

A study on the impact of incentives on job satisfaction among employees

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Abstract- In today's fast-paced work environments, optimizing productivity has become a critical concern for organizations across various industries. This study investigated the impact of incentives on job satisfaction and performance of employees. This study aims to assess how far monetary and non monetary incentives can boost the satisfaction level of employees. It is significant that monetary and non monetary incentives have directly proportional relationship with job satisfaction of employees. Higher the incentives, higher will be the satisfaction of employees. A sample of 115 employees was randomly selected for data collection. Various statistical methods were employed such as ANOVA, Chi- square for the purpose of conducting research. Clear associations were observed between demographic factors such age, gender, Income and specific dimensions of job satisfaction in relation to incentives. This is evident to the fact that demographic factors have the ability and power to influence the job satisfaction of employees in correspondence to incentives. The findings suggest that incentives can boost the performance level of employees. Overall, the study concludes that incentives have a positive impact on both employees satisfaction and performance. Hence management has the bound duty and responsibility to design appropriate incentive programmes for creating harmonious work environment and improving the satisfaction of employees.

Index Terms: Monetary Incentives, Non-monetary Incentives, Satisfaction, Performance.

I. INTRODUCTION

Job satisfaction plays an integral part in every organization. Considering the fact that job satisfaction places an extremely crucial role in determining the success of any organization, every firm needs to understand and implement those factors that lead to job satisfaction. Two factors that highly affect the job satisfaction of the employees at the workplace are Monetary and Non – Monetary Incentives. Both help an employee determine his value in the organization. However, while designing an incentive one might get confused as to which benefits and incentives, they should pay more attention to. This project discusses incentives and their impact on an organization. It further goes in detail to explain the various types of monetary and non –monetary incentives available at the workplace and discusses their relationship with job satisfaction both in the short and long run. It also highlights the benefits that both the employees and organizations get with the implantation of these incentives. The study aims to understand the relationship between job satisfaction and incentives and which incentives among monetary and non – monetary incentives have a higher effect on employees satisfaction .

II. OBJECTIVES OF THE STUDY

- To find out how far incentives can motivate the employees.
- To comprehend the benefits of monetary incentives towards employees job satisfaction.
- To understand the usefulness of non monetary incentives in motivating the employees.
- To analyze the correlation between incentives and job satisfaction among employees of the organization.
- To find out what kind of incentives are more effective for job satisfaction of employees.

Scope of the study

This study focuses on the importance of incentives that contributes towards the job satisfaction of workers. Human resources are one of important assets of any organization. They contribute towards the productivity of the organization. They improve the efficiency of resources. They make sure that work is effectively completed on time. An employee incentive is any program or reward introduced in the workplace to encourage employee performance and stimulate productivity. Although incentives can be physical objects of value or material goods, there are also many instances in which the incentives being offered are actions or intangible rewards.

Incentives play a crucial role in all industries and its workers. This study explains to what extent incentives can improve the performance of employees by maximizing their satisfaction level.

Satisfaction and performance level of employees are complementary to each other. Incentives are considered to be their supporting factor. Employees are attracted by both monetary and non-monetary incentives. Level and intensity of attraction depends on the characteristics and nature of employees.

Need for the study

An employee incentive is any program or reward introduced in the workplace to encourage employee performance and stimulate productivity. Although incentives can be physical objects of value or material goods, there are also many instances in which the incentives being offered are actions or intangible rewards.

Incentives give employers the chance to reward employees for their work while also stimulating motivation and productivity in the workplace. There is no limit to the range of incentives that an employer can introduce into the workplace, from simple benefits programs to concert tickets.

This study is needed to understand how far incentives play their role in satisfying employees and improving their performance.

Limitations

- The study only assumes that the information was given by the employees without any bias.
- Conducting a comprehensive study on the impact of ergonomics in the workplace requires sufficient time for data collection, analysis, and interpretation. Time constraints is a major limitation.

III. REVIEW OF LITERATURE

Konstantinos Pouliakas, Ioannis Theodossiou (2009)

The increasing use of incentive pay schemes in recent years has raised concerns about their potential detrimental effect on intrinsic job satisfaction (JS), job security and employee morale.

This study explores the impact of pay incentives on the overall JS of workers in the United Kingdom and their satisfaction with various facets of jobs. Using data from eight waves (1998–2005) of the British Household Panel Survey (BHPS) and a uniquely designed well-being dataset (EPICURUS), a significant positive impact on JS is only found for those receiving fixed-period bonuses. These conclusions are robust to unobserved heterogeneity, and are shown to depend on a number of job-quality characteristics that have not been controlled for in previous studies.

