

# A Study on Impact of Effective Enhancement of Incentives on Employee's Job Performance

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**Abstract**—In today's competitive business landscape, organizations increasingly rely on incentive programs to enhance employee motivation, performance, and overall productivity. Despite their widespread use, the effectiveness of various incentive structures such as individualized versus group-based rewards remains ambiguous, particularly in terms of long-term impact and employee perceptions. This study investigates the relationship between incentive programs and employee job performance, focusing on the role of employee satisfaction, engagement, and perceived fairness. Through a structured questionnaire distributed to 143 respondents in Pollachi Taluk using snowball sampling, the study analyzes primary data with statistical tools including percentage analysis, Garrett ranking, and Chi-square tests. Key objectives include identifying factors that influence the success of incentive programs, evaluating the impact of monetary and non-monetary rewards, and understanding how employee motivation and loyalty evolve over time. The findings aim to provide actionable insights for organizations seeking to develop effective, sustainable incentive strategies that align with both employee needs and organizational goals.

**Index Terms**—Job Incentives, Engagement, Benefits.

## I. INTRODUCTION

In today's competitive and dynamic business landscape, organizations are constantly seeking ways to optimize employee performance to maintain a competitive edge. One of the most effective tools at their disposal is the enhancement of employee incentives. Incentives, which can take the form of financial rewards, non-monetary benefits, or

recognition programs, are designed to motivate employees to achieve higher levels of performance. The effectiveness of these incentives, when carefully tailored to align with both organizational goals and employee needs, can significantly enhance job satisfaction, productivity, and overall work outcomes. The purpose of this report is to investigate the impact of effective incentive enhancement on employee job performance. In particular, the report will explore how various forms of incentives such as performance-based bonuses, recognition schemes, career advancement opportunities, and work-life balance initiatives can influence employee behaviour and outcomes. By delving into existing studies and organizational case examples, the report aims to identify best practices for incentive design and the potential benefits organizations can reap by implementing effective incentive strategies.

Furthermore, the report will examine the factors that contribute to the success of incentive programs. For instance, the alignment of incentives with individual employee preferences, the clarity of performance goals, and the timing of rewards are all critical aspects that can determine the success or failure of incentive programs. Understanding these factors is essential for organizations that wish to implement incentive schemes that not only motivate employees but also foster long-term engagement and loyalty.

Ultimately, the goal of this report is to provide insights into how the enhancement of incentives can lead to improved job performance across various organizational contexts. By understanding the key drivers behind successful incentive programs,

companies can more effectively attract, retain, and motivate talented employees, thereby contributing to sustainable growth and success.

#### OBJECTIVES OF THE STUDY

- To identify the key factors that make incentive programs effective.
- To evaluate the role of employee satisfaction and engagement in the effectiveness of incentive programs

#### II. REVIEW OF PREVIOUS STUDIES

- Diksha and Dr. Ramesh Kumar Garg (2024) conducted a study titled "Effect of Incentives on Employee's Performance" "The study aimed to determine understand the relationship between employee incentives (monetary and non-monetary) and performance, and to identify the types of incentives used by organizations to enhance employee performance. The study used Descriptive research methodology, using secondary data sources. The study finds a positive correlation between incentives (both monetary and non-monetary) and employee performance. Incentives such as bonuses, fringe benefits, retirement benefits, and a positive work environment contribute to improved employee performance. The study concludes that both financial and non-financial incentives are crucial for motivating employees and enhancing their performance. Effective incentive schemes lead to better job productivity, loyalty, discipline, and overall organizational success.
- Jinzhan Wang (2024). "Enhancing Employee Performance Appraisal through Optimized Association Rule Algorithms: A Data Mining Approach." The study aims to enhance intelligent performance management systems in the Planning and Development Department of the China Yangtze River Three Gorges Engineering Development Corporation by combining data mining techniques with association rule algorithms. Utilizing secondary data, the research uses various data mining methods such as association analysis and classification analysis. The conclusion underscores the model's utility in improving performance evaluation procedures, boosting overall management efficiency, and aligning with the specific characteristics of construction enterprises
- Dr. Shamsi Sukumaran, Dr. Ranjith Somasundaran Chakkambath, and Navami P.S. (2024) conducted a study titled "The Impact of Incentives on Job Performance in an Organisation," aiming to investigate factors related to incentives that influence job performance among employees, using a descriptive research design and convenience sampling of 220 respondents from Kerala, India; findings from exploratory factor analysis revealed that 'design of incentives' and 'type of incentives' are key contributors to job performance, concluding that incentives play a significant role in motivating employees and enhancing their performance.
- Haron Ismail Haron and Khatijah Khadijah (2023) authored an article titled "Effect of Incentives on Employees' Performance in the Public Sector." The objective of the study was to analyse the impact of monetary and non-monetary incentives on employee performance and to determine how financial rewards influence motivation and productivity. The secondary data used for this study from various business sectors. The research design included a literature review and analysis of employee responses regarding incentives. The findings indicated that monetary incentives, such as bonuses, profit-sharing, and retirement plans, significantly enhance employee motivation, productivity, and job satisfaction, while non-monetary incentives also play a supporting role. The study concluded that incentive programs are essential for boosting employee performance and overall business success, as they create a positive work environment and strengthen employer-employee relationships.
- Irmohizam Ibrahim and Norhasni Zainal Abiddin (2023) conducted a study titled "The Impact of Incentives on Employee Productivity: Review of Past Literatures," aiming to explore the relationship between incentives and employee productivity by analysing various forms of incentives, using secondary data and literature review; findings indicate that both financial and non-financial incentives significantly enhance employee motivation and productivity, leading to

improved organizational performance, concluding that well-planned and managed incentive programs are crucial for maximizing employee productivity.

