

# AN EXPLORATORY STUDY ON IMPORTANCE OF NON-MONETARY BENEFITS ON JOB SATISFACTION OF EMPLOYEES

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## ABSTRACT

Employees in any organization look for benefits apart from their salary. Some employees expect monetary benefits which directly influence their level of motivation in work which leads to job satisfaction. In contrast, some companies provide non-monetary benefits to their employees in order to satisfy their employees. The importance of non-monetary benefits is ignored in many organizations previous researchers proved that non-monetary benefits will affect the job satisfaction of employees as equal to monetary benefits. So, the current study is undertaken to explore the importance of non-monetary benefits.

**KEYWORDS:** Non- Monetary, Job satisfaction, Motivation, Employees, work environment.

## INTRODUCTION

Amongst various reasons, the use of non-monetary Benefits in organizations is to motivate employee towards their job performance. Non-monetary reward is viewed as “Non-monetary benefits are benefits that are not, or cannot be, directly measured in terms of monetary units. These include the satisfaction realised from enjoying a certain way of life or style of work, such as fishing in a rural coastal community” Organization for Economic Cooperation and Development (OECD).

“A non-cash award given in recognition of a high level of accomplishments or performance such as customer care or support to colleagues, which is not dependent on achievement of a Pre-determined target” (Rose, 1998). Non-monetary incentives are regarded as cost effective ways to compensate employees, thereby, attracting, motivating and retaining employees. They remain part of the wellness of job environment regardless of the economic situation. The importance of non-monetary incentives and job satisfaction in improving job performance among employees cannot be underestimated. In view of the relevance of non-monetary incentives and job satisfaction in enhancing employee job performance, the paper conceptually discusses the existing relationships between the variables and employee job performance.

## REVIEW OF LITERATURE

Burgess and Ratto (2003) reviewed the motivation pay to improve public-sector efficiency and the evidence on its effects. The researchers concluded how best possible incentives for public sector differ from private sector and which types of incentives are the most appropriate for public sector. Öztürk and Dündar (2003) made an effort to create the relation between the factors, which motivate the public workers and professional variables at those institutions. According to the findings obtained in the research, it is seen that managers are more motivated by non-financial incentives than financial incentives in public employees; and employees are more motivated by financial incentives than non-financial incentives. Almost all of the public employees' state that the appreciation of the actions completed create a feeling of satisfaction and give a positive motivation towards their job. It is also stated that giving an opportunity for promotion of employees and getting their opinions of their area of interest are among the important factors to motivate them for their jobs.

Kitapçı and Sezen (2002) investigated the variables, which affect job satisfaction of workers according to their career period. Based on the results of the study, it is seen that the workers with different career periods have also different job satisfaction levels in terms of different variables. According to the findings of the study, the job satisfaction levels of employees in pre-professional trial period (18-24 age group) are affected by working conditions, training given by the premise and payment. Besides, according to the results of the study, the job satisfaction levels of employees in starting and progressing professional period (26-44 age group) are affected by working conditions, connections with colleagues and manager and in the stationery period (45 and above age group) by connections with managers and participatory management.

