

A Study of Financial and Non Financial Incentives as a Motivator for the employees working in Public and Private Sector Industries of Lucknow Area

Dr. Ruchi Srivastava

Surya College of Business Management
Lucknow

Dr. DS Chaubey

Uttaranchal Institute of Management
Dehradun

Abstract

With Liberalization and opening up of economy since early nineties, India is witnessing rapid expansion of industrial activities. Human Resource Management, its development and retention has become a great challenge to the professional engaged in this sector. The future of this sector is promising and can only sustain with the future challenge of change if it is managed professionally. Recently, adopting of policies of liberalization and globalization of the business, it provided an opportunity to private sector to grow more and more and also challenged the management to retain skilled asset in the organization. Subsequent emergence of the cut throat competition again offers enormous opportunities to the workers to pickup one of the several jobs available in the market to satisfy their need. Thus it will be no exaggeration to claim that effective labour management has become one of the important key for successful operation of the business unit, the management adopts various financial and non financial incentive as a motivator for employees in Lucknow area.

Keywords: Financial Incentives, Motivator, Lucknow, Public and Private Sector Industries.

Introduction

In the modern age of fast changing science and technology, there has been an increasing recognition of the importance of human resource development. The management scientists around the world have been concerned about the major problems of personnel management stemming from the fast changing socio-economic composition of our society. The study of labour management, their motivation and factors motivating them to work hard and work smart has become a great challenge to the professionals engaged in the management of any private or public sector enterprises.

With liberalization and opening up of economy since early nineties, India is witnessing rapid expansion of industrial activities. The presence of multinational companies into Indian market has posed many challenges to the management. Information revolution has given many opportunities to the worker to pickup various jobs available in the market. In order to survive sustain and grow, the management adopts various financial and non financial incentive policies to motivate its employee and increase the loyalty. Present paper is an attempt to explore the role of financial and non financial incentive as a motivator for the employees working in different private and public sector industries of Lucknow area.

Review of Literature

The increasing competition and changing behavior of employees of over the world are forcing the organization to bring modification in their Human Resource Strategies. It has been realized that to hold the cream of the employees one has to follow financial as well as non financial incentives. Empirical studies and various researches on employee motivation indicates that both the financial and non financial incentive are effective in motivating the employees at the different stage of employee Life cycle. It is provided that good compensation plan well administered have a positive effect on the entire enterprise. Employees are happier in their work, their cooperation and loyalty are higher. Productive outputs are up and quality is better. It is also found that in the absence of a motivation plan employees morale become lower.

The Present Study

The present study is part of a larger study which seeks to develop an understanding of the impact of financial and non financial incentives on the employees' behavior who are working in different private and public sector enterprises of Lucknow area. The purpose of the study reported herein was to identify preferences of employees about various financial and non financial incentives provided to them by their employers. The following objectives were set up to guide the study:

1. To examine the present state of human resource management and its involvement in the personal aspects of policies of management.
2. To know and analyze the availability of financial incentives on the behavior of employees.
3. To assess the effect of financial incentives on the behavior of employees.
4. To assess the effect of financial incentives on the stability of employees and the growth of industry.
5. To suggest the ways and means for achieving qualitative improvement in human asset.

Research Methodology

The research methodology adopted for the proposed study will include the following:

- The study is based on the primary and secondary data.
- Review of literature, books and other papers relevant to the topic for obtaining secondary data and for preparing theoretical parts.
- Research is based on sample survey methods
- To conduct survey a detailed questionnaire was designed
- The questionnaire was piloted on a randomly selected sample of 148 employees of different cadre working in different public and private sector industries situated at Lucknow Area of Uttar Pradesh state to collect the information.
- The collected information has been tabulated and analyzed to draw result/conclusions.

Following statistical techniques were used to analyze the data:

- Percentage Analysis
- Chi Square Analysis
- Average Ranking Analysis

The Following hypothesis was made:

Hypothesis no.1: Respondents perception about matching of their salary is not associated with their educational qualification.

Hypothesis no 2: Respondent's age is not associate with their willingness to work outside Lucknow area

Scope of the study

Though the study represent the position of professional aspirations of youth in Lucknow city, due to very small sample size , the finding may not be a true representation and it cannot be generalized but it give a better prospect for future study and may have a wide application in future.

