



IMPACT OF INCENTIVES ON EMPLOYEES' PERFORMANCE:
A CASE STUDY ON INTERNATIONAL WOMEN POLYTECHNIC, NEW DELHI

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Abstract

This research paper aims to find out the principal incentive, whose effect on the employees' performance will be maximum. The study aims at identifying the role of International Women Polytechnic in meeting the employees' societal need, monetary need and moral need. This study is to investigate the importance of monetary and non-monetary incentives to employees and to examine which incentive is best to motivate the employees of International Women Polytechnic. This study comprises sample of 70 employees from all academic and non-academic staff of International Women Polytechnic, New Delhi. This research indicates that the monetary incentives have a greatest impact on the employees' motivation and hence, performance. That's why attractive financial incentive must be given to improve their performance. The sample is selected on the basis of systematic sampling method. The findings revealed that employee of International Women Polytechnic are motivated by cash incentives and bonuses rather than other allowances. These play a key role in enhancing performance at both individual and organizational levels, while providing an opportunity for getting incentives by setting incentive based performance, which is deemed to be instrumental in practice in human resource management.

Keywords:-Monetary incentives, Non-monetary incentives, Employees performance, Motivation, Bonuses and Systematic Random Sampling.

I. INTRODUCTION

In light of today's business conditions, motivating people to give their best has become more crucial than ever, because of tough competition and economic uncertainties. The factors that can set apart an organization in this turbulent environment, be it in the public or private sectors, is its employees, therefore establishing and maintaining a stable workforce is a major concern of human resource department. Employees' motivation is essential since there is a direct



relationship between motivation and productivity. Only through motivation, a manager can get best performance of their employees that enables companies or organizations to boost the profitability. The prime objective of monetary incentives is to motivate the employees to encourage them to excel in their job performances. So, monetary incentives play an important role in motivating employees in every business / organization, whether it is a public sector or a private sector. International Women Polytechnic being private sector uses this type of incentive techniques for motivating their employees. Using monetary incentives in organization helps to encourage the employees to be more creative and satisfied. This kind of rewards in organizations lead them to enhance their employees' performance and achieve their goals. However, the reasons for suppressing such motivating monetary incentives in International Women Polytechnic are unknown which might lead to an uncondusive environment in the organization, and hence there is the need for the study. This study might look into the impact of such situation on employees' productivity, if any, need for such rewards to increase the employees performance and the types of rewards, if required, to trigger the motivation. Although, money is considered as the universal motivator, other financial and non-financial incentives / benefits can perform a special role in improving employees' performance.

II. OBJECTIVES OF STUDY

- The main objective of this study is to observe the impact of different incentives on performance of employees of International Women Polytechnic, New Delhi.
- To find out the relationship between incentives and employees performance.

III. RESEARCH METHODOLOGY

This study was conducted in 7 branches of International Women polytechnic, New Delhi. We have fixed sample size of 70 out of population of 300 academic and non-academic staff of 7 different branches of International women polytechnic by using stratified sampling method.

IV. LITERATURE REVIEW

According to Lemieux, MacLeod, and Parent (2009), performance pay based on a good performance measures can increase qualitative productivity - Source: NBER Working Paper No. w13128. Available at SSRN: <https://ssrn.com/abstract=988938>. Muralidharan and Sundararaman (2009) claimed that the incentive payment is directly related to the employees' output, which accelerates their performances - source: NEBR Working Paper 15323 <http://www.nber.org/papers/w15323>. Perry, Mesch, and Paarlberg (2006) found that in public sector organizations, financial incentives for individuals is not that much effective; however, they stated that it depends on the organizational conditions. Every individual employee may not consider merit pay as a motivating factor - Source: journals.sagepub.com/doi/abs/10.1177/0734371X14549673. Bates (2003) indicated that merit pay could be made as an attractive factor provided the merit pay rise should be not less than seven percent of the core pay so that it can be perceived as a motivating factor. Lazear (2000)



confirmed that when salary increases, most of the employees diligently dispose of their duties. Langton and Robbins (2007) emphasized the fact that an individual can be motivated only when there is a difference in pay between a good performer and an average performer - Source: Chapter 3 of Fundamental of Organizational Behaviour, Third Canadian edition. Hislop (2003) proclaimed that the motivated employees are required in a rapidly growing organization, and Yongsun, Barbara, and Christy (2002) found that an organization to be more productive the employees need to perform their jobs with full zest - Source: International Journal of Manpower, Volume 23(7). Hong (1995) proposed that rewards might motivate employees only when they yield rewards due to their sincere and hard work. Fairbank and Williams (2001) suggested that to stimulate an employee's creativity managers should use rewards. However, Buchbinder and Shanks (2017) differed that monetary incentives motivate only to a certain extent. Kube, Marechal, and Puppe (2006) confirmed that monetary incentives are effective during the short term period and not for the long-term period whereas non-monetary incentives give significant and consistent satisfaction. Danish and Usman (2010) opined that proper usage of rewards as a tool in an organization would produce a conducive environment as the employees get motivated and rise to that level - Source: International Journal of Business Management ISSN 1833-3850 (Print) ISSN 1833-8119 (Online). Schaufeli (2002) found out the need for the rewards in an organization so as to avoid burnouts situation in which employees tend to be unsatisfied; will have negative outlooks and a little dedication - source: Journal of happiness studies, March 2002, Volume 3, Issue-1. Well performed employees should be incentivized with monetary compensation, which is an easier and the best way to encourage employees to be more effective and efficient (Pink, 2011).

