

# The Impact Of Non-Monetary Incentive On Employees Commitment

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## Abstract

*Dynamic workplace encourages employee dedication and is critical to the success of a firm. Recent research has increasingly highlighted the role of non-monetary incentives in influencing employee commitment. Historically, monetary incentives have been the primary focus of employee motivation tactics. However, this has changed in recent years. This abstract offers a condensed account of the influence that non-monetary incentives have on the level of commitment shown by employees. Non-monetary incentives include a wide variety of rewards and recognition systems that do not entail direct monetary remuneration. These incentives are also known as non-monetary rewards. A friendly work atmosphere, chances for skill development, employee recognition programs, and flexible work arrangements are some examples of types of work arrangements that meet this criteria. The use of these incentives helps to cultivate a constructive culture inside the firm and increases the level of employee engagement. According to research, non-monetary incentives play a substantial role in fostering employee commitment by addressing intrinsic motivating variables such as autonomy, mastery, and purpose. This is accomplished by addressing the characteristics that promote employee commitment. The provision of opportunity for both personal and professional development is one of the non-monetary motivations that contribute to the sense of fulfillment and job satisfaction that staff members experience. Furthermore, the psychological contract that exists between employees and firms may be strengthened by the use of non-monetary incentives, which eventually results in increased levels of trust, loyalty, and discretionary effort. When employees are made to feel valued and appreciated by non-monetary benefits, they are more likely to exhibit behaviors that are indicative of corporate citizenship and to go above and beyond the tasks that are strictly associated with their jobs. It is important to note that the efficacy of non-monetary incentives is contingent upon a number of elements, such as the culture of the business, the leadership style, and the preferences of the person. As a result, it is absolutely necessary for businesses to be able to modify their incentive programs so that they are in accordance with the particular requirements and preferences of their staff.*

**Keywords:** Non-Monetary, Employees, Commitment

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## INTRODUCTION

Organizations try to maximize their human capital in order to achieve sustainable development and success in today's highly competitive business climate. The notion of employee commitment is essential to the success of this attempt. Employee commitment is defined as the degree to which workers are committed to the objectives and principles of their company, are prepared to undertake efforts on its behalf, and are likely to remain with the organization throughout the course of a longer period of time. Because dedicated individuals are more likely to contribute positively to productivity, creativity, and customer happiness, employee commitment is a crucial driver of organizational success. Additionally, devoted employees are more likely to be satisfied with their jobs. In the past, businesses have depended largely on monetary incentives to attract and keep employees. These incentives include salary raises, bonuses, and stock options, among other compensation packages. Although these monetary benefits play a vital role in attracting talent and providing basic job satisfaction, they frequently fall short when it comes to building a profound feeling of commitment among employees. In recent years, there has been an increasing realization of the limits of monetary incentives alone, as well as the necessity of complementing them with non-monetary incentives in order to build a comprehensive approach to employee motivation and engagement. Rewards and recognition systems that do not include direct monetary remuneration are included in the category of non-monetary incentives, which contain a wide range of options. The following are some examples: chances for skill development; flexible work arrangements; employee appreciation programs; meaningful job assignments; and a company culture that is supportive. In contrast to monetary incentives, which are transactional in nature, non-monetary incentives tap into intrinsic motivating variables like as autonomy, mastery, and purpose, which are essential drivers of employee engagement. Additionally, monetary incentives are transactional in nature. Specifically, the objective of

this research is to investigate the impact that non-monetary incentives have on employee commitment and to investigate the underlying processes that are responsible for the influence that these incentives have on the outcomes of the company. Once businesses have a better grasp of the role that non-monetary incentives play in molding employee commitment, they are able to build more effective methods for human resource management that will improve employee engagement, retention, and overall organizational success.

