



IMPACT OF INCENTIVES AS A MOTIVATIONAL TOOL ON JOB PERFORMANCE OF PRIVATE SECTOR EMPLOYEES IN COIMBATORE CITY

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1.1 ABSTRACT :

This article examines the impact of various incentives—both financial and non-financial—as motivational tools on the job performance of employees in the private sector of Coimbatore City. The study aims to uncover how these incentives influence employee motivation and productivity, identify the most effective incentive types, and analyse the perceptions of employees regarding these motivational tools. Through a combination of primary data collection and secondary research, this study provides insights into effective incentive strategies that can enhance employee performance.

1.2 INTRODUCTION

In the contemporary business environment, employee performance and productivity are critical for organizational success. Motivating employees through well-structured incentive programs can significantly influence their work behaviour and engagement. Coimbatore, a burgeoning industrial city in India, serves as the setting for this study, focusing on understanding how different incentives affect private sector employees' performance.

1.3 STATEMENT OF THE PROBLEM

Despite various incentives programs implemented by private organizations in Coimbatore, there remains an inadequate understanding of how these incentives affect employee motivation and performance. This study addresses this gap by investigating the types of incentives utilized and their effectiveness in motivating employees.

1.4 OBJECTIVES

- To identify the types of incentives that motivate employees to enhance job performance.
- To assess the impact of these incentives on employee motivation levels.
- To analyse employee perceptions regarding the effectiveness of various incentive programs and suggest improvements.

1.5 RESEARCH METHODOLOGY

RESEARCH AREA

The research study was collected from Private Sector Employees in Coimbatore City.

SAMPLE SIZE

The Sample Size was 100 Respondents.

DATA COLLECTION:

PRIMARY DATA:

Collected through questionnaires and Google Forms.

SECONDARY DATA:

Gathered from articles, research papers, and websites.

TOOLS USED:**1. Simple Percentage analysis**

A simple percentage is a way to express a number as a fraction of 100. It is calculated by dividing the part by the whole and then multiplying by 100. In this method based on the opinion of the respondent's percentage is calculated for the respective scale of each factor. The simple percentage can be calculated by using the formula:

$$\frac{\text{Actual respondents}}{\text{Total number of respondents}} \times 100$$

2. Ranking analysis

Ranking is the data transformation in which numerical or ordinal values are replaced by their rank when the data are sorted.

3. Weighted average

A weighted average is a calculation that assigns varying degrees of importance to the numbers in a particular data set. A weighted average can be more accurate than a simple average in which all numbers in a data set are assigned an identical weight. It is widely used in investing and many other fields.

Formula for weighted average method:

$$\frac{\text{Sum of weighted terms}}{\text{Total number of terms}}$$

To find the weighted term, multiply each term by its weighting factor, which is the number of times each term occurs.

1.6 LIMITATIONS OF THE STUDY

The following are the limitations of the study:

- Respondent's may or may not be correct
- Some respondent's refused to disclose the fact due to lack of time and interest.
- The respondents are restricted to 100 due to time constraints.
- The study limits itself to the private sector employees in Coimbatore City. The results might vary if the study is conducted in different geographical locations.

1.7 SCHEME OF THE REPORT

In order to present this study clearly, it is divided into five chapters along with tables to support the analysis and interpretation. The layout of those chapters is given below:

CHAPTER 1: Introduction of the study, Statement of the problem, Objective of the study, Scope of the Study, Research Methodology, Limitation of the study and Scheme of the study.

CHAPTER 2: Review of Literature

CHAPTER 3: An Overview of the study

CHAPTER 4: Data Analysis and Interpretation

CHAPTER 5: Findings, Suggestions and Conclusion

REVIEW OF LITERATURE

1. Wei Liu (2022) "The Impact of Incentives on Job Performance, Business Cycle, and Population Health in Emerging Economies" Studied the effect of monetary and non-monetary incentives on job performance in emerging economies. Using 300 samples and advanced statistical tools (SPSS, regression, ANOVA), the study found that both types of incentives significantly boost motivation and performance, with employee loyalty and leadership playing key roles.