Findings

Table No 1: Age Classification of Respondents

S.No	Description	Total No. Respondents	Percentage
1.	Upto25 years	44	29.73
2.	26 to 40 years	92	62.16
3.	Above 40 years	12	8.11
	Total	148	100

Inference: Age Analysis of respondents indicates that most of respondents falls in the age group of 26-40 years as it was indicated by 62.16 percent respondents in the sample. The

respondents in the age group of 25 year and below account for 29,73 percent and the remaining 8.11 percent respondents fall in the age group of above 40 years.

Table No.2 Sex Classification of Respondents

S.N	Description	Total No Respondents	Percentage
1.	Male	96	62.16
2.	Female	52	37.84
	Total	148	100

Inference: The data pertaining to sex categories reveals that 62.16 percent of the respondents belongs to male and 37.84 percent in the female category.

Table No .3: Marital Status wise Classification of Respondents

S.N	Description	Total No Respondents	Percentage
1	Married	60	40.54
2	Unmarried	88	59.46
	Total	148	100

Inference: The information pertaining to sex categories reveals that 40.54 percent of the respondents fall in the married and 59.46 percent in the un married category.

Table No.4: Educational Qualification wise Classification of Respondents

S.N	Description	Total No Respondents	Percentage
1.	Matric & Below	05	3.38
2.	Undergraduate	8	5.41
3.	Graduate	24	16.22
4.	Post Graduate	58	39.19
5.	Professional Qualification	53	35.81
	Total	148	100

Inference: The information related to educational qualifications of the respondents indicates that most of the respondents were having post graduate and other professional degree to their credit as it was indicated by 75 % respondents in the sample. As many as 16.22% respondents are having education up to graduation. Very few only (5.41 and 3.38%) respondents were having educational qualification upto under graduation ad matric respectively.

Table No. 5. Classification of Respondents on the basis of Family Size

S.N	Description	No of Respondents	Percentage
1	Upto 4 members	33	22.30
2	4 to 6 members	84	56.76
3	More than 6 members	31	20.95
	Total	148	100

Inference: The analysis suggests that the sample includes 22.30%, 56.76%, 20.95% respondents whose family size is less then 4 members ,4 to 6 member and more than 6 members respectively. Analysis clearly signifies that the sample is dominated by the respondents whose family size is 4 to 6 members.

Table No. 6: Income wise Classification of Respondents

S.N	Description	Total No Respondents	Percentage
1	Upto Rs 5000 per month	25	16.89
2	From Rs 5000-10000pm	65	43.92
3	From Rs 10000-Rs 15000pm	36	24.32
4	Above Rs. 15000pm	22	14.85
	Total	148	100

Inference: Data relating to the income of the respondents indicated that as many as 16.89 percent respondents were from the monthly income group of up to Rs.5000 per month. 43.925 percent respondents were having monthly family

income between Rs 5000 to Rs 10000 per month and 24.32 percent respondent were having monthly income between Rs 10000-15000 pm. Remaining 14.86 percent respondents shown their income more than Rs 15000 pm.

Table No 7: Present Nature of Industry

Description	Total No. of Respondents	Percentage
Manufacturing Industry	07	4.73
Trading Industry	20	13.51
Service Industry	109	73.65
Any other	12	8.11
Total	148	100

Inference: The sample included most of the respondents from service industry as it was indicated by 73.65 percent respondents in the sample. 13.51 % respondents belong to

trading industry, 4.73 percent respondent belongs to manufacturing industry and remaining 8.11% belong to other unspecified categories.

Table No.8: Job Profile of the Employees

Description	Total No. Respondents	Percentage
Worker	17	11.49
Supervisor	35	23.65
Managerial	31	20.95
Any Other	65	43.92
Total	148	100

Inference: The analysis presented in the table indicates that as many as 11.49%, 23.65% and 20.95% respondents belong to respectively worker, supervisor and managerial

categories, the remaining 43.92% belong to other categories employees.

Table No.9: Category of Employment

Description	Total No Respondents	Percentage
Permanent	65	43.92
Adhoc	47	31.76
Daily wage/work charge	19	12.84
Any Other	17	11.49
Total	148	100

Inferences: The information related to employment categories indicates that majority of the respondents have permanent job as it was indicated by 43.92 percent respondent in the sample .31.76% employees indicated that

they are working on adhoc basis .12.84 percent indicated that they are daily wages worker and remaining 11.49 percent indicated other unspecified categories of their employment.

