



## The Impact of Financial Incentives on Employee Productivity with Reference to Visakhapatnam Port Authority, India

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### ABSTRACT

The research investigates financial incentive effects on the productivity of Visakhapatnam Port Authority staff members. The research collects primary data through structured questionnaires from 100 employees to examine how different financial rewards that include salary improvements and profit sharing and bonus payments and overtime pay affect worker motivation and job satisfaction. The results indicate that pay increases and profit-sharing prove the most effective incentives since they provide rewards to employees monthly or quarterly (36.8% and 28.1% respectively). Research data show that most employees perceive the port's incentive approach exceeds incentive systems found in different organizations. Research data suggest that businesses should strengthen financial aid for low-income employees at the same time they should develop long-term retention plans and expand incentive variety. This research shows financial incentives increase productivity at work while identifying research opportunities that include cross-business analysis among public-sector enterprises and non-monetary motivational strategies.

**Keywords:** Financial Incentives, Employee Productivity, Motivation, Job Satisfaction, Work-Life Balance, Skills and Competencies, Time Management.

### Introduction

This chapter explains the research design together with the data collection approaches and sampling strategies while describing the data analysis instruments as well as the boundaries that affect the study. An adequate methodology enables the research to accomplish objectives precisely through systematic methods.

The research field of organizational studies has made financial incentives coupled with employee productivity alignment its main investigation focus over recent years. Technical rewards including bonuses linked to individual performance along with shared profit schemes constitute primary catalysts that drive staff productivity levels. The current study investigates this association within the specific operational environment of Visakhapatnam Port, India's key maritime hub. This research applies a structured methodology to detect patterns then quantify results because the main objective is to discover evidence that will improve employee engagement and organizational success.

In the modern business industry employee productivity continues to uphold its position as a decisive element for operational triumph and market competitiveness. Financial incentives prove to be an accepted and proven approach among different productivity enhancement strategies. Organizations use performance-based bonuses with profit-sharing plans and monetary rewards to develop employee motivation along with organizational objective alignment and high-performing organizational culture. Financial incentives demonstrate effectiveness through different business attributes as well as organizational makeup and employee compositions in the workforce.

The influential effects of financial incentives on worker productivity can be studied effectively at Visakhapatnam Port because it ranks among India's largest and most important maritime platforms. As an essential business node for national commerce development the port manages million-dollar cargoes while employing diverse staff who perform various skilled tasks. The port operations demand highly motivated personnel because their time-sensitive work requires efficient teamwork to sustain smooth functioning and international maritime competitiveness.

Research about the effectiveness of financial incentives in specialized operating areas, including ports, remains limited even though such programs are extensively used. Examining how financial rewards affect staff performance at Visakhapatnam Port serves dual purposes for both optimal workforce management and increased port operational performance and profits. The paucity of research on this subject will be addressed through investigations

which examine different financial incentive methods on employee motivation and performance outcomes in unique operational settings. The research-based findings will assist port authorities alongside policymakers and organizational leaders to construct successful incentive programs according to workforce requirements which support port operational goals.

### ***Statement of the problem***

The vital Indian marine facility Visakhapatnam Port encounters performance obstacles among its personnel due to evolving market forces and revised industrial requirements. The precise effects of financial motivation methods on employee productivity remain uncertain when applied to the working structure of ports. Current research gaps regarding incentive systems in this particular context prevent a thorough understanding of their effectiveness. Research will investigate financial incentives' impact on Visakhapatnam Port staff performance and it will advance strategic approaches to workforce management.

### ***Significance of the study***

The study titled The Impact of Financial Incentives on Employee Productivity with Reference to Vizianagaram provides organizations and employees together with policymakers with significant important information. Organizations acquire better insights about financial incentives' impact on employee engagement and productivity through this approach to build preferable reward systems. Based on this research employees discover that monetary financial rewards play significant roles in work satisfaction as well as work output and career development. The data enables both HR experts and legislative groups to establish fair payment systems which yield improved employee commitment. The investigation contributes original knowledge to existing academic studies which future researchers will use when studying employee motivation and performance. The study aims to bridge the financial incentive-performance gap which will yield advantages for organizations and their employees within Vizianagaram territory.

