

The Impact of Monetary Rewards on Employees Motivation and Engagement in Manufacturing Sector

Pragati Srivastava

Humanities and Management Science Department,
Madan Mohan Malaviya University of Technology,
Gorakhpur, Uttar Pradesh, sripragati1995@gmail.com

Dr. Priyanka Rai

Humanities and Management Science Department,
Madan Mohan Malaviya University of Technology,
Gorakhpur, Uttar Pradesh, India, priyankarai1202@gmail.com

ABSTRACT

The research study brings to light the impact of monetary rewards on employees' motivation and reveals whether these incentives have the potential to increase engagement of employees working in manufacturing sector of Uttar Pradesh. The data has been collected through questionnaire. Primary as well as secondary data have been used for conducting the research. One hundred and forty-seven responses were collected after circulating to one hundred seventy respondents. Data analysis has been carried out with the help of graphs.

Therefore, within the limitation of the research conducted, the results explain that monetary rewards have the potential to boost motivation among employees and their engagement towards the organization in the manufacturing sector.

KEYWORDS: - motivation, monetary rewards, incentive, employee engagement, satisfaction, commitment, money, organization, contribution.

INTRODUCTION

The human capital has always been accepted as a brain of any process organized in any form of institution, corporation or organization. The organization success is very much dependent on its competent workforce. Therefore, due attention is given to this factor in order to achieve success and achieve strategic goals. For this it is significant that the employees are committed towards their job and are full of energy and passion. Unfolding this process to the level of employees, it can be revealed that the most important factor to the employees is the motivation. Hence, it is the responsibility of organization's management to develop such strategies in order to reach the motivation level of employees and help the organization to fulfill its goals and achievements. **(Chaudhary & Ghosh, 2017)**

Employees' engagement and motivation is a principal concern of any organization because the success and failure of a business is very much dependent on it. A number of factors are supposed to be responsible for the organization's success, in which the human resources or the employees play the most important role **(Waqas, 2014)**. Managers should also recognize that all employees, whatever skills they have, may not move up the hierarchy at the same pace if they lack motivation and hence, motivation also plays a major role in the achievement of organization's goals. Employees Engagement is an argot nowadays. It not only leads to retention of employees and higher productivity but it is also a key link to, company's fame and position, customer satisfaction and overall stakeholder's value **(Rao, 2017)**.

Monetary or financial rewards are provided in terms of monetary units to the workers for their efforts. Money has been recognized as a chief source of satisfying the needs of the people. Monetary benefits not only fulfil the physiological needs but also the need for social status and power. Money is regarded as a basic and necessary incentive for individuals. **(Naveen & Yenugula, 2017)**.

OBJECTIVES

1. To study the effect of monetary rewards provided by the organization on employees engagement
2. To study the influence of monetary rewards provided by the organization on motivation level of employees.

LITERATURE REVIEW

Monetary Rewards

Armstrong bifurcated rewards in two classes: The financial or monetary rewards incorporate rewards such as the basic pay and allowances, merit pay, bonus, productivity linked wage incentives, retirement benefits and health allowances etc. He also specified that employees are remunerated on account of their contribution towards the organization, skills and competency and their market utility (**Harunavamwe & Kanengoni, 2013**).

Monetary rewards are developed to satisfy the basic human needs, encourage people to make out the best performance in their work and enhance their competency level. They are designed as a means of payment to enhance productivity, job satisfaction and improve employees' motivation.

Wallace and Zeffane (Harunavamwe & Kanengoni, 2013) argued that, management focus upon rewards such as money and money is considered as the foremost constituent of motivation as per the Need Hierarchy Theory given by Abraham Maslow. Money as a unique reward plays a big role in satisfying different human needs -like need for food which is physiologic. David McClelland's in his famous Acquired Needs theory advocated that money has been considered as a principal root of performance assessment for high-need active person. Money is treated as a report card through which employees can easily assess their services and the value provided by the firm against it, hence being an important resource, it also results in individual motivation (**Loureiro, 2016**). Hence, money is pivotal for encouraging motivation at work because it is that vehicle through which employees have the ability to acquire numerous essential needs they desire for (**Murphy, 2015**).

