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STUDY ON FINANCIAL INCENTIVES & ITS EFFECTS ON THE GROWTH, SUSTAINIBILITY & SURVIVAL ON STAFF PRODUCTIVITY

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Abstract:

Every organization is highly concerned with what should be done to achieve a high level of productivity through employee motivation using the right kind of incentive. Accordingly the effect of digitisation of financial and non-financial incentives has become a demanding issue in human resource management. Now -a -days , companies are using the electronic media to make payment to staff to reduce glitches and smooth functioning of the organisation. The presence of supply and demand in the labour markets makes organisations to provide rewards that have to be competitive enough to attract and retain a number of competent employees. At core, for the company to actually be effective, it should be able to create an incentive or a reward policy that will be able to cope with the perceived reward of the employees. Considerable amount of attention has been provided to the types of incentives that are and could be most effective for managing performance at an individual level in an organization. Money has always been portrayed as an incentive that motivates, attracts and retains employees to perform better. When withheld, it can also act as a punisher. Money as an effective motivator has been given a lot of importance over the years. At the point when workers are profitable, it can build the organization's income, and thus, an organization may offer motivators to its representatives. Companies are also providing other benefits also like digital health Insurance & HRA in order to look after the staff welfare. Prosperity to workers as salary increases, rewards and enhanced advantages, representatives can turn out to be increasingly inspired and increment profitability. Moreover, this expanded income can result in the organization developing and expediting much more workers.

Keywords: *Productivity, Digitisation, Employee Motivation, Financial and Non-Financial Incentives, Increment.*

Introduction:

Money has always been portrayed as an incentive that motivates, attracts and retains employees to perform better. When withheld, it can also act as a punisher. Money as an effective motivator has been

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given a lot of importance over the years. The best motivators are regular increments in salary and granting of allowances. Pay hikes and allowance are also directly related to the employees' performance in most of the companies. Companies are using various methods of digitilation to make this process smooth in nature. One of the most common incentives offered to the employees working under the sales department is commission. Everyone is aware of the multitude of advantages that corporations have from productivity will increase. Improvements in productivity through digitisation are usually felt throughout an employer. One of the external benefits comes when clients are given more time and attention. Systems run better, and the purchaser feels the gain. Of route, while the consumer is benefiting, the corporation benefits because happy clients result in satisfied managers and happy shareholders. Companies can reduce operational charges via a number of tasks and also through digitisation that would save efforts and money. If employees enhance their non-public workflow, they will both produce extra in much less time or lessen the amount of hours they need to work to gain the same output. Operational prices can often be reduced through an investment in era, and over the years improved procedures can cause a reduction in labour charges. The advent of flexitime and 3 day weeks can see productiveness boom when people experience greater value and engagement and suffer much less from strain because of less commuting. When corporations assist, and adapt new technology for improvement of skills, employees grow to be extra organised and efficient, they're investing in the well-being of the employee. Many workers see productivity as a manner to squeeze greater work out of the worker. This vision has to change. Increased productivity is a high-quality result for all involved. When personnel apprehend what improving their performance can mean to them, decreased stress .

Review of Literature:

Krejeie and Morgan (1970)The main purpose of this study was to examine the effects of financial and non-financial incentives on staff performance in public institutions. The detail of this research was conducted in an attempt to demonstrate whether incentives have a great potential to increase public employees' motivation and work performance. To fulfil the objective of the research as well as to obtain real and reliable data, a research study was conducted at the Kumasi Metropolitan Assembly. A projected sample size of 150 staff was used for the study. However, the study was based on the retrieved questionnaire totalling 136 from respondents.

KNUST Space (2007) Employees remain the greatest asset of any organization – whilst they provide performance, organizations offer rewards. A well designed system for rewarding labour greatly has a bearing on the output of employees and therefore impact on the performance of the organization as a whole. The study aimed at providing an objective view of organizations reward systems and its impact on corporate

Olokundun, Ayodele Maxwell (2014) For any organization to compete favourably in the competitive society, employees' attitudes and commitment towards work goes a long way in determining the employees' performance and organization productivity. The main objective of

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this study is to examine the effect of incentives packages on employees' attitudes towards work.

Objectives of the Study:

This study deals with a variety of objects related to staff productivity. The effect of financial and non-financial incentives become a demanding issue in human resource management The researcher has considered following objectives for this study. The detailed explanations of the objectives are given below.

1) To identify what the employees think about financial incentives and how digitisation can improve work productivity.
2) To study the effect of their incentive choices on the employees productivity.
3) To understand if the employees consider financial incentives to be better than non-financial incentives.
4) To suggest some measures for the development of staff productivity.

Research Methodology:

The present empirical study has been done mainly from the secondary data and primary data for depth investigation. All the information data and opinion are collected which has a direct or indirect relevance to the information like official publications and research journals. The sample size taken was 120 respondents.

Sampling Technique:

The sampling technique adopted was the random sampling technique.

Sources of Data Collection:

1. PRIMARY DATA : Structured Questionnaire (120 respondents) & Formal Interview

2. SECONDARY DATA : Books, Journals & Websites.

Data Analysis & Interpretation:

1. **According to the figure 1,** half of the respondents are male whereas half of them were females. Therefore, the figure shows that the male as well as female respondents are 50% each.