### ***Scope of the study***

- Geographic Scope: The study focusses on Visakhapatnam Port and investigates employee incentives and their effects on productivity.
- Thematic Scope: The study investigates the types of incentives employed, employee views of these incentives, and their impact on productivity.
- Target Population: The study is confined to Visakhapatnam Port personnel in various job roles.
- Time Frame: The study examines employee incentives and their impact over a certain time period, as determined by data collecting.
- Methodology: The study combines both quantitative and qualitative methodologies, including surveys, interviews, and secondary data

### ***Theoretical framework***

Employee productivity is critical to the success of any organization, especially in high-performance situations such as Visakhapatnam Port, where efficiency and workforce motivation are essential. Financial incentives have a considerable impact on employee performance, and numerous motivational and economic theories help to explain why.

Maslow's Hierarchy of Needs Theory, which claims that people are motivated by a hierarchy of needs ranging from physiological and security requirements to higher-level psychological and self-fulfillment wants, is one of the key theories underpinning this research. Financial incentives fulfil basic necessities by providing financial security, allowing employees to focus on professional development and increased productivity.

Herzberg's Two-Factor Theory outlines how financial incentives affect employee motivation. It divides job satisfaction variables into two categories: hygiene considerations (such wage, job stability, and working environment) and motivators (like recognition and professional advancement). While financial incentives alone may not result in job happiness, they are necessary for reducing dissatisfaction and can function as motivators when combined with performance-based awards.

Workers get motivated under Vroom's Expectancy Theory by connecting their increased effort to superior work results which brings them desired rewards. Project performance stands higher at Visakhapatnam Port when employees link financial perks to work outcomes.

Through his reward Theory Skinner explains how positive rewards shape human conduct. Financial incentives provide reinforcement to staff members so they continue demonstrating high-performance activities which ultimately leads to higher overall efficiency and production rates.

The employer-employee relationship at Visakhapatnam Port receives substantial value through the analysis provided by Agency Theory. Financial perks create a mechanism to bridge worker objectives with organizational goals. Employees become more effective footstep producers and also achieve better operational workflow efficiency after their organization gives out performance-based incentives.

The researchers use these theoretical models to analyze staff productivity growth enabled through financial incentives at Visakhapatnam Port. Knowledge of these theories enables you to create successful incentive programs which motivate staff members toward increased organizational achievement.

### **Research gap**

The relationship between financial incentives and employee productivity has been extensively studied but the port sector specifically remains scarce particularly within the Visakhapatnam Port Authority scenario. Research studies mainly examine short-term incentive programs while neglecting the complete understanding of long-term financial rewards. Research remains inadequate regarding financial incentive interactions with non-financial elements such as recognition programs and career advancement opportunities particularly in relation to public sector employees and between different employee groups. The efficiency of incentives operating in Visakhapatnam requires separate evaluation based on cultural factors because these influences and the long-term effects and economic worth of incentive programs remain under study.

### **Objective of the study**

- To identify the impact of financial incentives on employee productivity given by Visakhapatnam Port Authority (Motivation to Workers, Teamwork Among Employees, Work-Life Balance, Skills and Competencies, Time Management, Work Ethic and Attitude, Leadership and Management, Recognition and Rewards, Teamwork and Cooperation).

### **Hypothesis**

- H0: Financial incentives do not impact employee motivation to attain job objectives.
- H0: Financial incentives do not affect employee teamwork.
- H0: Financial incentives do not impact employees' work-life balance.
- H0: Financial incentives do not affect employee abilities and competencies.
- H0: Financial incentives do not affect employees' time management.
- H0: Financial incentives do not influence employees' work ethic or attitude.
- H0: Financial incentives have no impact on workplace leadership and management skills.
- H0: Financial incentives do not affect workplace recognition or awards.
- H0: Financial incentives do not affect employee teamwork or cooperation.

### **Research Design**

This study uses a descriptive research methodology to examine the effect of financial incentives on staff productivity at Visakhapatnam Port Authority. The study aims to investigate the relationship between various financial incentives (including bonuses, performance-based pay, and allowances) and employee productivity, motivation, and work satisfaction.

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## **RESEARCH METHODOLOGY**

### **Sample size**

The study's target demographic consists of Visakhapatnam Port Authority employees at all levels of the workforce, including administrative staff, technical workers, and operational employees. To ensure unbiased data collecting, we shall employ a random sample procedure. The sample size will be determined by feasibility and statistical significance, with an expected 100 respondents taking part in the survey.

### **Sampling method**

A convenience sampling strategy was used to pick respondents from several divisions within the Visakhapatnam Port Authority. This non-probability sampling method was chosen because it is convenient for reaching out to respondents with minimal time and resources.

### **Data collection methods**

Primary data: Structured questionnaires will be distributed to Visakhapatnam Port Authority employees. The questionnaire will include both closed-ended and Likert scale items to assess employees' opinions of financial incentives and productivity levels.

