

Non-Monetary Benefits Have The Potential To Foster Performance Among Staff Members

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Abstract:

The responsibility of management in any organization is to utilize all its resources effectively and efficiently to accomplish its envisioned goals. Like any other resources, human resources are crucial to any firm because they exhibit specialized expertise, talents, and skills that spur productivity, innovation, and expansion. They are the primary reservoir of innovation, adaptability, and resolving issues making them more important than any other resource in achieving organizational success. The success of a firm is directly impacted by the performance of its employees, who have an impact on quality, productivity, client satisfaction, and overall company achievements. Rewards or bonuses can encourage employees to elevate their performance, which can boost productivity and result. The HR department of the organization makes significant decisions regarding employee motivation through incentives to ensure uniformity in employee performance. This study looked at the effects of non-monetary rewards on employee performance.

Keywords: Employee Performance, Compensation Management, Non-Monetary Incentive.

INTRODUCTION

The triumph of an organization rests significantly on its performance. Reaching corporation objectives, elevating efficiency and efficacy, motivating and gratifying personnel, fostering talent, creating perpetual growth, boosting satisfaction among consumers, and facilitating sound decision-making are all impacted by it. Being that it decisively impacts an organization's progress, performance is indispensable. When we talk about the term compensation, it refers to the total package of financial and non-financial rewards provided to employees in exchange for their time and effort, and assistance. In addition to guaranteeing fair and competitive compensation practices, it embraces wages, salaries, incentives, benefits, and amenities targeted at drawing in new hires, keeping them motivated, and keeping them on board.

Performance and compensation are intertwined because merit-based compensation and performance-based incentives are determined by personnel performance, while compensation encourages employees to perform to their highest potential and aligns their efforts with organizational goals. One can understand the term employee performance, as the degree of productivity, effectiveness, and efficiency with which a person fulfills their duties and accomplishes goals in the workplace. It includes things like finishing a task on time, producing high-quality work, adhering to rules, cooperating with others, solving problems, and generally contributing to the success of the organization.

EMPLOYEE PERFORMANCE

Any organization's success is largely dependent on the effectiveness of its workforce. It describes the degree of productivity, effectiveness, and efficiency with which an employee executes the duties of their job and meets objectives. Task completion, job quality, adherence to policies and procedures, teamwork, problem-solving skills, and overall contribution to the success of the organization are just a few examples of the many factors that it covers.

High employee performance is essential for a number of reasons. It first has an immediate effect on productivity. When workers perform well, they complete jobs on schedule, hit their goals, and improve the effectiveness of operations as a whole. This boosts productivity and enhances organizational performance. Secondly, the quality of the work is also influenced by staff performance. Employees with excellent performance typically do superior work, which improves the company's reputation and that of its goods and services. Poor performance, on the other side, might lead to mistakes, rework, and decreased customer satisfaction. Moreover, communication and teamwork are impacted by employee performance. High-performing employees encourage a culture of excellence, inspire and motivate their co-workers, and make good contributions to team dynamics. The relationship between job satisfaction and employee performance is also very strong. When employees feel valued and recognized for their contributions, they are more likely to be engaged and satisfied in their roles. This, in turn, leads to higher levels of commitment, loyalty, and reduced turnover.

Organizations can use several approaches to bettering employee performance. This includes clear performance expectations being defined, regular coaching and feedback being given, opportunities being provided for skill improvement and training, exceptional performance being recognized and rewarded, and a good work atmosphere being promoted. Additionally, aligning individual goals with organizational objectives and ensuring adequate resources and support can also contribute to improved employee performance.

