168
Linear-by-Linear Association	2.858	1	0.091
N of Valid Cases	50		
a. 4 cells (66.7%) have expected count less than 5. The minimum expected count is .64.			

INFERENCE:

The motivation level of employee to perform better is accepted with the gender in which inferential testing p-value is more than 0.05 which is statistically accepted of the significance.

TABLE 1.2

P>0.05 is no significant at the 0.05 level (2-tailed).

P value 0.05 there is no significance and no difference between the gender and the overall attitude towards performance in the organization.

HO: There is no significance association between the gender and the overall attitude towards performance in the organization.

HI: There is significance association between the gender and the overall attitude towards performance in the organization.

S.NO	PARTICULAR	GENDER	MEAN	STD	t value	P value
1	THE OVERALL ATTITUDE TOWARD YOUR PERFORMANCE IN THE ORGANIZATION	Male	4.2381	0.57634	1.159	0.252
		Female	4.0000	0.00000		

INFERENCE:

There is no significance difference in the overall attitude towards performance in the organization company based on the gender.

TABLE 1.3

HYPOTHESIZED ASSOCIATION BETWEEN THE EXPERIENCE AND THE INCENTIVES SHAPING ATTITUDE TOWARDS EMPLOYEES PERFORMANCE

HO: There is no significant association between the experience and the incentives shaping attitude towards employees performance.

H1: There is significant association betweentheexperience and the incentives shaping attitude towards employees performance.

Chi-Square			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.535[a]	6	0.146
Likelihood Ratio	10.266	6	0.114
Linear-by-Linear Association	0.947	1	0.331
N of Valid Cases	50		
a. 9 cells (75.0%) have expected count less than 5. The minimum expected count is .04.			

INFERENCE:

The attitude towards performance is accepted with the experience which is inferential testing p-value more than 0.05 that is statistically accepted of the significance.

TABLE 1.4

HYPOTHESIZED ASSOCIATION BETWEEN THE MARITAL STATUS AND THE CRITERIA FOR RECEIVING MONETARY INCENTIVE IN ORGANIZATION

HO: There is no significant association between themarital status and the criteria for receiving monetary incentive in organization.

H1: There is significant association between the marital status and the criteria for receiving monetary incentive in organization.

ANOVA

TABLE SHOWING THE CRITERIA FOR RECEIVING MONETARY INCENTIVE IN ORGANIZATION

			Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	(Combined)		.309	1	0.309	0.557	0.459
	Linear Term	Unweighted	.309	1	0.309	0.557	0.459
		Weighted	.309	1	0.309	0.557	0.459
Within Groups			26.571	48	0.554		
Total			26.880	49			

INFERENCE:

The criteria are based on merit rather than accepted which is implied by inferential testing and p value is 0.001that is statistically accepted value at given percent level of satisfaction.

TABLE 1.5

P>0.05 is no significant at the 0.05 level (2-tailed).

P value 0.05 there is no significance and no difference between marital and importance of monetary incentives motivating at work.

HO: There is no significance associated between the between marital and importance of monetary incentives motivating at work.

HI: There is significance associated between the between marital and importance of monetary incentives motivating at work.

S.NO	PARTICULAR	MARITAL	MEAN	STD	t value	P value
1	THE IMPORTANT OF MONETARY INCENTIVES IN MOTIVATING AT WORK	Married	4.2727	0.76730	-2.076	0.043
		Unmarried	4.6429	0.48795		

INFERENCE:

There is no significant difference in the importance of monetary incentives motivating at work based on the marital status.

TABLE 1.6

HYPOTHESIZED ASSOCIATION BETWEEN THE GENDER AND THE MOTIVATION LEVEL TO PERFORM BETTER AT WORK

HO: There is no significant association between the gender and the directly impacting the performance.

H1: There is significant association between the gender and the directly impacting the performance.

ANOVA

TABLE SHOWING THE MONETARY INCENTIVE DIRECTLY IMPACTING THE PERFORMANCE

			Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)		1.813	3	0.604	1.320	0.279
	Linear Term	Unweighted	0.451	1	0.451	0.984	0.326
		Weighted	0.430	1	0.430	0.939	0.338
		Deviation	1.383	2	0.692	1.510	0.232
Within Groups			21.067	46	0.458		
Total			22.880	49			

INFERENCE:

The impact is based on merit rather than acceptance which is implied by inferential testing and p value is 0.001 that is statistically accepted value at given percent level of satisfaction.

SUGGESTIONS

- Provide a percentage of sales or profits as an incentive for sales teams or departments.
- Reward exceptional performance with salary increases or promotions.
- Offer bonuses to attract talented candidates to join the company.
- Provide bonuses to employees who stay with the company for a certain period, encouraging loyalty and commitment.
- Offer employees the opportunity to own a stake in the company, aligning their interests with the company's success.
- Encourage employees to refer qualified candidates by offering monetary rewards for successful hires.

CONCLUSION

In conclusion, monetary incentives can be powerful tools for enhancing employee performance and motivation. By implementing a variety of incentives such as performance-based bonuses, profit-sharing plans, and merit-based pay raises, companies can effectively align employee efforts with organizational goals. However, it's crucial to design incentive programs that are fair, transparent, and tailored to the needs of employees. Regular evaluation and adjustment of these programs based on feedback and performance outcomes are essential for maximizing their effectiveness in driving employee engagement and productivity. Ultimately, a well-crafted system of monetary incentives can contribute significantly to a positive and dynamic work culture while also fostering employee loyalty and commitment.

In addition to driving performance and motivation, monetary incentives can also serve as effective tools for talent retention, attracting top talent, and promoting a culture of continuous improvement within an organization. By offering incentives such as stock options, education reimbursement, and travel rewards, companies can not only recognize and reward exceptional performance but also invest in the long-term growth and development of their employees.

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