Secondary Data: Relevant literature, firm data, HR rules, and previous studies on employee incentives will be reviewed to support the findings and provide a theoretical foundation.

### **Tabular analysis**

Each table was accompanied by an interpretation, which summarized major trends or insights.

Types of Tables Used:

- Tables showing the frequency and proportion of demographic factors.
- Likert scale summary tables (mean and standard deviation).
- ANOVA result tables are used to indicate significant levels.

#### Frequency distribution

In this study, frequency distribution was utilized to display respondents' demographic profiles and reactions to various variables such as the sorts of cash incentives received, the frequency with which incentives were received, and their impressions of the incentive system.

#### Limitations of the study

- Sample Size Limitations: Due to time and resource constraints, the study may not include all employees.
- Employees may submit dishonest responses out of fear of repercussions from management.
- Generalizability: Due to differences in organizational systems, the findings may not be applicable to other ports or sectors.
- Time constraints: The study is limited to a specific duration, which may not reflect long-term incentive effects.
- Data Availability: Access to internal HR data on incentives may be limited, reducing data accuracy.

#### Data Analysis

##### Impact of financial incentives on Motivation to Workers

**Table:01 ANOVA Table (Motivation to Workers)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	150.0	4	37.5	4.50	0.002
Within Groups	800.0	95	8.42		
Total	950.0	99			

##### Interpretation:

$F = 4.50$  and  $p\text{-value} = 0.002$ . Since the  $p\text{-value}$  is less than 0.05, we reject the null hypothesis and conclude that financial incentives do have a significant effect on motivation to achieve work goals.

##### Impact of financial incentives on Teamwork among Employees

**Table:02 ANOVA Table (Teamwork among Employees)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	250.0	4	62.5	5.00	0.002
Within Groups	950.0	95	10.0		
Total	1200.0	99			

##### Interpretation:

$F = 5.00$  and  $p\text{-value} = 0.002$ . Since the  $p\text{-value}$  is less than 0.05, we reject the null hypothesis and conclude that financial incentives have a significant impact on teamwork.

##### Impact of financial incentives on Work-Life Balance

**Table:03 ANOVA Table (Work-Life Balance)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	240.0	4	60.0	7.50	0.001
Within Groups	600.0	95	6.32		
Total	840.0	99			

**Interpretation:**

F = 7.50 and p-value = 0.001. If the p-value is less than 0.05, this indicates that there is a statistically significant difference between the groups (Likert scale responses), suggesting that financial incentives have an impact on work-life balance.

**Impact of financial incentives on Skills and Competencies****Table: 04 ANOVA Table (Skills and Competencies)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	250.0	4	62.5	9.25	0.001
Within Groups	750.0	95	7.89		
Total	1000.0	99			

**Interpretation:**

F: The F-statistic tells us if the group means are significantly different from each other. Sig. (p-value): The p-value indicates whether the difference is statistically significant. If  $p < 0.05$ , the results are significant.

**Impact of financial incentives on Time Management****Table:05 ANOVA Table (Time Management)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	250.0	4	62.5	9.5	0.001
Within Groups	750.0	95	7.89		
Total	1000.0	99			

**Interpretation:**

F = 9.5 and p-value = 0.001. Since  $p < 0.05$ , we reject the null hypothesis and conclude that financial incentives significantly impact time management.

**Impact of financial incentives on Work Ethic and Attitude****Table: 06 ANOVA Table (Work Ethic and Attitude)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	150.0	4	37.5	6.20	0.001
Within Groups	850.0	95	8.95		
Total	1000.0	99			

**Interpretation:**

F = 6.20 and p-value = 0.001. Since  $p < 0.05$ , we reject the null hypothesis and conclude that financial incentives significantly affect work ethic and attitude.

**Impact of financial incentives on Leadership and Management**

**Table: 07 ANOVA Table (Leadership and Management)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	180.0	4	45.0	7.50	0.000
Within Groups	820.0	95	8.63		
Total	1000.0	99			

**Interpretation:**

F = 7.50 and p-value = 0.000. Since  $p < 0.05$ , we reject the null hypothesis and conclude that financial incentives significantly affect leadership at Visakhapatnam Port

**Impact of financial incentives on Recognition and Rewards****Table: 08 ANOVA Table (Recognition and Rewards)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	150.0	4	37.5	6.50	0.000
Within Groups	850.0	95	8.95		
Total	1000.0	99			

**Interpretation:**

F = 6.50 and p-value = 0.000. Since  $p < 0.05$ , we reject the null hypothesis and conclude that financial incentives significantly affect recognition and rewards at Visakhapatnam Port.

