



IMPACT OF INCENTIVE AS A MOTIVATIONAL TOOL ON EMPLOYEE'S PERFORMANCE

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ABSTRACT : This study explores the impact of incentives as a motivational tool on employee performance within organizational settings. In today's competitive business environment, employee motivation plays a crucial role in achieving organizational goals, and incentives are often used to encourage higher productivity and enhance job satisfaction. The research investigates various types of incentives—monetary and non-monetary—and examines their effectiveness in motivating employees across different sectors. Through a combination of literature review, case studies, and empirical data collection, the study analyses the correlation between incentive schemes and performance metrics such as productivity, efficiency, and employee engagement. The findings reveal that well-structured incentive programs significantly boost employee morale and performance, though their effectiveness varies based on individual preferences, job roles, and organizational culture. The study concludes by recommending best practices for designing incentive systems that align with both organizational objectives and employee expectations.

Keywords: Incentives, Employee Motivation, Performance, Productivity, Job Satisfaction, Organizational Goals, Incentive Program

I. INTRODUCTION

In today's highly competitive business world, employee performance is a key factor in achieving organizational success. To drive high performance, companies often rely on incentives as a powerful motivational tool. Incentives—whether financial like bonuses and commissions, or non-financial like recognition and career growth opportunities—can significantly influence employee behaviour, engagement, and productivity. Motivated employees are more likely to be committed, efficient, and aligned with organizational goals. This study aims to explore the impact of various incentive programs on employee motivation and performance, and how organizations can effectively use them to boost overall results.

OBJECTIVES OF THE STUDY

- To examine the relationship between incentive programs and employee motivation within organizational settings.
- To assess the impact of incentive-based motivational strategies on overall organizational performance and productivity.
- To identify and evaluate the most effective types of incentives in driving enhanced employee performance and engagement.

RESEARCH DESIGN

The research design is the blueprint for conducting the research study, outlining how the research will be carried out to answer the research questions and meet the objectives. In this case, the search design will focus on Influence of incentive as a Motivation on Employee Performance in Selected IT company's such as ZOHO, TCS, Accenture, Deloitte in Coimbatore. The approach was based on descriptive Research. With 131 employees

REVIEW OF LITERATURE

Ibrahim (2024)¹ This study explores how incentive systems influence employee motivation and performance in modern workplaces. It reveals that both intrinsic and extrinsic incentives—such as performance bonuses and recognition—significantly boost productivity when aligned with employee expectations. The research emphasizes that well-structured incentive programs tailored to organizational culture and employee needs result in higher engagement and efficiency.

Somasundaran (2024)² Conducted in Kerala, India, this research investigates how the design and type of incentives affect job performance. Through quantitative analysis of data from 220 employees across various industries, the study found that monetary

incentives alone are not sufficient; non-monetary rewards like appreciation, flexible work hours, and career development opportunities play a critical role in enhancing employee output. The research underscores the importance of personalized and holistic incentive strategies.

Mutairi & Khan (2023)³ Focusing on the public and private sectors in the Gulf region, this study examines the comparative effectiveness of financial and non-financial incentives. It finds that financial rewards drive short-term performance, while non-financial incentives such as professional growth, autonomy, and recognition sustain long-term motivation. The authors conclude that a hybrid incentive approach tailored to employee roles and sectors yields the best performance outcomes.

II. RESULTS AND DISCUSSION

**LIKERT TABLE
TABLE SHOWING THE DISTRIBUTION OF RESPONDENTS BASED ON SATISFACTION LEVEL
INFERENCE**

FACTORS	STRONGLY AGREE	AGREE	NETURAL	DISAGREE	STRONGLY DISAGREE	TOTAL
the incentive programs make you feel more accountable	35 (26.7)	46 (35.1)	36 (27.5)	13 (9.9)	1 (0.8)	131
company's incentive programs improve your work	39 (30.0)	36 (27.5)	46 (35.4)	7 (5.4)	3 (2.3)	131

INFERENCE

35.1% of the respondents agree that incentive programs make you feel more accountable followed by 27.5% of the respondents are either agree nor disagree in the incentive programs make you feel more accountable, and only 0.8% of the respondents find strongly disagree in the incentive programs make you feel more accountable.

35.4% of the respondents either agree nor disagree in making company's incentive programs improve your work, followed by 30.0% of the respondents are strongly, followed by 27.5% of the respondents find agreed, and only 2.3% of respondents find strongly disagree in company's incentive programs improve your work.