V. IMPORTANCE OF THE STUDY

Due to the lot of dissatisfaction of the employees and their unproductive attitudes towards work in the private sector, this research became necessary. Having understood from the above literature reviewed that incentive packages are one of the major underlining factors because that can make the employees perform optimally in their job. This research will help in identifying the various incentive packages that the organization management or the government, needs to put in place to improve the performance of employees. As we discussed in literature review, incentive packages may be in monetary or non-monetary form (either tangible or intangible).

VI. DATA ANALYSIS AND INTERPRETATION

The analysis of the data collected was done at the end of the data collection. The responses were classified and summarized on the basis of the information provided by the respondents. The analysis was done by using both qualitative and quantitative tools. Quantitative tools such as Microsoft excel, tables, percentages, and statistical tools such as graphs, charts were used, whereas qualitative tools were used for descriptions, analysis of feedback from interview, etc.



VII. FINDING OF RESEARCH

The responses received by the researchers were analyzed with the help of different statistical tools. In all, a total of seventy (85) questionnaires were issued to employees of International Women Polytechnic but seventy (70) responded and returned the answered questionnaire. The researchers' presentation is based on the various parameters on which responses are requested in the questionnaire. The research data generated were analyzed properly and the findings were presented after discussing the various topics under different headings according to the required data and set objectives.

Above figure (1) is representing the staff category of respondents. We have selected 11% from managerial positions, 33% from academic staff, 40% from non-academic staff, which forms the majority respondents and 16% from others that includes class 4th employees.

Figure 1: Staff category.

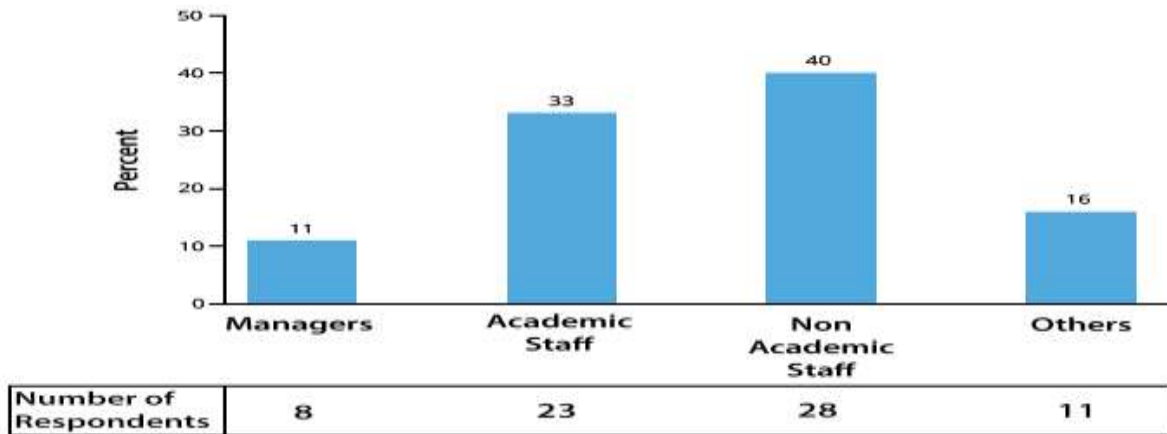
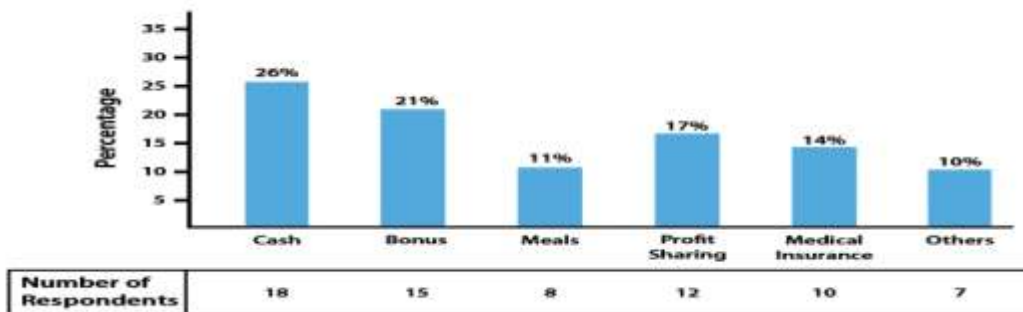


Figure 2: What is the first word that comes to mind when you think of incentives.