Motivation

The term 'motivation' has been inferred from the word 'motive' which can be explained as anything that initiates or sustains an activity (**Ijaz, 2013**). It is an inner more state that energizes, activates or moves, directs or channelizes a person's behavior. Motivation is a cognitive condition that pushes an individual in motion and directs him/her towards the fulfillment of certain objective and satisfaction of certain necessities. It is the motivation through which managers pull strings and get employees to work towards the success of the organization. In the word of Likert, "Motivation is the gist of management". By motivating the workforce, management establishes 'desire to work' environment, engaging the members

of the group to work in the right direction, offer their loyalty to the group, execute properly the tasks and duties assigned and plays an effective role in contributing to the purposes the organization has undertaken.

Langton and Robbins (Loureiro, 2016) drew attention to the fact that an individual is motivated only when there occurs difference between pay of a good performer and pay of an average performer. **Kanferet al.(Kanfer, 2012)** related motivation with the workplace perception and stated it as a series of activities which are basically used to drive a person's efforts, and determine those actions he/she will use to carry out his/her desired outcome. This cognitive approach measures how individual can make a move in the right direction, with great zeal and persistence in these actions.

RESEARCH METHODS

Methodology is a systematized process of collecting information to analyze and verify the given phenomena. The study was carried with the co-operation of the management who permitted to carry on the study and provided the requisite data.

Questionnaire was developed in Google form and was circulated at selected manufacturing companies. Employees were requested to fill the questionnaire. One hundred and forty-seven responses were received after passing on to one hundred seventy respondents. Neither the name of the respondent nor the name of company was recorded for ensuring confidentiality.

1. **Sample size** – One hundred forty seven (147) employees from selected manufacturing companies.
2. **Sources of data**
 - 2.1 **Primary data-** Primary data is being used for the study and Questionnaire in Google Form is prepared as a tool to collect the primary data.
 - 2.2 **Secondary data-** Data collection through already published sources like different journals, articles, some website etc.
3. **Sample Size:** The sample was selected on the basis of random sampling technique, drawn from Manufacturing industry of U.P. A sample of 147 employees was collected and analysis is done with the help of questionnaire.

RESULTS AND DATA ANALYSIS

1. Demographic Profile of respondents

<i>Demographic Variable</i>	<i>Category</i>	<i>Percentage</i>
<i>Gender</i>	<i>Male</i>	<i>79.7</i>
	<i>Female</i>	<i>20.3</i>
	<i>Other</i>	<i>0</i>
<i>Age</i>	<i>25 or below 25yrs</i>	<i>14.8</i>
	<i>26 to 40yrs</i>	<i>47.5</i>
	<i>Yrs41 to 60yrs</i>	<i>37.7</i>
<i>Marital Status</i>	<i>Unmarried</i>	<i>30.5</i>
	<i>Married</i>	<i>69.5</i>
<i>Years of working experience</i>	<i>Less than 5yrs</i>	<i>16.4</i>
	<i>5- 10years</i>	<i>32.8</i>
	<i>10-20 years</i>	<i>31.1</i>
	<i>>20years</i>	<i>19.7</i>

Table 1: Demographic Analysis

2. Satisfaction level of employees for various monetary rewards

<i>Monetary Incentive</i>	<i>Highly satisfied (%)</i>	<i>Satisfied (%)</i>	<i>Neutral (%)</i>	<i>Dissatisfied (%)</i>	<i>Highly dissatisfied (%)</i>
<i>Bonus</i>	35.6	39	15.3	7.4	2.7
<i>Medical Benefits</i>	20.3	50.8	16.9	12	0
<i>Travelling Allowance</i>	16.9	55.9	7.2	16.9	3.1
<i>Retirement Benefits</i>	16.9	49.2	22	11.9	0

Table 2: Employees Satisfaction

3. Do you think that it is important to be rewarded for the contribution you give to your organization?

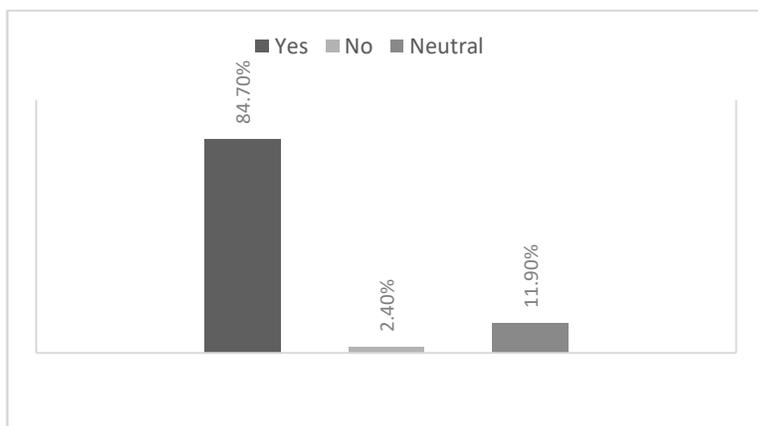


Figure3

The Figure 3 showed that maximum respondents (84.7%) agreed that it is important to be rewarded for the contributions they offer to the organizations. However, a small portion (2.40%) disagreed and

11.90% were neutral in their statements. Employees are well aware of their work, and the contribution they give to their respective organization and feel that their contributions must be rewarded.