## REVIEW OF LITERATURE

Cameron, et al.,(2019) At the same time as it provides a significant quantity of labor and job opportunities for individuals, the firm necessitates a substantial amount of capital and generates an excessive amount of money. Over the course of a very long period of time, the automotive industry has been able to harness creative activity, particularly in the research and development sector of the manufacturing capacity. Additionally, it is continuously investing resources into the development of cars that are more environmentally friendly, safer, and more sustainable. These vehicles are given with new designs, technologies, and materials that are also beneficial. One of the most important drivers of information and a pioneer in the field of research and development is the automobile industry, which has been developing at a rapid pace. The management of the automobile industry implement significant measures and programs for the purpose of enhancing the capabilities of their workforce in every region of the world. When it comes to the automobile business, the resources are invested in methods that are optimized. When it comes to this industry, the majority of the training sessions are held within the respective premises. During these sessions, the more experienced individuals share their expertise with those who are currently in charge of the job. Given that there is a direct connection between the objectives that a nation sets forth during the planning stage and the practices of automotive firms, the government is involved in the practices of automobile companies.

Thakre, (2021) The objectives for training and development are developed inside the organization itself, in collaboration with other stakeholders, as a group, in conjunction with professional training and preparation institutes, and in conjunction with various government services. In light of the significant transformation that the region is currently experiencing, the company ought to place a lot greater emphasis on recruiting a greater number of applicants, recruiting the most qualified individuals, preparing them for the positions, and retraining and upgrading all of the employees. The industry also invests its cash in the acquisition of cutting-edge technology and specialized knowledge in order to facilitate the development of the organization in all areas and to boost the productivity of all of its tasks. There is a clear connection between the concept of productivity and a wide variety of other monetary or non-monetary factors that have a connection to the dedication and devotion of workers in their assigned positions. As a result of the fact that the car industry in Chennai is operating at full capacity, the city was given its name in the year 1995. At that time, the city was well-known for being a hub for the automobile industry. Every year, Chennai is responsible for the production of more than 1.4 million automobiles. There are a lot of national and international investors that are interested in the car firms that have been established in Chennai. because Chennai is a center for people who are passionate about automobiles, there are a lot of academics who are researching the present industry that is situated in this city in order to obtain new insights for the purpose of development and improvement. With regard to the survey that it is doing, this report is also dealing with the car firms that are located in Chennai.

Buzza, (2017) The managers are required to guess in this manner in the past and take action in order to resolve such difficulties. There is a possibility that the organization might benefit from a revision of the remuneration system. Additionally, a number of researchers discovered that the human resource is frequently considered to be the cost centers. As a consequence of this, the human resource is compelled to reduce costs in order to preserve the profits of organisations. On the other hand, these cost-cutting measures frequently resulted in dissatisfied consumers and, in most cases, staff as well. The utilization of non-monetary perks to boost employees' levels of satisfaction is always an option for businesses that are going through a difficult time in their operations. However, this is rarely realized, and individuals leave their jobs when they believe that their employers do not adhere to the ideals that they hold dear. Managers have a responsibility to keep in mind that the perks add value to the lives of their employees on a daily basis, and incentive programs can assist them in capitalizing on this aspect. A well-organized compensation plan in an organization can be divided into two sections. For instance, the first section is geared toward monetary, substantial, and connected with the basic pay along with benefits for the individuals given by

a firm, and the second section is inclusive of non-financial benefits or incentives. Both sections are designed to provide employees with a comprehensive compensation package. There are a number of motivational elements that place an emphasis on convincing employees and further building a duty to work through the provision of advantages that are not tied to monetary compensation.

## METHODOLOGY

A self-administered questionnaire was used to collect data for the current study, which is a quantitative deductive investigation that was conducted with workers of seven different telecommunications businesses in India. Due to the fact that the sample size is uncertain, the technique of sampling that is utilized is a non-probability sampling approach that is purposive. The telecommunications firm that operates in Libya serves as the unit of analysis, and the employees, managers, and executives who are involved in any aspect of human resource management are the respondents that are targeted for this study. The rule of thumb is used to determine the minimal sample size that should be used. This is the method that is utilized the most frequently for estimating the size of the sample. Based on the premise that there are 1370 people in the population, the sample size would be 301, as shown in the statistical calculation that is shown below.