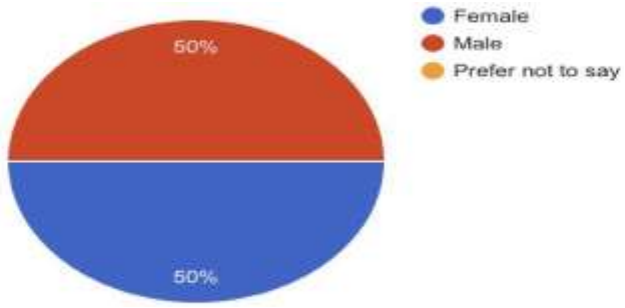

Figure 1

2. Income range of the respondents:

According to figure 2 respondents were provided with this optional question, which included 4 income ranges: Under 20,000; from 20,000 to 40,000; from 40,000 to 60,000 and more than 60,000. The figure shows that maximum respondents are earning between the range of 40,000 to 60,000 (43.5%). The next most answered option was more than 60,000 with 39.1% respondents, followed by 10.9% of respondents earning in the range of 20,000 to 40,000 and the rest 6.9% respondents earn below 20,000.

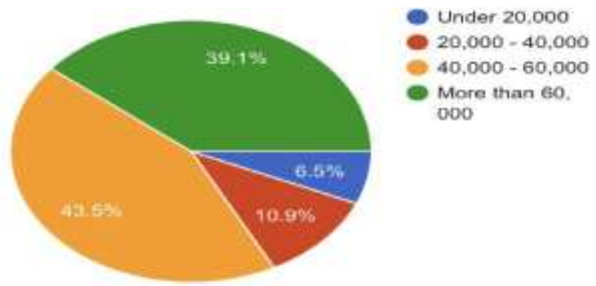

Figure 2

What is the first word that comes into your mind when you think of incentives?

The 3rd figure shows the first word that comes into the mind of the employees when they hear the word

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'incentives'. The word 'incentives' creates a strong link with rewards with 41.7% respondents choosing this option, followed by bonus (27.1%), then money (22.9%) and free transport and free medication with 4.2% each.

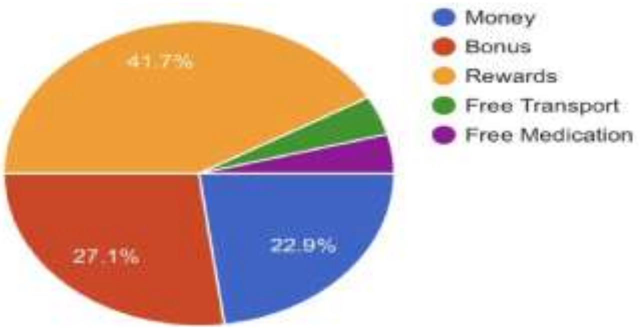

Figure No.3

Do you believe that financial motivators are better than non-financial motivators?

A majority of the people are neutral for this questions, with 58.3% people which means that the financial and non-financial incentives are both equally important for majority respondents. 12.5% of the respondents have opposed the statement or strongly disagree, therefore that shows they feel the non-financial incentives are more important than the financial ones. Only 4.2% respondents strongly agree with the statement and feel that financial incentives are more important than non-financial incentives

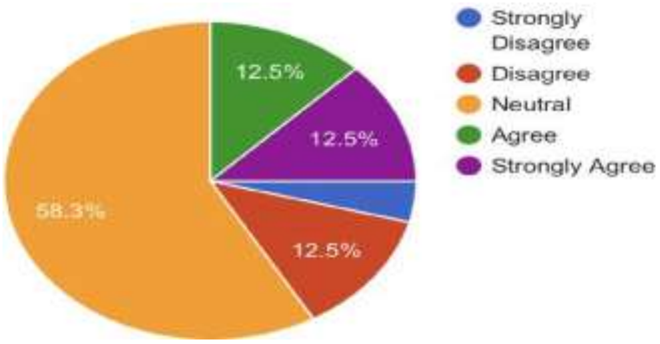

Figure No.4

Findings:

- After the research was conducted, and the responses were collected from all the 120 respondents, it was found that half of the respondents were male and half of them were female.
- The biggest motivator that the employees feel, helps them maintain efficiency is the environment of the organization they are working in followed by the corporate image of the organization, then followed by the salary that they are being paid.
- The respondents of the research are majorly satisfied with the incentives that the organization provides to them and the incentives that they receive are enough to meet their needs.
- A major part of the respondents have agreed to leave their current organization and take up a job that offers them with better incentive package.
- The employers feel that incentives do influence and have a positive effect on the staff productivity, they also believe that financial motivators tend to be better than non-financial motivators and monetary benefits bring out the best in their employees.

Conclusion:

The aim of the research was to explore the financial and non-financial factors and their effect on the staff productivity. The research also aimed to understand how digitisation of certain work can improve staff productivity.When the relations are compared, the end result is that the attitudes in the direction of monetary incentives have a stronger impact on process satisfaction than the attitudes towards non-monetary incentives. Financial incentives do motivate a lot of employees. Financial incentives are the incentives that attract employees towards a job but non-financial incentives are those incentives that help the employees stay put a particular job. Besides the financial rewards, the employee expects recognition and appreciation for his efforts and contribution. The effect of non-economic rewards is instrumental in enhancing the employee morale. Employees anticipate recognition and encouragement for his or her services due to the fact no one loves to be underappreciated for the efforts they're making.

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