4. Do you try to increase your work effort in order to achieve more rewards?

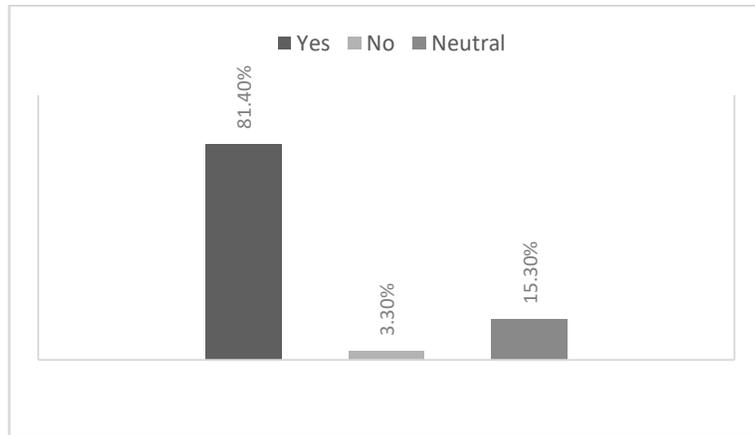


Figure 2

The figure 2 showed the proportion of respondents who improved and multiplied their work efforts to gain more rewards.81.4% respondents accepted that they increase their work efforts, 3.305 disagreed while 15.30 % gave a neutral response. This observation states that rewards are important to in order to increase employee’s contribution and get high production.

5. Do you agree that steady payment of monetary benefits increases your motivation towards work?

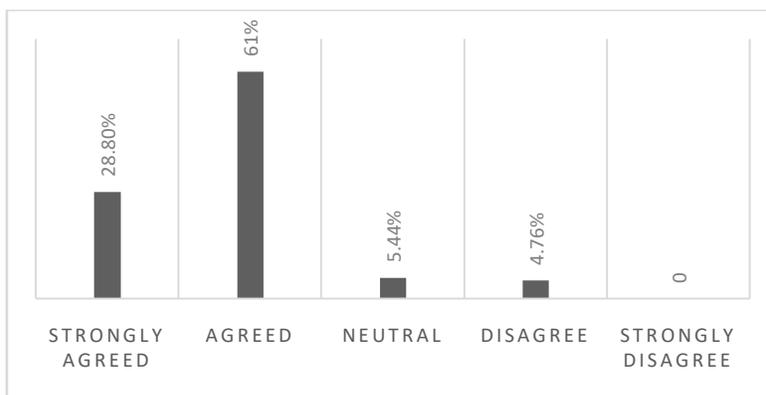


Figure 3

The above figure 3 indicated that majority of the respondents agreed that steady payment of benefits is important to increase motivation among employees towards their work. Therefore, it is the responsibility of the organization to maintain the level of motivation among employees.

6. Do you agree that employee’s level of motivation and engagement to work is determined by the structure of monetary incentives given to them?