### Objectives of Study

1. To understand the impact of non-monetary rewards on automotive sector employees' dedication and productivity.
2. To be familiar with the effect of non-monetary rewards on the dedication and productivity of car industry workers.

### Analysis of Data and Interpretation

The results of the study, together with the statistical analyses that correspond to them, are presented in the following tables: 1 through 5. It is important to take note of the following: possibilities for career advancement (CAO), opportunities for development (DO), perceived supervisory support (SS), and employees' commitment (EC).

**Table 1: Average and Variance**

Variable	$\bar{x}$	SD
CAO	3.22	1.068
DO	3.34	1.154

**Table 2: Assessment Model Outcomes**

Variable	Item	Loading	Cronbach's Alpha	CR	AVE
CAO	CAO1	0.802	0.918	0.934	0.670
	CAO2	0.832			
	CAO3	0.857			
	CAO4	0.733			
	CAO5	0.835			
	CAO6	0.829			
	CAO7	0.837			
DO	DO1	0.811	0.868	0.897	0.524
	DO2	0.687			
	DO4	0.728			
	DO5	0.788			
	DO6	0.677			
	DO7	0.637			
	DO8	0.833			
	DO9	0.598			

**Table 3: Test of Discriminant Validity using the Heterotrait-Monotrait Ratio of Correlations (HTMT.90)**

	CAO	DO	EC
CAO			
DO			
EC			

DO	0.522		
EC	0.698	0.598	
SS	0.051	0.050	0.099

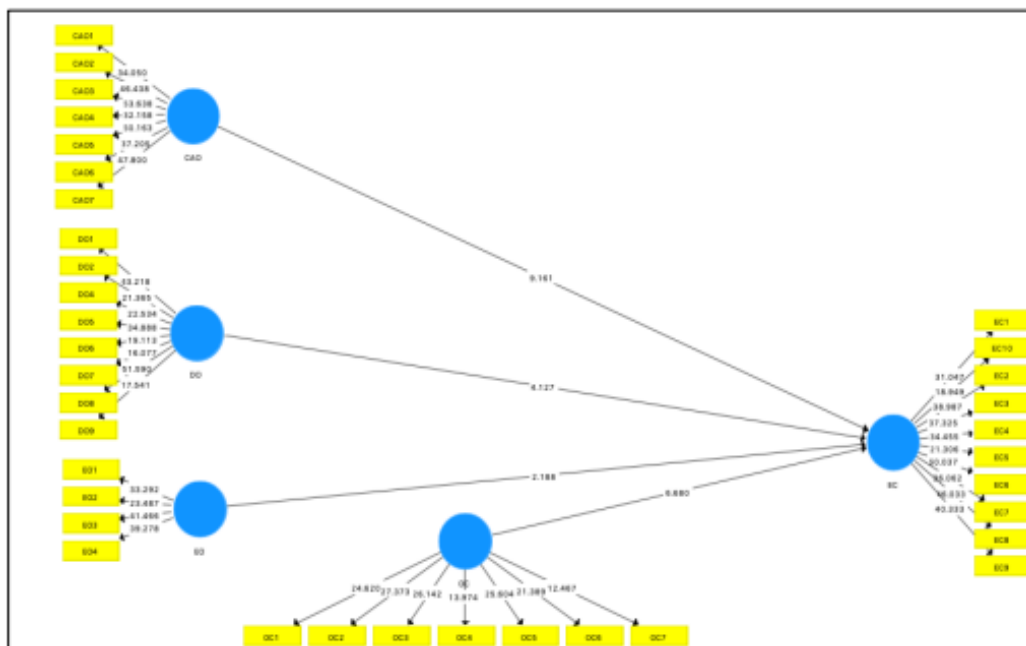
**Table4:** Outcomes from Analyzing Structural Models (Direct Hypothesis)