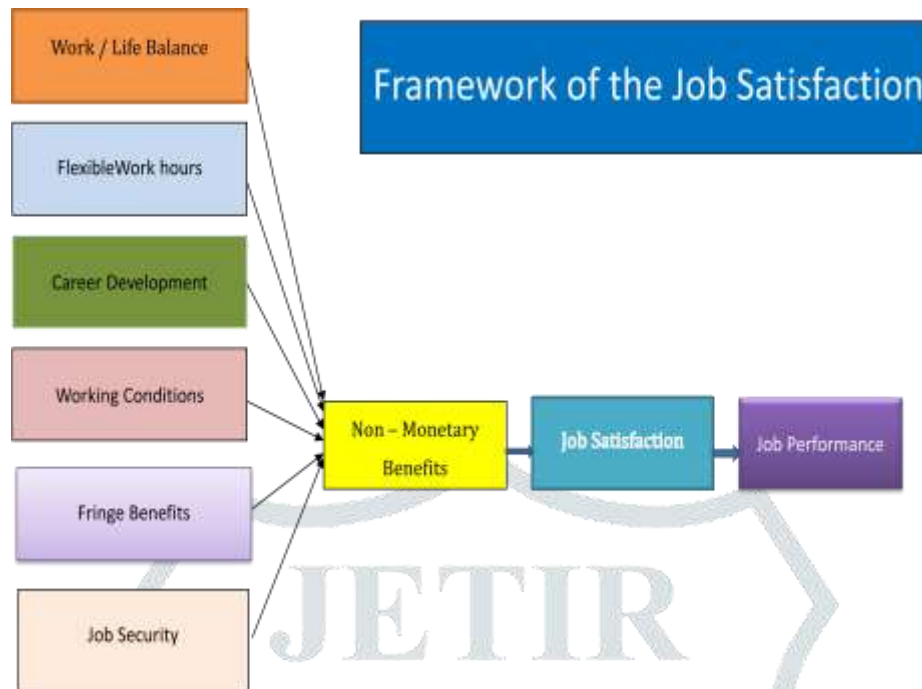
Al-Angari (1999) examined the effects of motivation applications on the performances of workers in Riyadh Region Governorate. The researcher emphasized in the study that positive financial incentives do not satisfy the employees. Al-Johani (1997) made an assessment on the incentive system used at their institutions including the opinions of employees at Jeddah Migration Office. According to the findings of the study, it is emphasized that there is no great difference among the opinions of employees in terms of incentives and the most important incentives are financial incentives and then promotion. Hermalin and Weisbach (1991) examined the effect of administrative structure and direct incentives on company performance. Hilman (1987) examined the effects of financial incentives at medical institutions in terms of attitudes of doctors and their service. The researcher determined as a result of the analysis by taking the opinions of 302 doctors into consideration that financial incentives have important effects on the attitudes of doctors and service quality. Ryan et al. (1986) examined the effects of financial incentives in terms of controlling expenditures. Solt and Miller (1985) examined the effect of managerial incentives on financial performance in terms of real-estate investment partnerships. Grossman and Hart (1982) determined that the incentive effects of the threat of bankruptcy on the quality of management in a widely held corporation.

## OBJECTIVES

Monetary Incentives form an important part of an employee's life, but there are some things which money can't buy. The main objective behind providing incentives is to motivate employee to provide best of his abilities. Incentives like flexible work hours, payroll or premium contributions, training, health savings or reimbursement accounts, or even paid sabbaticals are equally important. These are called Non-monetary incentives. When organizations pay attention to non-monetary tools such as opportunity of increasing holiday and family benefits, the employee may perceive the organization as a supporting and caring organization. Rewards are important factors that explain certain job aspects that contribute significantly to the organization such as job satisfaction. The major objective of the study is examining the importance of non-monetary incentives in an organization.

The study is directed towards examining different dimensions of Non-monetary Incentives. Comparative study of monetary and non-monetary incentives has been done which bring us to the conclusion that in order to bring "good work motivation" and not only "money motivation" different types non-monetary incentives must be introduces in an organization. Non-monetary recognition can be very motivating, helping to build feelings of confidence and satisfaction.

## CONCEPTUAL FRAME WORK



## RESEARCH DESIGN

In this Paper Exploratory Research is followed, Secondary Data Collection from various sources like Journals, Internet etc.

## JOB SATISFACTION

Locke (1976, p. 1304) describes job satisfaction as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. Job satisfaction entails how people feel about the job they engage in and its different aspects.

Spector (1997) contends that job satisfaction explains the extent to which people like (satisfaction) or dislike (dissatisfaction) the job they do. When an employee has a high level of job satisfaction, propensity to look for another job and that of leaving an organization decreases. It is likely that the higher the job satisfaction that employee experience, the more positive the attitude towards the jobs and commitment to the organization (Sarwar and Abugre, 2013). Hulin and Judge (2003) maintain that job satisfaction includes multidimensional mental responses to one’s job. These responses have components in the cognitive (evaluative), affective (or emotional), and behavioral dimensions. Thus, job satisfaction is one the most essential variables as it explains the general attitude of the employee to the job. Job satisfaction from an assessment perspective is being considered an attitudinal variable.

Attitude is defined as “summation of sense, beliefs and thought, which the individual form in direction with his perception about his environment” (Celik, 2011, p.9). In the traditional job satisfaction model, an employee feeling about the job that one engages in was the major focus. However, satisfaction and dissatisfaction are not limited to the nature of the job that one does, but also depends on the perceptions, attitude and expectations towards the job (Lu et al., 2005). Moreover, organizations depend on people (employees), and the manner in which its employees behave depends on the way the managers direct the organizational affairs. Therefore, wise managers give priority to employee job satisfaction due to the relevance. Job satisfaction is perceived as being related to absenteeism, turnover and to some extent performance (Patterson, 2010). Job satisfaction could vary from satisfaction with a specific aspect of or facet of a job. Therefore, to get a thorough understanding of the employees’ needs, attitude and motives, study on job satisfaction in organizations should focus on the various facets of job satisfaction. Patterson (2010) argues that what gives satisfaction differs from one employee to another.