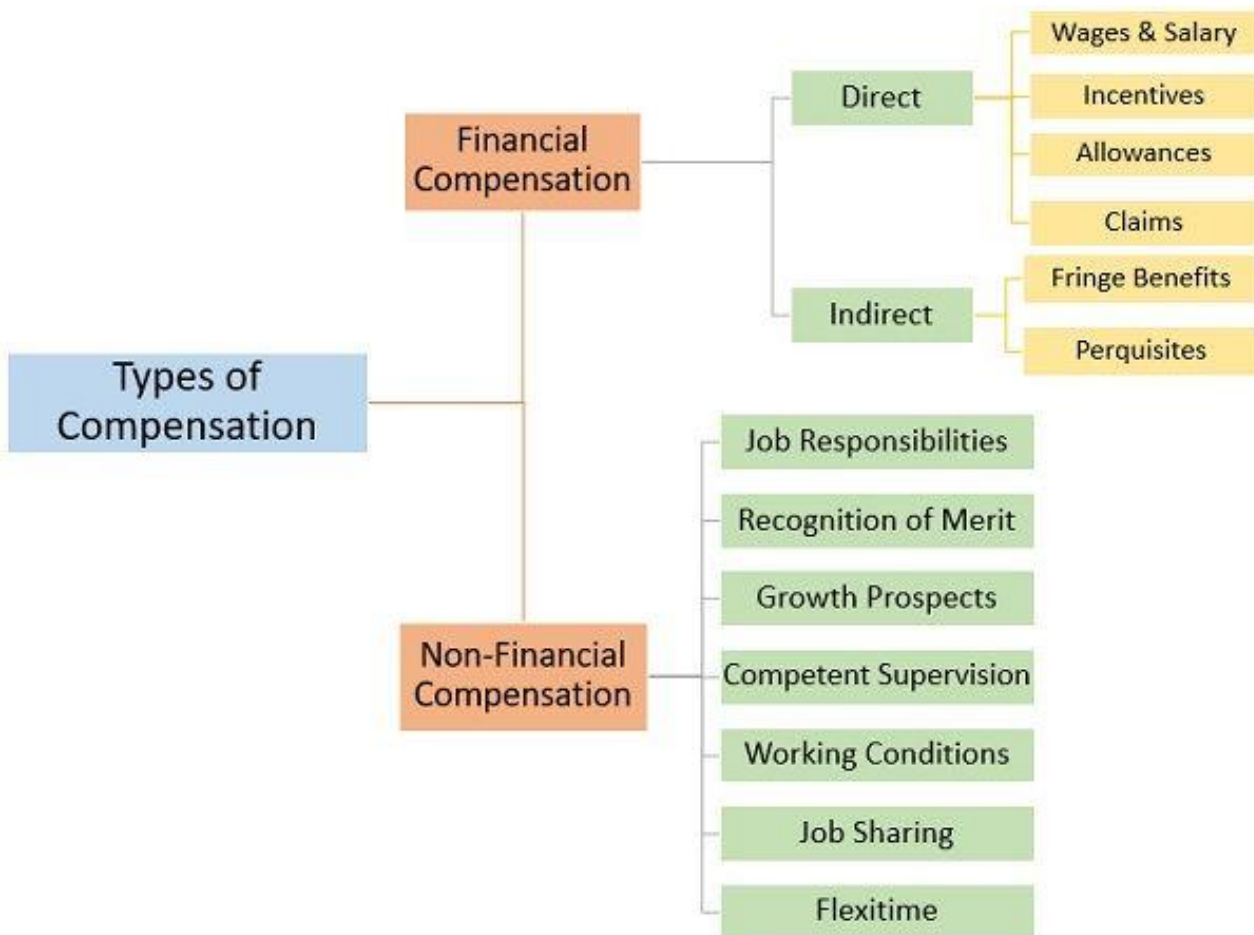
COMPENSATION MANAGEMENT

The term Compensation Management is composed of the phrases compensation and management. Where the term "compensation" means the financial and non-financial rewards that a company offers employees in return for their labor. It includes a base income, bonuses, incentives, and benefits like healthcare and retirement plans. It also includes extras like flexible work schedules, recognition initiatives, and chances for professional growth. Employee recruitment, retention, motivation, and reward are all goals of compensation. On the other hand, management refers to the process of planning, organizing, coordinating, and regulating resources to accomplish organizational objectives and goals. Thus we can understand the term Compensation management as the conscious and structured methodology employed by businesses to recruit, maintain foster, and honor staff members through a comprehensive benefits package. It entails creating, implementing, and managing a compensation structure that is in line with the objectives, core principles, and competitiveness of the organization.

The study and evaluation of jobs is the first step in the compensation management process. Here, the functions and responsibilities of each job are weighed against one another and concerning the organization. After gathering this data, a pay structure is created to guarantee both internal equity and external competitiveness. A well-designed compensation management system takes into account many aspects of payment, including base pay, bonuses, incentives, benefits, and perks. It seeks to create a balance between luring in and keeping top people while preserving the organization's cost-effectiveness. Benchmarking

and market analysis are important components of compensation management. To make sure their compensation packages are competitive and enticing to potential applicants, organizations must evaluate the current market rates for jobs with comparable responsibilities. Performance management and remuneration for performance are further crucial components. Compensation that is based on individual and group performance motivates workers to pursue excellence and reach their objectives. Systems for evaluating employee performance are used to decide on incentives and bonuses accordingly. In managing compensation, clear communication and transparency are essential. Employees should be aware of the elements that make up their pay, how it is calculated, and the requirements for career advancement and pay raises. Employee satisfaction and trust are increased as a result.