2. **Cynthia Eshun & Frank Kwaku Duah (2011) “Rewards as a Motivation Tool for Employee Performance”** Investigated the link between rewards and employee performance using 150 samples. Through correlation analysis, they found that effective reward systems (especially recognition) enhance motivation and job satisfaction.
3. **Bengu Gizli Tabaklar (2024) “The effect of motivational tools on the productivity of staff architects in developing countries: the case of Turkey”** Explored motivational tools' impact on architects' productivity in Turkey. Using 250 samples, the study found financial incentives increase productivity, while non-monetary ones foster a positive work environment and loyalty.
4. **Nilay Yavuz (2004) “The Use of Non-Monetary Incentives as a Motivational Tool: A Survey Study in a Public Organization in Turkey”** Focused on non-monetary incentives in the public sector in Turkey. With 200 participants, the study revealed that recognition and development opportunities are highly effective in motivating employees and encouraging long-term engagement.
5. **Dr. Marcus Gravey ORIJ & Enobun - Nwidi (2022) “Impact of Incentives on Employees’ Performance in Selected Deposit Money Banks of South-Eastern Region, Nigeria”** Studied incentives in Nigerian banks using 433 samples. Findings showed that recognition, work environment, and training significantly improve employee performance.
6. **Kuvaas, B. (2006) “Work Performance, Affective Commitment, and Work Motivation: The Role of Incentives”** Analyzed how incentives affect motivation and performance across 900 employees. Found both intrinsic and extrinsic incentives boost performance, with emotional commitment strengthening this effect.
7. **Sharma & Goyal (2015) “Impact of Organizational Incentives on Employee Motivation and Job Performance”** Assessed how organizational incentives influence motivation and performance using 150 samples. Results showed both financial and non-financial incentives are effective, with non-financial ones offering stronger long-term benefits.

OVERVIEW OF THE STUDY

3.1 INCENTIVES AS A MOTIVATIONAL TOOL

Incentives serve as powerful motivators that can influence employee behaviour and performance. Monetary incentives, such as bonuses and profit-sharing, provide immediate financial rewards that can drive short-term performance. Non-monetary incentives, including recognition programs and opportunities for professional development, foster a sense of belonging and long-term engagement. Understanding the balance and effectiveness of these incentives is crucial for organizations aiming to cultivate a motivated and high-performing workforce.

3.2 EMPLOYEE PERFORMANCE

Employee performance is how well an individual meets job responsibilities and contributes to organizational goals. It's influenced by motivation, skills, environment, and leadership. Performance can be measured through appraisals, KPIs, and feedback. Improving it involves training, clear goals, feedback, and incentives—key to organizational success.

3.3 INCENTIVE AS A MOTIVATION TOOL ON JOB PERFORMANCE

Incentives are powerful motivators that encourage employees to perform better, achieve goals, and stay engaged. When tied to performance, they can significantly enhance job productivity and overall effectiveness. Here's how incentives work as a motivational tool:

- **Increased Effort:** Offering rewards such as bonuses, commissions, or recognition encourages employees to work harder to achieve specific targets. This motivates employees to consistently perform at higher levels.
- **Goal Alignment:** When incentives are tied to organizational goals (e.g., sales targets, project deadlines), employees are more likely to align their efforts with the company's objectives. This boosts individual and collective productivity.
- **Enhanced Engagement:** Employees who receive tangible rewards for their contributions feel valued, leading to higher engagement. Engaged employees are more committed to their tasks and the organization's success.
- **Retention and Loyalty:** Incentive programs help reduce turnover by keeping employees motivated and satisfied. Employees are more likely to stay with an organization that offers rewards for hard work and achievement.
- **Encourages Healthy Competition:** Incentives create an environment of healthy competition, where employees strive to outdo each other in a productive manner. This drives overall performance and can lead to innovations in the workplace.

3.4 ADVANTAGES AND DISADVANTAGES

Advantages:

1. **Increased Motivation:** Enhances performance and aligns individual goals with organizational objectives.
2. **Improved Employee Engagement:** Boosts job satisfaction and increases commitment to the organization.
3. **Attraction and Retention of Talent:** Provides a competitive advantage in hiring and reduces turnover rates.
4. **Enhanced Teamwork and Collaboration:** Fosters collaboration and improves communication among team members.
5. **Encouragement of Desired Behaviours:** Modifies behaviour to meet specific goals and reinforces company values.

Disadvantages:

1. **Short-Term Focus:** May encourage employees to prioritize immediate results over long-term goals.

2. **Unintended Consequences:** Can lead to unhealthy competition or unethical behaviour to achieve targets.
3. **Inequality and Resentment:** May create feelings of unfairness among employees if not distributed equitably.
4. **Overemphasis on Quantitative Metrics:** Can result in neglecting qualitative aspects of performance, such as teamwork and creativity.
5. **Dependency on Incentives:** Employees may become reliant on incentives for motivation, reducing intrinsic motivation.

3.5 NEED FOR THE STUDY

Understanding the impact of incentives is crucial for organizations to design effective strategies that not only motivate employees but also enhance overall organizational performance. By identifying successful incentive mechanisms, organizations can improve employee retention **OF** and job satisfaction levels.