### III. RESEARCH METHODOLOGY

#### DATA

The present study is mainly based on primary data which is collected from all age people by distributing the questionnaires. Primary data were used for the present study. For collecting the first-hand information one hundred and forty-three respondents were chosen on snowball sampling method by issue of questionnaire containing socio-economic, preference and suggestion. Open ended and closed ended questions were included in the questionnaire to get answers of the objectives laid down in the study.

#### SAMPLING

The require data for the study have been collected by way of structured questionnaire on order to know employee performance based on incentives of total questionnaire ware issued and collected are taken for the analysis.

#### SAMPLE SIZE

In this research work, sample size is 143

#### FRAMEWORK OF ANALYSIS

The collected dada has been analysed through simple percentage, chi square test, Garrett ranking.

#### SOCIO ECONOMIC PROFILE

The findings of the respondent's socio-economic profile summarized below, (reveals the following results).

- Age: Majority of the respondents 77(53.8%) belong to the age group of 28-38 years.
- Gender: Majority of the respondents 92(64.3%) are female.
- Marital status: Majority of the respondents 80(55.9%) are unmarried.
- Education: Most of the respondents 54(37.8%) are Post Graduate.
- Occupation: Most of the respondents 64(44.8%) are Employee's.
- Area: Majority of the respondents 92(64.3%) live in rural areas.

- Type of family: Majority of the respondents 86(60.1%) come from nuclear families.
- Number of family: Majority of the respondents 106(74.1%) have 2-4 family members
- Family income: Majority of the respondents 49(34.3%) earn between 20,000-30,000 per month.
- Experience: Majority of the respondents 62(43.4%) have been working in the organization for 1 year.
- Type of incentives: Majority of the respondents 110(76.9%) receive monetary incentives.
- Ideas & suggestion consider in management: Majority of the respondents 52(36.4%) feel that their ideas are always considered in management.
- Incentives have been enhancing job performance overall: Majority of the respondents 87(60.8%) believe that incentives are very effective in enhancing job performance.

### IV. MONETARY INCENTIVES

- Bonuses: Mean: 1.79, Standard deviation: 0.447, (The highest mean indicates that bonuses are typically received slightly more than once a year but less than twice.) The standard deviation of 0.447 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Salary and Pay Raises: Mean: 1.52, Standard deviation: 0.591, (On average, salary and pay raises are given slightly more than once a year.) The standard deviation of 0.591 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Profit Sharing: Mean: 1.63, Standard deviation: 0.507 (On average, people receive profit sharing slightly more than once a year.) The standard deviation of 0.507 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Overtime Pay: Mean: 1.46, Standard deviation: 0.585 (On average, overtime pay is received slightly more than once a year.) The standard deviation of 0.585 tells us How much the individual data points (the frequency with which

employees receive these incentives) deviate from the mean.

- Cash Reward: Mean: 1.51, Standard deviation: 0.521 (Cash rewards are typically received slightly more than once a year on average) The standard deviation of 0.521 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Commission: Mean: 1.49, Standard deviation: 0.545 (Commissions are typically received slightly more than once a year on average) The standard deviation of 0.545 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Performance-Based Pay: Mean: 1.47, Standard deviation: 0.520 (On average, performance-based pay is received slightly more than once a year) The standard deviation of 0.520 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Savings and Retirement Benefits: Mean: 1.62, Standard deviation: 0.543 (Savings and retirement benefits are typically received slightly more than once a year on average) The standard deviation of 0.543 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Sales Incentives: Mean: 1.49, Standard deviation: 0.521 (On average, sales incentives are received slightly more than once a year) The standard deviation of 0.521 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Travel Allowances: Mean: 1.43, Standard deviation: 0.516 (Travel allowances are typically received slightly more than once a year) The standard deviation of 0.516 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Gratuity Payments: Mean: 1.55, Standard deviation: 0.519 (Gratuity payments are received slightly more than once a year on average) The standard deviation of 0.519 tells us How much the individual data points (the frequency with which

employees receive these incentives) deviate from the mean.

- Pay Skill Acquisition: Mean: 1.51, Standard deviation: 0.525 (On average, pay for skill acquisition is received slightly more than once a year) The standard deviation of 0.525 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Others: Mean: 1.56, Standard deviation: 0.579 (Other types of incentives are typically received slightly more than once a year) The standard deviation of 0.579 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- The highest mean score of 1.79 for bonuses indicates that employees typically receive them slightly more than once a year but less than twice, suggesting that bonuses are an important yet infrequent incentive. Other incentives, such as profit sharing (mean 1.63), savings and retirement benefits (mean 1.62), gratuity payments (mean 1.55), salary and pay raises (mean 1.52), cash rewards (mean 1.51), and other factors, are also received slightly more than once a year on average, reflecting their periodic nature. These incentives, along with miscellaneous rewards, are distributed at similar intervals.