PERCENTILE POSITION AND GARRET VALUE

S.NO	$100(R_{ij} - 0.5) / N_j$	Calculated Value	Garrett value
1	$100(1 - 0.5)/5$	10	76
2	$100(2 - 0.5)/5$	30	61
3	$100(3 - 0.5)/5$	50	50
4	$100(4 - 0.5)/5$	70	40
5	$100(5 - 0.5)/5$	90	25

TABLE SHOWING THE DISTRIBUTION OF RESPONDENTS BASED ON INFLUENCE OF INCENTIVE AS A MOTIVATIONAL FACTORS IN JOB PERFORMANCE

FACTORS	1	2	3	4	5	TOTAL	RANK
Work life balance incentives	4088	3139	1241	438	657	9563	1
Recognition and Application	3360	2352	1008	112	504	7336	2
Performance based incentives	2322	1806	860	301	344	5633	3
Monetary Rewards (Bonuses, Salary increments)	1035	1265	391	138	184	3013	4

INFERENCE

The above table sources that Garret score value and ranking. Firstly, the Garret rank is calculated by using appropriate garret ranking formula. Then based on the Garret ranks the Garret table value is ascertained. The Garret value given in which are multiplied to record Garret scores in table.

Finally, by adding each row the total garret score is obtained. Then the garret score is ranked according to their values:

- The first ranking given to “Work life balance incentives”
- The second rank is given to “Recognition and Application”
- The third rank is given to “Performance based incentives”
- The fourth rank is given to “Monetary Rewards (Bonuses, Salary increments)”
- The highest score is awarded to “Work life balance incentives”, the least score is awarded to “Monetary Rewards (Bonuses, Salary increments)”.

CHI – SQUARE TABLE SHOWING THE RELATIONSHIP BETWEEN THE ON GENDER AND INCENTIVE ALGIN WITH YOUR PERSONAL CAREER

Hypothesis: There is no significant relationship between gender and incentive algin with personal career

Gender * incentive algin with personal career goals						
		incentive algin with personal career goals				Total
		Love the options	I’m happy with most of them.	I wish there were more choices	I’m not satisfied	
Gender	Male	0	38	33	11	82
	Female	2	24	18	5	49
Total		2	62	51	16	131

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.748 ^a	3	.290
Likelihood Ratio	4.342	3	.227
Linear-by-Linear Association	1.170	1	.279
N of Valid Cases	131		

2 cells (25.0%) have expected count less than 5. The minimum expected count is .75.

INFERENCE

$$\begin{aligned} \text{Degree of Freedom, } V &= (r-1)(c-1) \\ &= (4-1)(2-1) \\ &= 3 \end{aligned}$$

Tabulation Chi-square at 5% for 3df = 7.815.

Since, the calculated value of chi – square value (7.815) is greater than table value (3.748) at 5% level of significance. It has significant and null hypothesis is rejected. Hence this study concluded that frequency gender and incentive align with your personal career

FINDINGS

LIKERT SCALE

➤ 35.4% of the respondent are respondents strongly agreed with incentive programs improve employee's work

HENRY GARRET RANKING

➤ The highest score is awarded to “Work life balance incentives”, the least score is awarded to “(Monetary Rewards (Bonuses, Salary increments))”.

CHI-SQUARE

➤ The study shows that gender has relationship with incentive align with your personal career

SUGGESTION

- Implement a balanced incentive system that includes both monetary and non-monetary rewards to motivate diverse employee needs and boost overall performance.
- Align incentives with organizational goals to ensure employees' efforts contribute directly to productivity and business success.
- Promote fairness and transparency in incentive distribution to build trust and sustain long-term employee engagement.
- Encourage skill development and teamwork through performance-based incentives that reward learning, collaboration, and innovation.

CONCLUSION

Incentives play a vital role in enhancing employee motivation, productivity, and overall organizational performance. A well-structured incentive system, incorporating both financial and non-financial rewards, can significantly boost job satisfaction, engagement, and retention. However, for incentives to be effective, they must be fair, transparent, and aligned with employee needs and business objectives. Organizations should focus on diversifying incentive structures, ensuring equity in distribution, and linking rewards to career growth and performance outcomes. By fostering a culture of motivation through strategic incentive programs, companies can drive long-term success, improve workplace morale, and create a highly engaged and productive workforce.

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