Table No.10: Nature of Job in the Organization

Nature of Job	Total No.Respondents	Percentage
Risky	19	12.84
Hard	13	8.78
Challenging	67	45.27
Volatile	09	6.08
Normal and Easy	23	15.54
Creative	17	11.49
Total	148	100

Inference: Employee motivation is highly dependent on the nature of the job he is performing in the organization. The analysis presented in the above table projects that 45.27% of respondents believe that their job is of challenging nature. 12.84% revealed that their job is risky in nature. 8.78%, 6.08% respondent respectively indicated that their job is

hard and volatile in nature. Another 15.54% respondent indicated that their job is normal and easy and 11.49% respondent project that their job is creative in nature. Analysis signifies that the sample is dominated by the those respondent who say that their job is challenging in nature.

Table No.11: Employee's Opinion about the importance of Job in the Organization

Description	No.of Respondents	Percentage
Very much important	93	62.84
Little important	47	31.76
Not important at all	08	5.41
Total	148	100

Inference: It is observed that most of the employees among the respondents believe that their job is very much important as it was indicated by 62.84 percent respondent in the

sample. 31.36 percent feel that their job is having little importance in the organization. Very few employees (541%) indicated that their job is not important at all.

Table No.12: Matching of Job with salary

Extent of Job Match with Salary	No. of Respondents	Percentage
To a great extent	21	14.19
To a considerable extent	45	30.41
To some extent	57	38.51
Not at all	25	16.89
Total	148	100

Inference: The information presented in the table indicated that very few employees (14.19%) indicated that their job matches with their salary to a great extent .30.41%, 38.51%

and 16.89% respondent respectively indicated that their job is matching with the salary to varying extent.

Table 13: Employee Perception about Matching of their Job with Salary & Education Qualification

	To a great Extent	To a Considerable extent	To some extent	Not at all	Total No. of respondents
Matric and Below	(0.567568)	1(1.216216)	1(1.540541)	1(.675676)	4
Under Graduate	4(1.135135)	0(2.432432)	4(3.081081)	(1.35135)	8
Graduate	4(3.405405)	8(7.297297)	4(9.243243)	8(4.054054)	24
Post Graduate	8(7.945946)	20(17.02703)	28(21.56757)	0(9.459459)	56
Professional Qly	4(7.945946)	16(17.02703)	20(21.56757)	16(9.459459)	12
Total No.Of Respondents	11	17	50	9	87

Chi-square (X²) =35.1099

Source: Data from Field Survey

(Figures in Bracket indicate expected frequency)

Inference: An attempt was made to assess degree of association between employee perception about matching of their job with salary and their educational qualification. The calculated value of the Chi Square test statistics (X²)

=35.1099 at 5 percent level of significance is greater than the tabulated value (21.026) with 12 degree of freedom. Hence the null hypothesis stands indicating that the two attributes are independent or not associated.

Table No.14: Provisions of Financial Incentive for the Good Job Done in the organization of Respondents

Employee's Responses	No. Of Respondents	Percentage
Yes	61	41.22
No	66	44.59
Can not say	21	14.19
Total	148	100

Inference: Financial incentives play an important role in keeping the morale of the employee high in the organization. Keeping this into consideration, an attempt was made to know whether there is any provision of financial incentive for the employee for the good job done in the organization. The data reveals that 41.22% of employees among the

sample responded that there is provision of financial incentive for the good job done by them in the organization. While 44.59% said that they don't get any kind of financial incentive when they perform good job 14.14% respondent expressed their unawareness about the incentive plan available in the organization.

Table No.15: Type of Incentive for Good Job Done

Type of Incentive	No. of Respondents	Percentage
Regular Incentive in cash	37	60.66
Instantaneous incentive in cash or in kind	24	39.34
Total	148	100

Inference: An attempt was made to know the nature of incentive from those respondents who get incentive from their organization. Analysis indicated that among the 61 respondents who get financial incentive for the good job

done by them in their organization ,60.66% get regular incentive in cash and 39.34% get instantaneous incentive in cash or in kind.

Table No 16: Various kinds of incentives provided to the Respondents by their Organization.