#### V. NON-MONETARY INCENTIVES

- Career Development & Learning: Mean: 1.509, standard deviation of 0.556 (On average, Career Development & Learning opportunities are received slightly more than once a year.) The standard deviation of 0.556 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Recognition & Appreciation: Mean: 1.571, standard deviation of 0.586 (On average, Recognition & Appreciation are received slightly more than once a year.) The standard deviation of 0.586 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean
- Workplace Amenities: Mean: 1.532, standard deviation of 0.554 (Workplace amenities are

generally received slightly more than once a year on average.) The standard deviation of 0.554 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.

- Job Enrichment: Mean: 1.533, standard deviation of 0.545 (Job enrichment opportunities are typically received slightly more than once a year on average.) The standard deviation of 0.545 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Team Outings: Mean: 1.610, standard deviation of 0.601 (Team outings are received slightly more than once a year, on average.) The standard deviation of 0.601 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Flexible Work Arrangement: Mean: 1.516, standard deviation of 0.601 (Flexible work arrangements are typically received slightly more than once a year on average.) The standard deviation of 0.601 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Autonomy and Responsibility: Mean: 1.506, standard deviation of 0.567 (Autonomy and responsibility are generally provided slightly more than once a year.) The standard deviation of 0.567 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Emotional Support (Counselling Services): Mean: 1.464, standard deviation of 0.560 (Emotional support (counselling services) is generally received slightly more than once a year on average.) The standard deviation of 0.560 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Perks and Privileges: Mean: 1.526, standard deviation of 0.523 (On average, perks and privileges are received slightly more than once a year.) The standard deviation of 0.523 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Gift Cards: Mean: 1.614, standard deviation of 0.556 (Gift cards are generally received slightly more than once a year on average.) The standard deviation of 0.556 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Coupons: Mean: 1.596, standard deviation of 0.598 (On average, coupons are received slightly more than once a year.) The standard deviation of 0.598 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Team Building Events: Mean: 1.469, standard deviation of 0.561 (Team building events are generally received slightly more than once a year on average.) The standard deviation of 0.561 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Social Gatherings: Mean: 1.465, standard deviation of 0.521 (Social gatherings are typically received slightly more than once a year on average.) The standard deviation of 0.521 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- Others (Please specify): Mean: 1.509, standard deviation of 0.532 (Other unspecified incentives are typically received slightly more than once a year.) The standard deviation of 0.532 tells us How much the individual data points (the frequency with which employees receive these incentives) deviate from the mean.
- The highest mean scores in the data indicate that certain incentives are provided more than once a year with regularity. Gift cards (mean 1.614) and team outings (mean 1.610) stand out as the most frequent non-financial rewards, being given slightly more than once annually. Coupons (mean 1.596) also rank highly, suggesting that employees receive them consistently throughout the year. These high mean scores imply that employees can expect these incentives regularly, contributing to a positive and engaging work environment. Additionally, other factors highlight the company's commitment to maintaining employee engagement through frequent recognition and team bonding activities.

## VI. SUGGESTION

- Encourage employee to work more efficiently and effectively:  
Empower employees by setting clear expectations and providing necessary resources. This will drive them to perform better and contribute to overall success.
- Recognize and reward employees for their contribution, leading to increased job satisfaction: Acknowledging hard work and offering rewards boosts morale. This creates a positive work environment and enhances employee satisfaction.
- How employees that they're valued, reducing turnover rates: When employees feel appreciated, they are more likely to stay with the company. This reduces turnover and strengthens team loyalty.
- Offer competitive incentives to attract skilled professionals: Attract top talent by offering competitive salaries and benefits. This ensures your team is skilled and motivated.
- Offer additional vacation days or flexible Hours: Allow employees the flexibility to manage their time, promoting work-life balance. This helps reduce stress and enhances productivity.
- Allow employees to choose from a range of benefits: Providing a range of benefit options lets employees select what works best for them. This customization leads to greater satisfaction and retention.
- Provide funds for employees to pursue professional development opportunities: Supporting employees in their career growth shows investment in their future. This leads to a more skilled, engaged workforce.

## VII. CONCLUSION

Incentive programs, both monetary and non-monetary, play a pivotal role in enhancing employee performance by aligning individual efforts with organizational objectives. Studies have demonstrated that well-structured incentives can lead to significant improvements in productivity, motivation, and job satisfaction. For instance, research indicates that incentive programs lasting a year or more can produce an average performance increase of 44%. Additionally, financial incentives, such as

performance bonuses, have been found to motivate employees to work harder to meet performance targets. However, it is essential to design these programs thoughtfully, as poorly structured incentives can lead to unethical behaviour and undermine intrinsic motivation. Therefore, organizations should balance financial rewards with recognition and opportunities for personal development to foster a motivated and high-performing workforce.

## REFERANCE

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