Financial and non-financial incentives can be classified as compensation. Base salary or earnings, variable income like commissions or bonuses, perks like medical coverage and retirement programs, and ESOP are all examples of financial compensation. Non-financial remuneration includes non-cash benefits like work-life balance efforts, flexible work schedules, career development opportunities, and recognition programs. Non-financial compensation tries to improve job happiness, motivation, and work-life balance while financial remuneration has a direct impact on an employee's financial well-being. Both kinds are essential for drawing in, holding on to, and inspiring workers inside an organization.



Source: <https://theinvestorsbook.com/compensation-management.html>

NON-MONETARY INCENTIVE

Non-monetary incentives or non-financial compensation can be understood as rewards and inspiration which are not directly associated with money. Non-monetary incentives are granted by employers to enhance staff morale, motivation, and job fulfillment. Rewards such as these adhere to staff recognition and appreciation, engagement, the creation of a positive workplace culture, and eventually boosting staff retention, productivity, and overall organizational performance. Organizations can provide a range of non-monetary incentives to engage and encourage their workforce. Below are a couple of prominent instances:

- **Employee Reward and Recognition Programs**: Giving verbal praise, awarding certificates, or honoring employees publicly can serve as major motivators when it comes to employee efforts.
- **Flextime**: Offering flexible work hours, remote work choices, or condensed workweeks can promote employee happiness and help employees manage their work and personal lives.
- **Opportunities for Professional Progress**: Offering employees the chance to advance their careers through mentorship, promotions, and training initiatives demonstrates to them the value placed on their progress.
- **Work-Life Integration Programs**: Supporting work-life balance through measures like maternity leave policies, on-site child care centers, or wellness programs can improve employee well-being and job satisfaction.
- **Employee Empowerment**: Giving employees autonomy and responsibility in their tasks as well as including them in decision-making processes and allowing them to submit ideas can increase motivation and engagement.
- **Commendation Letters**: Giving employees written letters of praise or recommendations that highlight their successes and positive traits can be a significant non-monetary reward.
- **Team Building Activities**: Organising events for teams, social gatherings, or getaways to promote cooperation, communication, and a healthy work atmosphere.

EQUATING A NON-MONETARY BENEFIT TO EMPLOYEE PERFORMANCE

Non-monetary rewards can improve employee performance in organizations. While monetary incentives are important, non-monetary benefits can play a crucial role in enhancing motivation, engagement, work-life balance, teamwork, and skill development. Organizations can encourage job satisfaction and general employee well-being by attending to employees' needs, offering them opportunities for advancement, and fostering a positive work environment. Employees that are happy and engaged are more likely to be dedicated, successful, and perform at greater levels. Organizations ought to speculate about the following approaches to maximize the effectiveness of non-financial incentives for performance improvement:

- **Benefits Should Be Tailored to Individual Preferences**: When creating non-monetary benefits, remember the wide range of demands and preferences of employees. Personalization can increase these advantages' effects on a person's performance.
- **Constantly Promote and Convey perks**: Make sure that employees are informed of the non-financial perks available to them along with how these benefits might improve their performance. Maximizing employee engagement and efficiency requires frequent interaction and promotions.
- **Evaluate and Review the Impact**: Constantly analyze the success of non-financial rewards in enhancing performance. To determine the impact of these advantages and make the required adjustments, gather feedback, conduct surveys, and evaluate performance indicators.

- Align Non-Monetary incentives with Performance Management: The relationship between non-cash rewards and individual performance can be strengthened by linking performance goals, recognition, and career development opportunities to employee success.

CONCLUSION

In conclusion, non-monetary benefits hold significant potential to foster performance among staff members. These benefits lead to greater job satisfaction, motivation, and general well-being through attending to employees' needs, encouraging involvement, and fostering a positive work environment. Employee performance can be indirectly improved by non-financial perks like recognition programs, professional growth opportunities, work-life balance initiatives, and team-building exercises. To realize the full potential of these incentives in boosting performance and attaining organizational success, businesses should think about strategically integrating non-financial rewards into their employee engagement and performance management plans.

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