Incentive	No of Respondents	Percentage
Only 1 type of incentive	44	72.13
2 types of incentive	11	18.03
3 types of incentive	01	1.64
More than 3 types of incentive	05	8.2
Total	148	100

Inference: Respondents receive one or more than one kind of incentives from their organization. These different type of incentives include Additional Increment, Bonus, Money in lieu of medical facility , Target incentives , Children education Allowances , Leave allowances and any other kind of incentive. Respondents were asked to list the incentives provided to them by their organization. The above data shows that 72.13 % of employees get only one type of incentives from their organization. 18.03% receives two types of incentives, 1.64% employees indicated three

types of incentives and 8.2% employees indicated that they get more than three types of incentives from their organization.

Table No.17: Preference of Incentive

Respondents were asked about their preference for incentives. Among the three kinds of incentives, they were asked to rank them according to their choices. The result obtained in tabulated as follows

Incentive	Rank I	Rank II	Rank III	Composite Weightage	Mean
Target Oriented cash incentive	37	57	54	279	1.89
Quality oriented cash incentive	58	73	17	337	2.28
Normal annual bonus	53	16	79	270	1.82

Inference: The above table indicated that most of the employees working in Lucknow area prefer quality oriented cash incentive as their first choice as is indicated by

maximum weightage given to it. It was followed by target oriented cash incentive and normal annual bonus.

Table No.18: Satisfaction with the Kind of Incentive

Respondents Opinion	No. of Respondents	Percentage
Respondents with positive response	52	35.14
Respondent with negative response	96	64.86
Total	148	100

Inference: The level of motivation is highly dependent on the level of satisfaction of the employees with the kind of incentive they get into their organization. Keeping this into consideration an attempt was made to know about the level

of satisfaction with the kind of incentive they get. The above table indicates that 35.14% of the respondents are satisfied with the kind of incentive provided to them by the organization while 64.86% respondents are not satisfied.

Table No.19: Willingness to work Outside Lucknow

Respondents Opinion	No. of Respondents	Percentage
Respondent with positive response	125	84.46
Respondent with negative response	23	15.54
Total	148	100

Inference: As is show from the above data 854.46% of employees shown their interest to work outside Lucknow area. On the other hand, only 15.54% don't want to work

outside Lucknow area. An attempt was made to assess degree of association between age of the respondents and their willingness to work outside Lucknow area.

Table 20: Hypothesis Testing

Age/ Respondent's opinion	Willing to work outside Lucknow	Not willing to work outside Lucknow	Total no. of Respondents
Upto 25 years	44(36.86186)	0.(7.135135)	44
26 to 40 years	68 (77.08108)	24(14.91892)	92
Above 40 year	12(10.05405)	0.1.945946	12
Total	124	24	6

Chi-square (X²) =17.43535

Source: Data from field Survey

(Figure in Bracket indicate expected frequency)

Inference: The calculated value of the Chi-square test statistics (X²) = 21.68961801 at 5 percent level of significance is greater than the tabulated value (5.991) with 2 degree of freedom. Hence the null hypothesis does not hold good indicating that the two attributes are associated. It means employee's willingness to work outside Lucknow area depends on their age.

Conclusions

In the present day of cut throat competition and fast changing environment, the Human resource Management has become a great challenge to the management. The concept of financial and non financial incentive and its

utility is gaining a new horizon. Liberization, privatization and globalization have created many opportunity for the young aspirants to choose one among the various options available to them. Employee's mobility is on rise. Financial and non financial incentive has emerged as key variable to motivate the employees, to increase their morale and retain them in future. The study indicated that most of the employees are not satisfied with the present incentive provided to them by their employer. It is also found that most of the employees working in Lucknow area prefer quality oriented cash incentive as their first choice. The information related to employees working Lucknow area prefers quality oriented cash incentive as their first choice. The information

related to employee's mobility indicates that employee's willingness to work outside Lucknow area depends on their age. It is also found that respondent's perception about matching of their job salary is not dependent on their educational qualification.

References:

- Gupta. S.P. Statistical Methods, 9th Revised Edn. 197, S. Chand & Sons, New Delhi.
- Ashawathappa K, Human Resource Management, Tata Mc Graw Hill Publication Ltd. 2nd edition.
- Dr.C.B. Gupta, Human Resource Management, Sultan Chand and Sons, Educational Publishers, New Delhi 1st Edition 1996.
- Flippo, E.B., Principle of Personal Management, Tata Mc Graw Hill Publication Ltd. 6th edition.
- Kothari C.R., Research Methodology, Vishwa Prakashan Ltd, 2nd edition.