When respondents were posed with open-ended question as what comes to your mind when you think of incentives, result shown in figure 2. 26% of the respondents mentioned cash which represents majority of respondents, 21% said bonus, 11% mentioned free meals, 17% said profit sharing, and 14% said medical insurance as incentive and 10% mention others. From this, we



conclude that the majority of workers think about cash incentive when they thought of incentive.

Table 1. Whether incentives given to employees exerts influence on their performance

Statements	Number of Respondents	Percentage %
Strongly Agree	48	68%
Agree	18	25%
Disagree	2	3%
Strongly Disagree	--	--
Undecided	2	3%
Total	70	100%

Table 1 indicates responses of respondents to the question being asked. 68% of the respondents were strongly agreed to the statement which constitute the majority, 25% were agreed to the statement, 3% were undecided and 3% were disagreed to the statement. The result of this research question showed that incentives motivate and exert some kind of influence to increase employees' productivity or performance. The major finding of this question is that 93% of the respondents indicate that incentives given to employees influence their performance.

Table 2. Incentives given to employees to have a positive attitude towards work

Statements	Number of Respondents	Percentage %
Strongly Agree	52	77%
Agree	14	20%
Disagree	--	--
Strongly Disagree	--	--
Undecided	4	3%
Total	70	100%

Table 2 indicates respondents' response to the above question. 77% of the respondents were strongly agreed, 20% were agreed, and 3% were undecided. It reveals that if a majority of the employees were strongly agreed with the notion then it tells that incentives play a major role in motivating employees and it enable them to have a positive attitude towards work and intend to achieve higher goals. Hence we can say that, in any organization, incentives work as employees are then goal-driven and push themselves to achieve their targets because they know what they will receive when they or their organization will achieve their set targets.



Figure 3: Whether monetary rewards can bring out the best in workers.

Respondents were asked whether only monetary rewards can bring out the best in employees. As shown in figure below 44% respondents were strongly agreed, which constitute the majority of respondent, 28% were agreed, 10% were strongly disagreed, 2% were disagreed and 16% were undecided to the question asked. We have concluded by reviewing the data that the Monetary (cash) incentives fascinate more to employees rather than other incentives.

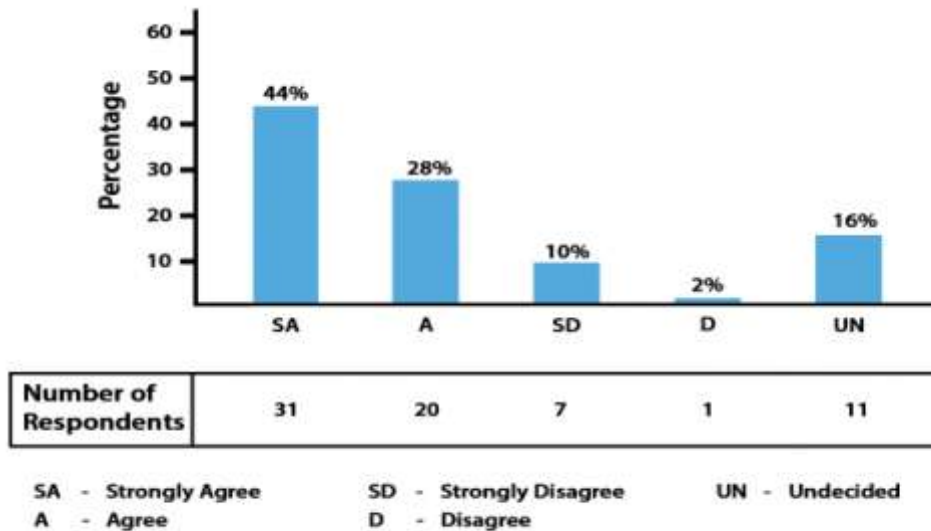
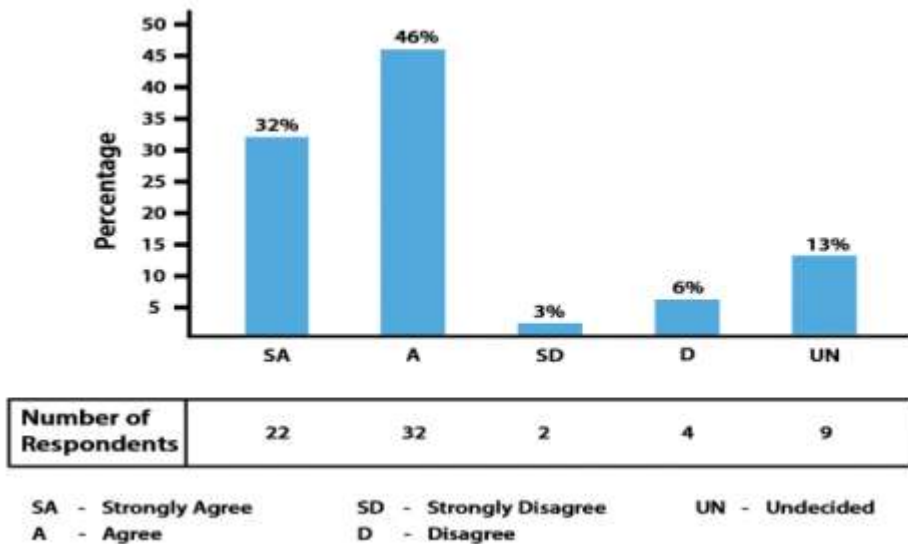