Hyp.	Path	Std. Beta	Std. Error	T Values	P Values	Effect Size	Lower Limit	Upper Limit	Decision
H1	CAO->EC	0.411	0.044	9.305	0.000	0.295	0.322	0.494	Accepted
H2	DO->EC	0.187	0.044	4.225	0.000	0.060	0.106	0.270	Accepted

According to the recommendations made by Hair et al. (2010), the external stacking of markers and an AVE were utilized in order to conduct an analysis of merged validity, which refers to the degree to which a measure is associated with exchange proportions of a comparable development. Every single one of the inert components had an AVE that was higher than the estimation that was proposed, which was 0.50 (Hair et al., 2014). What this shown was that the variation that was stated from the loading of items was greater than fifty percent of the variance that was observed.

**Table5:** Findings from Analyzing Structural Models (Direct Hypothesis)

Hyp	Path	Std Beta	Std Error	T Values	P Values	Effect Size	Lower Limit	Upper Limit	Decision
H1	CAO->EC	0.411	0.044	9.305	0.000	0.295	0.322	0.494	Accepted
H2	DO->EC	0.187	0.044	4.225	0.000	0.060	0.106	0.270	Accepted
H3	EO->EC	0.084	0.037	2.269	0.024	0.015	0.017	0.154	Accepted
H4	OC->EC	0.314	0.049	6.455	0.000	0.156	0.225	0.410	Accepted



**Figure 2:** Findings from the Structural Model

The Beta Value is 0.314, and the standard error is 0.049, which indicates that the association between OC and EC is supported, as demonstrated by the fourth hypothesis. There is a significant difference between the t-value of the connection, which is 6.455 ( $p < 0.000$ ), and the cut off value of 1.64 (one tail). In terms of impact size, the link is modest, with a value of 0.156. Both of the upper and lower limits have positive values, ranging from 0.225 to 0.410 correspondingly. Both of these limits are in the same direction. The conclusion that may be drawn from these observations is that the hypothesis is plausible.

**Table 6:** The Results of the Analysis of Moderation

Hypo.	Path	Std. Beta	Std. Error	T-Values	P-Values	Effect Size	Decision
H3	CAOSS->EC	0.102	0.044	2.325	0.02	0.021	Accepted

H4	DOSS-> EC	-0.049	0.042	1.158	0.247	0.004	Rejected
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For the purpose of determining whether or not there is a moderating effect of perceived supervisory support between independent variables (career advancement opportunities, development opportunities, employee recognition, and open communication) and employee commitment, the connection between career advancement opportunities and employee commitment is moderated by supervisory support.