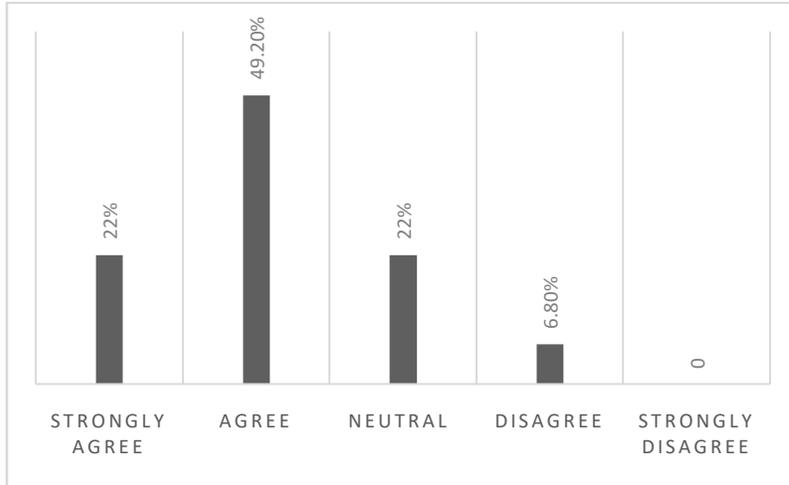


Figure 4

According to figure 4, 22% and 49.20% of the respondents favored a good structure of monetary incentives in order to determine the employee’s level of motivation and engagement. 22% of the respondents were neutral whereas 6.80% disagreed. It was concluded that the higher the monetary incentives, greater is the motivation and employees commitment towards work.

7. Do you feel that being motivated helps you to improve your engagement at work?

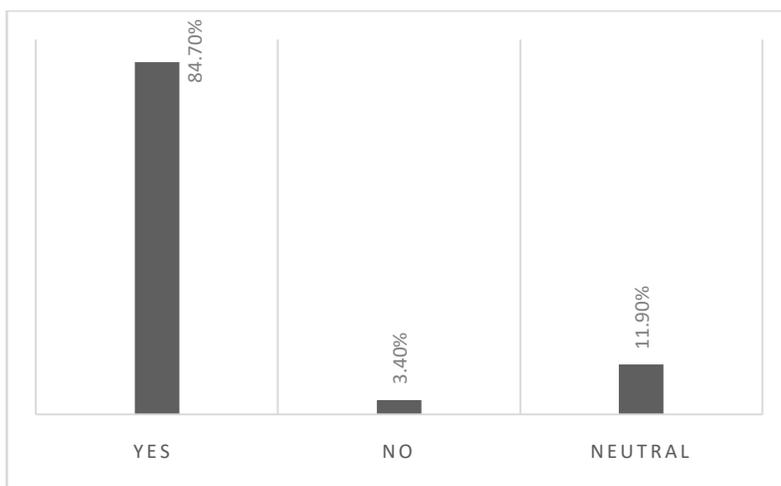


Figure 5

It was concluded from the figure 5, that employee’s motivation and engagement are directly related to each other. When employees are highly motivated, it creates “will to work” in the right direction among employees, and energizes them consistently towards their goal.

8. Do you agree that monetary incentives are helpful in developing employee’s attitude towards organizational success?

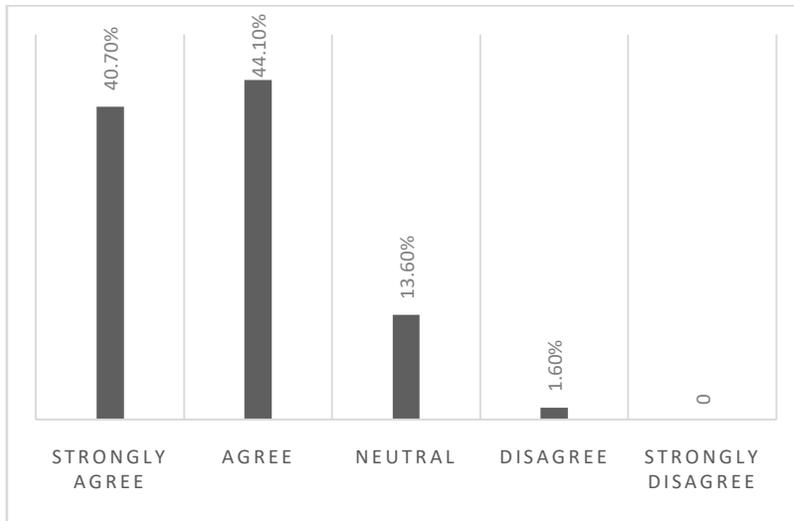


Figure 6

Attitude of an employee determines his state of work in the organization. It is important that employees develop a healthy attitude towards the organization which in turns helps to firm to progress. Bad attitude leads the organization towards the downward slope of success. From the figure 6 majority of employees agreed that that monetary incentives help in developing employees, attitude

DISCUSSION

From the study it is clear that monetary rewards are influential when it comes to motivation and employees’ engagement. The mentioned question 4,5,6, fulfills the third objective of the research which states that monetary rewards has influences and impact the employee’s motivation whereas question 6,7,8, fulfills the second objectives which focusses on the monetary incentives and its impact of employees’ engagement and their commitment towards their goal. The study also reveals that monetary incentives are provided to the employees in manufacturing sector and thus it is treated important by the employees. It is clear that motivation and engagement are inter-dependable, if employees are motivated,

it will automatically lead to commitment and engagement and will develop a positive attitude towards the organizational success.