Maymonah Saleh Allahem, M Junaid Khawaja (2018)

This study is conducted for the purpose of examining the impact of incentives on Job satisfaction of Saudi banks in Qassim in the Kingdom of Saudi Arabia. Many factors are responsible for change in employee's performance such as environment, performance appraisal systems, training and opportunity of development, and rewards, is the most important aspect.

The primary data has been gathered through a questionnaire distributed to 120 employees in banks using the Internet. The statistical analysis and tests of data has been done through SPSS, involving descriptive analysis, correlation analysis factor analysis, reliability and multiple regression analysis. According to the results of the analysis, a significant relation is observed between the financial and non-financial incentives and the job satisfaction of employees.

Kasrul Kasrul, Ali Murdhani Ngandoh(2020)

This type of research used in this research is associative research. The research location is at PT. Surveyor Indonesia in the Pangkep Region. The sample in this study used the census method where the entire population was sampled in the study as many as 57 employees. In conducting statistical tests using path analysis. The results showed that incentives have a positive and significant effect on job satisfaction at PT. Surveyor Indonesia in the Pangkep Region. Job ability has a positive and significant effect on job satisfaction at PT. Surveyor Indonesia in the Pangkep Region. Incentives have a positive and significant effect on performance. Work ability has a positive and significant effect on performance. Job satisfaction has a positive and significant effect on performance. Incentives have a positive and significant effect on performance through job satisfaction.

IV. RESEARCH METHODOLOGY

Research design

The type of research chosen for the study is descriptive research. In descriptive research various parameters will be chosen and analyzed. Descriptive research design is a type of research design that aims to systematically obtain information to describe a phenomenon, situation, or population.

Methods of data collection

This paper is solely based on the primary data. Self-administered questionnaires have been used to collect the data. The questionnaire method was employed while the data was collected.

Sample size

The sample size of the study is 115 respondents.

Tools used for data analysis

- One-way Anova
- Chi-Square

V. DATA ANALYSIS AND INTERPRETATION

One- way Anova

Hypothesis Statement

H0: There is no relationship between age and satisfaction from incentives

H1: There is relationship between age and satisfaction from incentives.

Table No: 5.1- Age and Satisfaction

		Sum of Squares	df	Mean Square	F	Sig.
Incentives boost the satisfaction level of employees	Between Groups	5.91	3	1.97	3.21	.026
	Within Groups	68.18	111	.61		
	Total	74.09	114			

Inference

From the above table, the calculated significant value is 0.026, that is below than the 0.05 (5% level of significance). Hence H0 is rejected and H1 is accepted. Therefore, it is inferred that there is relationship between age and incentives boost the satisfaction level of employees.

Hypothesis Statement

H0: There is no relationship between gender and transparent incentive system.

H1: There is relationship between gender and transparent incentive system.

Table No: 5.2- Gender and discomfort

		Sum of Squares	df	Mean Square	F	Sig.
Do companies follow transparent incentive system	Between Groups	2.09	2	1.04	.97	.381
	Within Groups	120.31	112	1.07		
	Total	122.40	114			

Inference

From the above table, the calculated significant value is 0.381, that is above 0.05 (5% level of significance). Hence H0 is accepted and H1 is rejected. Therefore, it is inferred that there is no relationship between gender and the transparency in incentive system followed by companies.

Chi-square

Hypothesis Statement

H0: There is no relationship between Age and incentives paid for working over time.

H1: There is relationship between Age and incentives paid for working over time.

Table No: 5.3- Age and Incentives for working over time

	Value	df	Asymptotic Sig. (2-tailed)
Pearson Chi-Square	24.15	12	.019
Likelihood Ratio	25.31	12	.013

Linear-by-Linear Association	.21	1	.647
N of Valid Cases	115		

Inference

From the above table, the calculated significant value is 0.019, that is below than the 0.05 (5% level of significance). Hence H₀ is rejected and H₁ is accepted. Therefore, it is inferred that there is relationship between Age and incentives paid to employees for working over time.

VI. FINDINGS

- There is relationship between age and incentives boost the satisfaction level of employees.
- There is no relationship between gender and the transparency in incentive system followed by companies.
- There is relationship between Age and incentives paid to employees for working over time.

VII. SUGGESTIONS

- Recognize the efforts of employees.
- Give proper training to employees.
- Encourage the employees productivity by providing incentives.
- Employees can be provided with retirement benefits and perquisites for motivating them.
- Paid time off can also be provided to employees.
- Management should realize that human resources are the major assets of the organisation.
- Company can boost the productivity of employees by providing incentives.

VIII. CONCLUSION

Based on the findings, it can be concluded that the implementation of effective incentive programs is crucial for improving employee performance and job satisfaction in the company . Therefore, company management should invest in designing and implementing incentive programs that are tailored to the unique needs and preferences of their employees. This will not only improve employee performance and job satisfaction but also contribute to the overall success and growth of the company.

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