Figure 4: Whether current confidence of workers to put more effort to perform better in any job is due to the incentives given.



In Figure 4, respondents' responses are shown. We can see that, 46% of the sampled population were agreed, which forms the majority of respondents, 32% were strongly agreed, 13% were



undecided, 6% were disagreed and 2% were disagreed to the notion. Hence, we can conclude that current confidence of workers is the result of incentives given because the majority of the respondents were agreed with the notion.

Table 3. Whether work appraisal and other non-monetary incentives have been an important way to continuously improve your performance.

Statements	Number of Respondents	Percentage %
Strongly Agree	28	40%
Agree	40	58%
Disagree	--	--
Strongly Disagree	--	--
Undecided	2	2%
Total	70	100%

Table 3 indicates respondents' responses on the above question. 58% of the sampled population were agreed, which forms the majority of respondents, 40% were strongly agreed, 2% were undecided to the notion. It reveals that with cash and other monetary incentives such as bonus, salary appreciation, profit sharing with employees performance level can be improved and hence profitability.

VIII. DISCUSSION

When the employees of international women polytechnic were asked about their perception regarding incentives, they mentioned cash, bonus, rewards, free meals, medical insurance, free transport, profit sharing and others that can be classified as monetary or non-monetary incentives. Findings from the work of Mckinsey (2009) revealed that nonfinancial incentives like appreciation from the seniors and opportunities to lead, influence performance. Similarly, Zwick (2004) in his research found a positive link between incentive and productivity. According to his study only non-monetary rewards can't bring out the best of employees but monetary measures also play an important role.

Lot of researches have been done on this. Some are in favour of monetary incentives and some are in favour of non-monetary incentives, like Elke & Zwick (2008) found that monetary incentives are not effective measures to boost the productivity. From majority of findings done earlier and from my research it is clear that incentives have positive effects on productivity however monetary incentives deems to be more effective than non-monetary incentives.

If the companies want to increase the organizational effectiveness, then they should provide their employees what they deserve and they should give them other incentives to boost their morale to work because morale is the key factor to increase the employees productivity and hence, organizational effectiveness.



IX. CONCLUSIONS

The research however revealed the fact that incentives acts as a driving force and affect the approach of employees towards work. This research shows the impact of different incentives on the attitude of the employees towards work in International Women Polytechnic. Especially, this research aimed towards the examination of the effects of incentives, as motivational tool, on the efficient functioning of the organization and offers suggestions to the organization for improvement. In addition to financial incentive certain other factors would also be needed to adequately motivate or satisfy the employees. Such factors include non-monetary rewards, free medical care, free meals and other incentives.

X. RECOMMENDATIONS

The management of IWP is required to pay some attention to these factors. The findings of this research point out the need of the recognition of this things by management. A recognition or appreciation of an effort made or a good job done is likely to produce even efficient work, apart from motivated, happier and more satisfied employees. Such attitude of management can influence the performance of employees at work.

Sometimes, lack of appreciation of good work and / or severe criticism of slightest mistakes produces more dissatisfied employees with less zeal to work, which reduces productivity of the employees. We know that, no one statement about incentives at work can apply at all times or to all circumstances. Hence, we can say that the creation of stimulating, productive and satisfying work environment could be beneficial for both, management and employees. There is no short cut to it if the management is committed to its success.

As a first step, managers at various departments should be clear in their own roles within the organization. Then they should fix the objectives of their departments and then they should try to achieve these objectives through motivated employees with due consideration of varying abilities and skills of employees and in the last but not the least needs of employees. They should try to avoid the nepotisms or sectionalism at work.

Alongside, to get the best of them managers should try to motivate them by providing monetary incentive to their employees with other one. If the companies want to retain the good employees with them as well as want to attain the organizational goals effectively, then they should provide the employees what they deserves to keep the morale of their employees high at work.

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