## Non-Monetary Incentives

It is suggested in the literature of human resource management and organizational behavior that non-monetary incentives act effectively in motivating employees. The essence of incentives is to establish linkage with desired behavior and the outcome that makes the employee feel appreciated (Whetten and Cameron, 2007). Non-monetary rewards play a significant role in the perception of the employee regarding the reward climate in the workplace (Khan et al., 2013). When organizations pay attention to non-monetary tools such as opportunity of increasing holiday and family benefits, the employee may perceive the organization as a supporting and caring organization. Rewards are important factors that explain certain job aspects that contribute significantly to the organization such as job satisfaction. Rewards, therefore, involve all economic benefits that are being supplied by the organization—pay, promotion, verbal recognition and responsibilities (Deperi, Tortia and Capita, 2010). Recognition is the most common and powerful tool that is being used in the organization to drive employee engagement (Sun, 2013). Sun (2013) further identifies three conditions that are necessary for the effective use of recognition tool. First, recognition should be used frequently; recognition needs to be provided every one week to employees so that they can feel valued. Second, recognition should be specific, and identifying what is recognized makes it meaningful and critical. Third, rewards should be timely, that is, it should take place shortly after the employee action that deserves recognition occurs. Deeprose (1994) argues that recognition has a significant impact on employees' motivation and productivity. Effective use of recognition results in improved performance of the organizations. Employees take recognition as part of their feelings of value and appreciation and as a result it increases employees' morale, which eventually increases efficiency of organizations. It is for that reason, Danish and Usman (2010) affirm that when rewards and recognition are properly implemented, a good working atmosphere is provided that motivates employees to achieve high performance. Deeprose (1994) mentioned "Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible." Alam, Saeed, Sahabuddin and Akter (2013) investigated the impact of employee recognition as a factor that predicts their contribution. The result shows a correlation between monetary rewards and employee contribution. However, Murphy (2007) used an online survey to study the effects of monetary and non-monetary incentives on labor turnover. The results of the study revealed that no significant difference was found in labor turnover. Zaman (2011) examined the relationship between extrinsic rewards, intrinsic rewards and motivation among employees of three nonprofit organizations in Pakistan. The study used 127 samples and the results show that extrinsic rewards correlate directly with employee motivation while intrinsic reward does not make any significant impact on employee motivation.

## Non-monetary Incentives and Job Satisfaction

Incentives such as effort optimization, employees autonomy and self-determination enhancement should be made readily available in order to increase job satisfaction of the employees in the organization (Eriksson and Villeval, 2008; Falk and Kosfeld, 2006).

Maslow (1998, p. 237) declares that, "many people are influenced more by non-monetary than monetary considerations". He argues that many people cannot be swayed to leave a job except by providing, "higher needs and meta-need satisfactions".

Non-monetary incentives are actually regarded as the most important tools to reward employees. It has been reported that about 70 percent of employers used non-cash awards in their organizations (Airoldi, 2006). Studies involving non-monetary incentives and job satisfaction show positive relationships.

Hayati and Caniogo (2012) investigated the relationship between intrinsic motivation and job satisfaction and a positive relationship. This means that employees that are intrinsically motivated are more satisfied. Rast and Tourani (2012) studied the factors (job characteristics) that have a significant impact on job satisfaction among three private airlines' employees.

The findings show that supervision, relationships, pay, nature of the job and promotion opportunities relate moderately to job satisfaction.

Tymon et al. (2010) found that intrinsic rewards and job satisfaction are positively correlated. Intrinsic and hygiene factors contribute greatly to satisfaction with organizations among employees.

Tausif (2012) investigated the relationship between non-monetary rewards and job satisfaction among teachers in public schools in Pakistan. The study used 200 samples that were randomly selected. The findings show that non-financial rewards are the most powerful predictors of job satisfaction. Therefore,

## CONCLUSION

Research has shown a close relationship between several dimensions of work motivation and satisfaction but recognition alongwith work itself and operating procedures have shown low mean values and insignificant relationship. These deficiencies can be worked out if the superiors motivate their juniors with proper recognition and appreciation eventhrough minor things like asking their family problems. Employee's participation in the decision making process will make them more courageous and enthusiastic towards working in the organization. So there is a relationship between Job satisfaction and Non-monetary benefits. If you give good Non-monetary benefits like work environment, policies, perks, awards/rewards etc. Then the employees are motivated and getting more Job satisfaction.

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