CONCLUSION

Based on the different literature reviews and the research findings, we can conclude that appropriate monetary rewards encourages' employees to give best in their work performance. Work performance as an outcome of employee's engagement, and employees' engagement is obtained if employees are motivated. This motivation is a result of the different monetary rewards provided to the employees from their respective organization. The result derived from the study shows similarity with the literature reviewed. The majority of the respondents reported that they were satisfied with their incentives for their motivation, commitment and engagement. A small number of respondents, however, were not satisfied with the monetary incentives. In general, the results showed that providing additional monetary benefits to employees could improve their motivation and work performance.

SUGGESTIONS

Organization in nothing, but people who work for it. When people perform work to the best of their abilities, skills and talent with zeal, enthusiasm and commitment, organization grow to a large proportion. When people fail to live up to their expectations, organization straggle in the competitive race and get push to walls eventually. If the organization is able to exploit its human resources to the best of their advantages, there is nothing that can stop organization form reaching the top of the ladder. Therefore, it is very important that each and every employee of company contribute to the fullest and it is also the responsibility of the company to care about their employees, lead them from front and bridge gaps between employee expectations and organizational needs. From the above research observation, it is seen that majority of the employees feel that monetary incentives play an important part in motivating employees and engaging them for their work. But a few numbers of the employees also disagreed to the mentioned fact. So, it is necessary to recognize each factor which lead to the motivation of people working because motivation is a sole energy that can push people to work more and fulfill their personal needs as well as the organizational needs.

ACKNOWLEDGEMENT

Progress in life, business or any projects comes through taking initiatives & continuing to progress on new concepts & ideas. The original momentum is not enough to keep you moving forward. Your progress will grit to halt unless you refill your engine for inspiration with fuel of fresh ideas with enthusiasm & proper guidance. Accomplishment requires the effort of many people and this work is no different. I would like to thank all those who helped me directly or indirectly and whose diligent efforts made this project possible.

I would like to thank the entire department for their help and guidance. Last but not the least; I would like to thank my parents and friends for their kind support.

The research paper has not been funded or provided any grant numbers by any organization or institution.

REFERENCES

1. Chaudhary, A. K., & Ghosh, S. (2017). *Monetary and non monetary incentives in LIC of India and its impact – a case study of Ranchi District*. 4(3), 112–116. <https://doi.org/10.18231/2394-2770.2017.0019>
2. Harunavamwe, M., & Kanengoni, H. (2013). The Impact of Monetary and Non-Monetary Rewards on Motivation among Lower Level Employees in Selected Retail Shops. *African Journal of Business Management*, 7(38), 3929–3935. <https://doi.org/10.5897/AJBM2012.1381>
3. Ijaz, M. (2013). The impact of Non-Financial Incentives on employees' motivation. *IOSR Journal of Business and Management*, 15(4), 37–46. <https://doi.org/10.9790/487x-1543746>
4. Kanfer, R. (2012). Work Motivation: Theory, Practice, and Future Directions. *The Oxford Handbook of Organizational Psychology*, 1(January 2012). <https://doi.org/10.1093/oxfordhb/9780199928309.013.0014>
5. Loureiro, R. N. A. (2016). No
主観的健康感を中心とした在宅高齢者における健康関連指標に関する共分散構造分析Title. *Skripsi*.

6. Murphy, B. (2015). The impact of reward on employee performance. *International Letter of Humanistic Science*, 52(May), 95–103.

7. Naveen, S., & Yenugula, P. (2017). *The Impact of Monetary and Non-Monetary Incentives on Performance of Employees : A Research Study on Beverage Industry , A . P , In India. 1*, 21–26. <https://doi.org/10.23883/IJRTER.2017.3187.5UO5U>

8. Rao, G. K. (2017). Non-Monetary Factors on Employee. *International Journal of Management Studies*, 4, 137–145.

9. Waqas, Z. (2014). The Effect of Monetary and Non-Monetary Rewards on Employee Engagement and Firm Performance. *European Journal of Business and Management*, 6(31), 2222–2839. <http://www.iiste.org/Journals/index.php/EJBM/article/viewFile/16530/16937>