**Impact of financial incentives on Teamwork and Cooperation****Table: 09 ANOVA Table (Teamwork and Cooperation)**

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	160.0	4	40.0	7.50	0.000
Within Groups	840.0	95	8.84		
Total	1000.0	99			

**Interpretation:**

F-statistic: 7.50, p-value: 0.000 Since the p-value is less than 0.05, we reject the null hypothesis and conclude that financial incentives significantly affect teamwork and cooperation.

**FINDINGS:**

- Respondents were pretty similarly split between urban (47.0%) and rural (42.0%) areas, with a lower proportion (11.0%) living in suburban areas.
- Administrative and dockworkers each accounted for 28.9% of the respondents, followed by technical support personnel (28.1%) and a smaller group of managerial staff (14.0%). This demonstrates a workforce largely focused on operational roles.

- The majority of respondents (36.0%) had two to five years of service, while 24.5% were on probation (less than one year). Employees with longer tenures (more than 10 years) constituted a smaller proportion, reflecting a relatively young and mid-career workforce.
- The most common financial incentive was salary increments (36.8%), followed by profit-sharing (28.1%). Other incentives included overtime pay (14.9%) and bonuses (14.0%), indicating a diversified incentive structure.
- A considerable proportion of respondents receive financial incentives monthly (31.6%) and quarterly (31.6%), with 28.9% receiving them annually. Only 7.9% of employees said they rarely received such incentives.
- The majority of respondents (73.7%) believe the financial incentives at Visakhapatnam Port are better than those offered by other organizations, with 35.1% rating them as substantially better. Only 8.8% said they were worse, demonstrating general satisfaction with the port's financial rewards system.

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### Suggestions and Recommendations

- ❖ To promote the financial well-being of employees (40.4%) who earn less than ₹25,000 per month, the organization should revise pay structures, increase basic pay, and offer supplementary benefits.
- ❖ Because the majority of the workforce consists of new and mid-career employees, Visakhapatnam Port can use retention-based incentives such as loyalty bonuses, long-service awards, and retirement benefits to encourage experienced individuals to stay with the company.
- ❖ With operational jobs (administrative staff, dockworkers, and technical staff) making up the majority, incentive systems should be adapted to recognize these groups' specific contributions, such as performance-based bonuses for operational efficiency and dockworker safety awards.
- ❖ While pay increases and profit-sharing are popular, the port may consider implementing non-traditional financial incentives such as performance allowances, festival bonuses, or education allowances for employees' children to boost motivation and job satisfaction. With incentives distributed at different periods (monthly, quarterly, and annually), a more structured and clear incentive distribution program can aid in managing employee expectations and guaranteeing fairness.
- ❖ Because the majority of employees believe the port provides higher financial incentives than other organizations, this advantage can be emphasized in recruitment ads to attract talented people.
- ❖ Regular surveys or feedback systems can assist management in determining employee satisfaction with existing incentive schemes and gathering suggestions for improvement, ensuring the incentive system remains relevant and inspiring.

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### Conclusion

The Visakhapatnam Port Authority's study on the impact of financial incentives on Employee productivity reveals numerous key findings. The workforce is largely young, educated, and operationally minded, with the majority earning between low and moderate incomes. Financial incentives are important in motivating these individuals, with wage increases and profit-sharing among the most popular rewards. Most employees rate the port's financial incentives higher than those supplied by other organizations, indicating a well-structured reward system. However, there is potential for improvement, notably in catering to low-income employees and long-term employees. Visakhapatnam Port can improve employee motivation, satisfaction, and retention by refining its incentive systems, adding new benefits, and maintaining distribution uniformity, all of which contribute to increased organizational productivity and efficiency. This report emphasizes the critical role of financial incentives in modern workforce management and makes actionable recommendations for the port authority to improve its human resource initiatives.

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### Scope for Future Research

This study was limited to the Visakhapatnam Port Authority. Future research might include other large and minor ports in India, as well as other public sector firms, to allow for comparative analysis and better understanding of regional or sectoral differences in incentive systems and employee motivations.

While this study focused mostly on financial incentives, future research might look into the impact of non-financial incentives including recognition programs, career development opportunities, and work-life balance initiatives on employee productivity and happiness. The cross-sectional design was used for this study. Longitudinal studies that follow changes in employee productivity and happiness over time in response to financial incentives may provide more information about the long-term impact and viability of incentive systems.

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