3.6 IMPACT INCENTIVES ON ORGANIZATION PRODUCTIVITY

- **Motivating Employees:** Incentives boost employee motivation by rewarding efforts and achievements. This encourages employees to put in more effort and stay focused. Higher motivation directly leads to better performance and increased productivity.
- **Aligning Goals:** Incentives help align individual goals with the organization's objectives. Clear performance targets ensure employees work towards achieving outcomes that benefit the company. This alignment leads to more focused and efficient work.
- **Boosting Retention:** A well-designed incentive program increases job satisfaction and loyalty. Employees are more likely to stay with an organization that recognizes and rewards their contributions. Reduced turnover leads to greater stability and long-term productivity.
- **Encouraging Innovation:** Incentives motivate employees to come up with creative solutions and take calculated risks. This drives innovation, leading to improved products, services, and processes. A culture of innovation can significantly enhance organizational competitiveness and growth.
- **Cost-Effectiveness:** Incentive programs can be low-cost yet highly effective in driving productivity. Rewards like recognition, extra time off, or development opportunities don't require large investments. They can provide significant returns in terms of performance improvement.

3.7 NEEDS OF PROVIDING INCENTIVES IN AN ORGANISATION

Incentives play a vital role in boosting employee motivation, productivity, and job satisfaction. They help attract and retain talent, reduce turnover, and align employee efforts with organizational goals. Incentives also support performance management, encourage innovation, and enhance customer service. Team-based rewards promote collaboration and a positive workplace culture.

INTERPRETATION AND ANALYSIS

The findings illustrate the relationship between incentive structures and job performance. Below are some key tables summarizing the data.

Table 1: Types of Incentives and Employee Preferences

INCENTIVE TYPE	PERCENTAGE IN EMPLOYEES
FINANCIAL BONUSES	45%
RECOGNITION AWARDS	30%
FLEXIBLE WORK HOURS	25%
TOTAL	100%

Table 2: Impact of Incentives on Job Performance

INCENTIVE TYPE	JOB PERFORMANCE INCREASE
FINANCIAL BONUSES	40%
RECOGNITION AWARDS	35%
CAREER GROWTH OPPORTUNITIES	55%
TOTAL	100%

Table 3: Incentives and Employee Turnover Intentions

INCENTIVE RESPONSE	% OF EMPLOYEES INDICATING LOWER TURNOVER INTENTION
STRONGLY AGREE	20%
AGREE	30%
NEUTRAL OR DISAGREE	50%
TOTAL	100%

FINDINGS, SUGGESTIONS, AND CONCLUSION

5.1 FINDINGS

- ❖ Majority 52% of the respondents are female.
- ❖ Majority 33% of the respondents belong to the age group of 26-35 category.
- ❖ Majority 61% of the respondents are married.
- ❖ Majority 52% of the respondents are Professionals.
- ❖ Majority 53% of respondents are getting above 40,000+ level of income.
- ❖ Majority 49% of the respondents has 4 – 6 members in a family.
- ❖ Majority 59% of respondents are in Nuclear family.
- ❖ Majority 42% of respondents are working 2-5 years in a present institution.
- ❖ Majority 72% of respondents were promoted in last six months.
- ❖ Majority 68% of respondents were received incentives from their organization.
- ❖ Majority 61.8% of respondents were received incentives for Giving Quality Work.
- ❖ Majority 58% of the organizations offer Promotion Opportunities as their incentives.
- ❖ Majority 39% of the respondent's stated that Career Growth Opportunities in the form of incentives that were most motivating in Performing the Job.
- ❖ Majority 47% of the organizations provide incentives Irregularly.
- ❖ Majority 47% of the respondents stated that the incentives which was provided by the organization were Effective in boosting the Job Effectively.
- ❖ Majority of the respondents stated that when they didn't receive the expected incentives they will Leave the Job, which is ranked first.
- ❖ Majority 31% of the respondent stated that when they receive incentives their Confidence in Ability Increases.
- ❖ Majority 48% of the respondents are Satisfied with the Incentive System followed in their Organization.
- ❖ Majority 47% of the respondents stated that Job Productivity Moderately Increases when they receive incentives.
- ❖ Majority 40% of respondent's stated that biggest barrier for fixing incentive is Favoritism.

5.2 SUGGESTIONS

- Analyse the impact of incentives on job performance across Coimbatore industries, noting sector-specific responses.
- Examine whether incentives offer short-term boosts or long-term motivation, such as bonuses vs promotions.
- Explore how incentives relate to job satisfaction, improving loyalty and reducing workplace stress.
- Assess how performance-based incentives drive productivity by linking rewards to achievements.

5.3 CONCLUSION

Incentives, both financial and non-financial, significantly influence employee motivation and job performance in the private sector of Coimbatore. The research indicates that while monetary incentives are effective, non-monetary incentives such as career growth opportunities and recognition play a crucial role in enhancing employee satisfaction. Organizations must strategically implement and regularly assess their incentive programs to ensure they meet the evolving needs of their workforce for sustainable growth and performance enhancement.

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