## FINDINGS AND DISCUSSION

With this research, we hoped to better understand how non-monetary incentives, such as chances for professional growth and promotion and public acknowledgment of one's efforts on the job, affect loyalty among Libyan telecom workers. According to the study's premise, these non-monetary incentives boost employee dedication. We observed significant findings for H1 (the impact of career advancement chances on employee commitment) and H2 (the impact of development opportunities on employee commitment) with beta values ( $\beta$ ) and p-values of 0.411/0.000 and 0.187/0.004, respectively. Hence, the results of the hypotheses proved that the prior management of telecommunications firms believed that non-monetary perks help to boost employee loyalty. This study's results corroborate those of other research as they show that all previously established correlations between non-monetary incentives and employee commitment are indeed true. These results are consistent with those of previous research that has shown that growth opportunities and job recognition favorably affect employee commitment (e.g., Idowu, Soyebó and Adeoye; Zandi, Aslam, Selamat and Umar; and Wickramasinghe and Sajeemani). Workers in the telecommunications industry are laser-focused on meeting their superiors' predetermined goals. Beyond the base income, there are additional incentives that may be earned upon successful completion of the tasks. For instance, if you want your workers to be happy and invested in their job and the company, try offering them feedback and opportunities to progress in their careers. The main idea is that managers may motivate their employees to excel and contribute to the company's success through a variety of incentive schemes, both monetary and otherwise. The purpose of the study by Olajojo, Oyeboade, and Gbotosho was to examine the relationship between staff planning and the dedication of Nigerian businesses. Employee dedication and productivity are significantly impacted by some incentive programs, they found. This study, like theirs, found that in the Libyan environment, chances for professional growth and progress are positively associated with employee dedication. This conclusion might be explained by the unique characteristics of telecommunications businesses, which give target-based work to their employees. Human resource managers can incentivize workers to do these activities by providing them with non-monetary benefits. Organizational motivating methods have a substantial impact on employee commitment, according to recent studies [56, 57] by Wang et al. and Lefebvre and Stenger. On the other hand, in today's dynamic workplace, employees' perceptions of their supervisors' support might boost their dedication and productivity. Perceived supervisory support, as previously said, is associated with the aid given by managers or supervisors to workers in order to accomplish their job responsibilities. Employee engagement and job happiness may be enhanced with the help of supervisors, according to a research. Even while perceived supervisory support has been the subject of a lot of research, few studies have looked at how it affects non-monetary incentives and employee commitment. According to the data, supervisors' perceived support did not significantly moderate the ties that were already formed. Hypotheses H3 ( $\beta=0.102$ ,  $p=0.002$ ) and H4 ( $\beta=-0.049$ ,  $p=1.158$ ) both have beta values and corresponding P-values that are displayed. This hypothesis is accepted based on these statistical findings, which show that the link between career progression prospects and employee motivation is moderated by perceived supervisory support. The results did not provide evidence for the alternative moderating hypothesis, H4. The rationale for using supervisor support perception as a moderator is that non-monetary incentives, such chances for professional growth and progress, could influence the strength or weakness of the effect of these incentives on employee commitment. Managers at Libyan telecom businesses, according to the results, have not thought of supervisory assistance as a critical component in raising staff engagement. The specialized nature of telecommunications jobs, requiring workers to have in-depth understanding of their duties, may account for these results. Aside from this, workers often have employment centered on reaching targets, which gives them a sense of autonomy in getting their tasks done without direct supervision.

## CONCLUSION

Finally, there are many different ways in which non-monetary incentives affect employee engagement. It has been clear from our research that monetary benefits are vital, but non-monetary incentives are even more critical in creating an environment where employees feel valued, motivated, and loyal to their company. To begin, research has demonstrated that non-monetary incentives, which go beyond monetary remuneration to recognize employees' efforts and contributions, increase engagement. One way to increase commitment levels without using monetary incentives is to provide recognition programs, professional development possibilities, flexible work arrangements, and meaningful feedback methods. Additionally, non-monetary incentives help foster a supportive workplace where employees trust one another, respect one another, and work together towards a common goal. Employees are more likely to get emotionally invested in their job and the company as a whole when they experience non-monetary forms of appreciation and worth. In addition, there are effective methods for attracting and retaining talent that do not involve monetary compensation. Companies that care about their workers' happiness and development are becoming more attractive in today's competitive employment market. One way for organizations to stand out as great employers and attract and retain talented employees is by providing a variety of non-monetary incentives. Recognizing that elements like company culture, employee preferences, and industry conventions may affect the efficacy of non-monetary incentives is crucial. So, to get the most out of non-monetary incentives in terms of commitment, it's important to use a personalized strategy that considers the specific wants and goals of workers. To conclude, non-monetary incentives are great ways to encourage employees to put their best effort and build a strong company culture. Companies may foster a highly engaged, motivated, and committed staff by intelligently integrating these incentives into their overall reward and recognition plans.

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